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, March 13, 2025
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 December 12, 2024 Board of Directors meeting.

2. Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of March 13, 2025

3. Status report relating to mine reclamation and land matters

4. Status report relating to environmental and regulatory compliance matters

5. Status reports relating transmission operations and five-year transmission capital project plan

6. Resolution No. 2025-3-1, amending the FY2025 Annual Transmission System Capital Budget by appropriating funds for the Gibbons Creek to Zenith Circuit 18 Line Protection Scheme Project; and resolving matters incidental and related thereto.

7. Resolution No. 2025-3-2, amending the FY2025 Annual Transmission System Capital Budget by appropriating funds for the Gibbons Creek Switchyard Physical Security Enhancements Project; and resolving matters incidental and related thereto.

8. Resolution No. 2025-3-3, amending the FY2025 Annual Transmission System Capital Budget by appropriating funds for the Nevada to Royse 138 kV Line Conductor Replacement Project; and resolving matters incidental and related thereto.

9. Resolution No. 2025-3-4, authorizing an Asset Purchase Agreement with the City of Bryan ("Bryan"), relating to the purchase by Bryan of certain Agency substation assets, and the purchase by the Agency of certain Bryan transmission line assets; amending the FY2025 Annual Transmission System Capital Budget by appropriating funds for the Gibbons Creek to Greens Prairie 138 kV Line Reconductor Project; and resolving matters incidental and related thereto.

10. FY25 First Quarter Budget Status Report

11. FY26 Budget Plan

12. Resolution No 2025-3-5, relating to the annual review of the Agency's Investment Policy; and resolving matters incidental and related thereto.

13. Resolution No. 2025-3-6, authorizing amendment of the resolution authorizing TMPA's transmission System Revenue Revolving Notes, Series A and the resolution authorizing TMPA's Transmission System Refunding Revenue Bonds, Series 2021 to clarify the determination required of the Board to sell or exchange property of the transmission system.

14. Resolution No. 2025-3-7, by the Board of Directors of the Texas Municipal Power Agency relating to the authorization and issuance of Texas Municipal Power Agency Transmission System Revenue Refunding Bonds; providing the terms, conditions, and specifications for such Bonds; confirming the establishment of the Agency's transmission revenue financing program; declaring such Bonds to constitute Transmission Debt of the Agency; pledging certain revenues of the Agency in payment of such obligations and interest thereon; and resolving other matters incident and related thereto.

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

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

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

16. Resolution No. 2025-3-8, authorizing an amendment to the agreement for general counsel services; and resolving matters incidental and related thereto.

17. Future Meeting Dates

18. Adjourn

March 13, 2025

AGENDA ITEM NO. 1

SUBJECT: Consent Agenda Items

DISCUSSION: These items, since they deal with routine business, have been grouped together as consent items so that they can be approved with a single vote of the Board.

If a Board Member desires to discuss any of these items, the Board Member may so request at the meeting, and the matter will be discussed and voted on separately from the remaining consent items.

It is expected that the use of a consent agenda will streamline the decision-making process and allow the Board time to focus on more important items.

BACKUP MATERIAL:

Consent Agenda Item:

A. Meeting minutes of the December 12, 2024 Board of Directors meeting.

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

TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING

VIA VIDEO CONFERENCE CALL

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

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

Thursday, December 12, 2024
10:30AM

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

The following people were present at the meeting.

Board Members:

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

Staff:

Daniel Meadows, Lyndi Birkhead and Susie Johnson

Others:

Carl Shahady – Tiemann, Shahady & Hamala, P.C.
Gary Miller - BTU
Jerry Fielder and Mark Zimmerer – Denton Municipal Electric
Darrell Cline, Tom Hancock, and Steve Martin – Garland Power & Light
Alicia Hooks and Patricia Albrecht – GEUS
Katherine Tapscott - City of Bryan

Public Comments:

Ms. Spurlock asked for comments, there were none.

1. **Consent Agenda Items:**

   A. **Consider approval of meeting minutes of the September 12, 2024, Board of Directors meeting.**

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

Motion carried; voting as follows:

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

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

An update was provided by Mr. Meadows and Ms. Birkhead.

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.**

Mr. Ratliff moved, seconded by Mr. Jefferies, approval of Resolution No. 2024-12-01.

Motion carried; voting as follows:

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

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.**

Mr. Jefferies moved, seconded by Mr. Ratliff, approval of Resolution No. 2024-12-02.

Motion carried; voting as follows:

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

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.

Mr. Cheek moved, seconded by Ms. Harting, approval of Resolution No. 2024-12-03.

Motion carried; voting as follows:

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

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

An update was provided by Mr. Cheek.

8. FY24 Year-end Budget Status Report.

An update was provided by Ms. Birkhead.

9. Resolution No. 2024-12-04, receiving the audited financial statements of the Agency for the fiscal year ended September 30, 2024.

Mr. Ratliff moved, seconded by Mr. Jefferies, approval of Resolution No. 2024-12-04.

Motion carried; voting as follows:

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

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.

Ms. Harting moved, seconded by Mr. Cheek, approval of Resolution No. 2024-12-05.

Motion carried; voting as follows:

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

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.

Mr. Ratliff moved, seconded by Ms. Harting, approval of Resolution No. 2024-12-06.

Motion carried; voting as follows:

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

12. Resolution No. 2024-12-07, authorizing a distribution of transmission funds to the Member Cities; and resolving matters incidental and related thereto.

Mr. Ratliff moved, seconded by Ms. Harting, approval of Resolution No. 2024-12-07.

Motion carried; voting as follows:

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

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.

Mr. Jefferies moved, seconded by Mr. Cheek, approval of Resolution No. 2024-12-08.

Motion carried; voting as follows:

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

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

An update was provided by Mr. Meadows.

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

An update was provided by Mr. Meadows.

16. Executive Session.

Ms. Spurlock announced that the Board would convene in executive session pursuant to Sections 551.071 and 551.086, Government Code.

The open session was recessed, and the executive session was called to order by Ms. Spurlock at 10:57 AM.

The open session resumed at 11:26 AM.

17. Future Meeting Dates.

By general consensus of the Board, the next Board meeting is tentatively set for March 13, 2025.

18. Adjourn

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

March 13, 2025

AGENDA ITEM NO. 2

SUBJECT: Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of March 13, 2025.

DISCUSSION: The P&O Committee Chair will present major discussion topics and action items taken at the March 13, 2025 meeting.

BACKUP MATERIAL: None

ACTION REQUESTED: None

Darrell Cline
3/13/2025

March 13, 2025

AGENDA ITEM NO. 3

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

DISCUSSION:

Bond Release

On 09/10/24, TMPA filed an application with the Railroad Commission for final bond release on 45 acres on the side-slopes at Seep 9A. The Commission inspected the area on 09/24/24 and passed the application to the Hearings Division on 10/8/24. On 11/11/24, TMPA submitted an "as-built" design for the entire mitigation structure (the berms and the erosion control structure at the bottom end of the Seep 9A drainage), which the Commission approved on 11/21/24. TMPA published a public notice for four consecutive weeks in a local newspaper on 12/4/24 – 12/25/24 and the Commission declared the application "administratively complete" on 01/8/25. Staff completed their Technical Analysis and forwarded it to the Hearings Division on 01/16/25. The application is in the hands of the Administrative Law Judge who is preparing a draft Order for presentation to the Commissioners.

Seep 9A Mitigation

The erosion control structure built at the bottom end of the Seep 9A drainage has been tested by several recent rain events and has been performing well (Figure 1).

Figure 1 – Erosion control structure with grouted riprap at bottom end of Seep 9A drainage, constructed in October 2024
(View south, 02/12/25)

Erosion control using silt fences was also tested by recent rains on 02/12/25 and proved effective (Figure 2). The bond release application, if approved before 10/1/26, will trigger release of $306K from the mine sale escrow account (45 ac x $6,802/ac).

Figure 2 – Performance of silt fence and grouted riprap apron near bottom end of Seep 9A drainage during rain event
(View west, 02/12/25)

Seep 1A Mitigation

TMPA completed the Seep 1A mitigation project (4 acres) in August-November 2023. The permanent vegetation planted in spring 2024 was rooted up by feral hogs (Figure 3). TMPA plans to re-plant this area with cattails in spring 2025, and possibly fence it to keep the hogs out.

Figure 3 – Seep 1A area showing extent of rooting by feral hogs
(view northwest, 02/12/25)

Next Bond Release Application

TMPA is preparing the next bond release application for the remaining bonded parts of Seep 1A and Seep 9A (3.8 acres and 23.4 acres, respectively). The plan is to submit the application in May/June after vegetation has greened up.

Sale of Pond SP-50 Property (723 acres)

Republic Ranches is continuing to show the Pond SP-50 property.

BACKUP MATERIAL: None

ACTION REQUESTED: None

Jan K. Horbaczewski
02/25/25

March 13, 2025

AGENDA ITEM NO. 4

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.

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 is not expected until 2027.

TMPA estimates that the remediation project is **96% complete** with only the final administrative and regulatory tasks remaining to close Site A Landfill, Site F Landfill, Scrubber Sludge Pond, and Ash Ponds.

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

TMPA continually 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 $33.2 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
47	10-Jan-25	2,998,811	-	32,558,000	**35,556,811**	**2,400,000**	33,156,811
48	10-Feb-25	2,998,841	-	32,558,000	**35,556,841**	**2,400,000**	33,156,841
49	10-Mar-25	2,997,382	-	32,558,000	**35,555,382**	**2,400,000**	33,155,382

BACKUP MATERIAL: None

ACTION REQUESTED: None

Daniel Meadows
3/1/2025

March 13, 2025

AGENDA ITEM NO. 5

SUBJECT: Status reports relating to Transmission Operations and the Five-Year Transmission 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 Project Status Report

ACTION REQUESTED: None

Daniel Meadows
3/13/2025

TRANSMISSION OPERATIONS STATUS REPORT

FEBRUARY 2025

Outage Summary:

During the months of November and December 2024 and January 2025, TMPA had 10 planned outages on the 345kV system, 12 planned outages on the 138kV system and 0 planned outages on the 69kV system. There were two unplanned outages on the 345kV system, one on the 138kV system and none on the 69kV system. There was one forced extension on the 345kV system and none on the 138kV or 69kV systems.

The unplanned 345kV outages were to replace and test a relay at the Ben Davis station and to repair breaker 5050 at the Jack Creek station. The unplanned 138kV outage was for GP&L to repair a hotspot at the Crist Road substation, requiring at outage on the Ben Davis to Crist Road transmission line.

The 345kV forced extension was to replace insulators and complete line repairs on the Gibbons Creek to Singleton transmission line that were discovered during a planned outage.

Personnel Summary:

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

Steve Martin
Matt Carter
2/24/25

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	5	1	**36**
138 Kv	1	7	3	1	2	0	0	2	5	12	8	2	**43**
69 Kv	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Devices requested													**79**
Un-Planned Outages													
345 Kv	0	0	0	0	0	0	1	0	0	0	1	0	**2**
138 Kv	0	0	0	0	0	0	0	0	0	8	0	0	**8**
69 Kv	0	0	0	0	0	0	0	0	0	0	0	0	**0**
													10
Forced Extension Outages													
345 Kv	1	0	1	2	1	0	0	0	0	0	0	1	**6**
138 Kv	1	0	2	2	0	0	0	0	0	0	0	0	**5**
69 Kv	0	1	1	1	0	0	0	0	0	0	0	0	**3**
													14

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

TMPA Transmission Operations Report
2025

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2025 Total
Planned Outages													
345 Kv	4												**4**
138 Kv	2												**2**
69 Kv	0												**0**
Devices requested													**6**
Un-Planned Outages													
345 Kv	1												**1**
138 Kv	1												**1**
69 Kv	0												**0**
													2
Forced Extension Outages													
345 Kv	0												**0**
138 Kv	0												**0**
69 Kv	0												**0**
													0

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

FIVE-YEAR TRANSMISSION PROJECT STATUS REPORT

MARCH 2025

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
3/13/2025

Five-Year Transmission Project Status Report as of March 2025

Project Name	Project No.	Total Approved / NOT Approved	Approved Funds Remaining as of 9/30/24	FY25	FY26	FY27	FY28	FY29
Steep Hollow to Keith Switch - Rebuild/Grounding Enhancement	T20002	$ 12,800,000	$ 4,633,001	*$ 1,000,000*	*$ 3,800,000*			
					$ 4,800,000			
Ben Davis Breaker Replacement	T20004	$ 4,290,000	$ 2,398,445	*$ 150,000*	*$ 855,000*			
					$ 1,059,233			
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	*$ 2,032,736*				
				$ 2,032,736				
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	*$ 8,800,000*				
				$ 13,425,644				
Greenville Interchange to Pruitt New Line & Station (Makalu)	T22004	$ 12,500,000	$ 12,490,462	*$ 2,249,100*	*$ 10,250,900*			
					$ 12,509,538			
Rayburn Country 138kV POI	T22005	$ 4,062,500	$ 3,468,503	*$ 900,000*	*$ 3,100,000*			
					$ 4,593,997			
Brazos Interconnection at Denton West Interchange	T24001	$ 3,530,400	$ 3,516,526	*$ 390,848*	*$ 733,234*	*$ 1,566,318*	*$ 850,000*	
							$ 3,554,273	
Spencer Interchange Transformer Upgrade	T24002	$ 2,450,000	$ 794,697	*$ 110,231*				
				$ 110,231				
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	*$ 100,000*				
				$ 100,000				
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	T25001	$ 8,300,000	$ 8,300,000	*$ 8,300,000*				
				$ 8,300,000				
GC Physical Security Enhancements		$ 2,982,000	$ -	*$ 1,208,000*	*$ 1,774,000*			
				$ 1,208,000	$ 1,774,000			
GC-Zenith Ckt 18 (CNP) Protection Scheme		$ 845,000	$ -	*$ 550,000*	*$ 295,000*			
					$ 845,000			
GC-Greens Prairie 138 kV Reconductor		$ 4,786,000	$ -	*$ 2,393,000*	*$ 2,393,000*			
					$ 4,786,000			
Nevada to Royse 138kV Conductor Replacement		$ 100,000	$ -	*$ 100,000*				
				$ 100,000				
Lee Street Interconnecting Lines		$ 2,800,000	$ -		$ 2,000,000	$ 800,000		
Denton West-Roanoke (Related to Oncor Ramhorn-Dunham)		$ 4,000,000	$ -		$ 4,000,000			
POI at Pruitt Switching Station		$ 4,000,000	$ -			$ 4,000,000		
Buffalo Prairie Storage (150 MW)		$ 10,200,000	$ -				$ 10,200,000	
Lavon Storage (250 MW)		$ 9,500,000	$ -				$ 9,500,000	
Spare 600MVA Auto Transformer (at Denton West)		$ 7,500,000	$ -					
Spencer Interchange to Pockrus T-line Reconstruction		$ 7,290,000	$ -					
TMPA Capital Spending				**$ 27,863,315**	**$ 22,757,134**	**$ 3,566,318**	**$ 850,000**	**$ -**
TMPA Investments Placed In-Service				**$ 24,839,011**	**$ 29,825,567**	**$ 2,700,000**	**$ 3,554,273**	**$ -**

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

March 13, 2025

AGENDA ITEM NO. 6

SUBJECT: Resolution No. 2025-3-1, amending the FY2025 Annual Transmission System Capital Budget by appropriating funds for the Gibbons Creek to Zenith Circuit 18 Line Protection Scheme Project; and resolving matters incidental and related thereto.

DISCUSSION: CenterPoint is modifying the Zenith Circuit 18 transmission line to utilize a dual channel relaying scheme. As a result, an additional wave trap will be needed at the Gibbons Creek 345 kV terminal, and, to accommodate the wave trap, a dead-end structure will need to be modified. This Resolution appropriates $845,000 for this Project.

BACKUP MATERIAL: Capital Project Proposal

ACTION
REQUESTED: Consideration and action on Resolution No. 2025-3-1

RESOLUTION NO. 2025-3-1

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 TO ZENITH CIRCUIT 18 LINE PROTECTION SCHEME PROJECT; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, in order to accommodate modifications being made to CenterPoint's Zenith Circuit 18 transmission line, it is necessary to add a wave trap at the Gibbons Creek 345 kV terminal and to modify an existing dead-end structure (the "Gibbons Creek to Zenith Circuit 18 Line Protection Scheme 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 $845,000 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 13TH DAY OF MARCH 2025.

____
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:
Gibbons Creek- Zenith Ckt 18 (CNP) Protection Scheme

DATE OF REQUEST: 2/4/2025	**PROJECT MANAGER:** Julio Jo	☑ **GP&L** ☐ **DME**

TOTAL PROJECT COST: $	**START DATE:**	**CAPITAL PLAN YEAR:**

	FY25:	**FY26:**	**FY27:**	**FY28:**	**FY29:**
CASH FLOW $ SPENT	$ 550,000	$ 295,000	$	$	$
YEAR(S) $ PLACED IN-SVC	$	$ 845,000	$	$	$

☐ **UPGRADE**
☑ **REPLACEMENT**
☐ **NEW CONSTRUCTION**
☐ **Reimbursable by TXDOT**
☐ **Reimbursable by** ____________

EXISTING TMPA ASSETS RELATED TO THIS PROJECT:

DESCRIPTION OF PROJECT (INCLUDING BACKGROUND, ASSUMPTIONS, & PROJECT BENEFITS):

Centerpoint is modifying the existing Zenith Ckt 18 line to utilize a dual channel relaying scheme. This will require an additional wave trap at the Gibbons Creek 345 kV terminal. The existing TMPA dead-end structure will need to be modified to accommodate the additional wave trap.

TEXAS MUNICIPAL POWER AGENCY
CAPITAL PROJECT PROPOSAL

Will this project require a new Interconnection Agreement (IA) or changes to an existing IA? ◉ Yes ○ No

Explain:

Update Facility Schedule No. 2 of Amentment No. 1 To Interconnection Agreement, dated February 10, 2017.

Will this project increase/decrease oil storage or hazardous chemical inventory or capacity? ○ Yes ◉ No

Explain:

Were security improvements evaluated in the project scope? ○ Yes ◉ No

Explain:

COST BREAKDOWN

Labor	$ 100,000
Materials	$ 300,000
Contract Services	$ 150,000
Engineering Consulting	$ 100,000
Misc. Expenses	$ 195,000
TOTAL	$ 845,000

COST BREAKDOWN BASIS:

Estimation Levels:

P1 = Budget/Preliminary (+/- 30%)
P2 = Conceptual (+/- 20%)
P3 = Detail Design (+/- 10%)

Estimate Level:

◉ P1 ○ P2 ○ P3

Is land acquisition or right of ways procurement required? ○ Yes ◉ No

Does project involve asset retirement? If yes, please provide detail: ◉ Yes ○ No

Potential retirement/replacement of dead-end structure

SIGNATURES

Project Manager:	[signature]	Date: 2-26-2025
Supervisor:	[signature]	Date: 2-26-2025
Utility General Manager:	Darrell Cline	Date: 02/26/2025
TMPA CFO:	Lyndi Birkhead	Date: 2.26.25
TMPA General Manager:	[signature]	Date: 02-26-2025

March 13, 2025

AGENDA ITEM NO. 7

SUBJECT: Resolution No. 2025-3-2, amending the FY2025 Annual Transmission System Capital Budget by appropriating funds for the Gibbons Creek Switchyard Physical Security Enhancements Project; and resolving matters incidental and related thereto.

DISCUSSION: The purpose of this project is to enhance the security of the Gibbons Creek Switchyard by replacing the existing chain-link fence with an anti-climb fence and through the installation of camera and surveillance infrastructure improvements. This Resolution appropriates $2,982,000 for this Project.

BACKUP MATERIAL: Capital Project Proposal

ACTION REQUESTED: Consideration and action on Resolution No. 2025-3-2.

Daniel Meadows
3/13/2025

RESOLUTION NO. 2025-3-2

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 PHYSICAL SECURITY ENHANCEMENTS PROJECT; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, in order to enhance the physical security of the Gibbons Creek Switchyard, it is necessary to install anti-climb fencing and to construct certain camera/surveillance infrastructure (the "Gibbons Creek Switchyard Physical Security Enhancements 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 $2,982,000 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 13TH DAY OF MARCH 2025.

____
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:
Gibbons Creek Physical Security Enhancements

DATE OF REQUEST: 2/4/2025	**PROJECT MANAGER:** Julio Jo	☑ **GP&L** ☐ **DME**

TOTAL PROJECT COST: $ 2,982,000	**START DATE:** 4/2025	**CAPITAL PLAN YEAR:** 2025

CASH FLOW $ SPENT	**FY25:** $ 1,208,000	**FY26:** $ 1,774,000	**FY27:** $	**FY28:** $	**FY29:** $
YEAR(S) $ PLACED IN-SVC	**FY25:** $ 1,208,000	**FY26:** $ 1,774,000	**FY27:** $	**FY28:** $	**FY29:** $

☐ **UPGRADE** ☐ **REPLACEMENT** ☑ **NEW CONSTRUCTION** ☐ **Reimbursable by TXDOT** ☐ **Reimbursable by** ____________	**EXISTING TMPA ASSETS RELATED TO THIS PROJECT:** Gibbons Creek 138/345kV Switch

DESCRIPTION OF PROJECT (INCLUDING BACKGROUND, ASSUMPTIONS, & PROJECT BENEFITS):

Background:

This project recognizes the "Medium Impact" designation for the Gibbons Creek Switchyard and its criticality to the ERCOT system in this area. The project includes replacing the existing switchyard fence with anti-climb fencing around the current substation property along with lighting and surveillance infrastructure improvements.

Project Benefits:

The project provides the switching station with physical security enhancements consistent with its "Medium Impact" designation by replacing the existing chain-link fence with a welded wire anti-climb fence to provide enhanced security for the substation. Lighting will be improved by illuminating the station from standards along the fence perimeter to provide sufficient lighting for night-time inspections and security camera requirements.

Cost Breakdown:

GP&L Labor - $ 40,000
Anti-Climb fence (3052') - $1,156,000
Camera/Surveillance Infrastructure - $ 590,000
Engineering/ CM - $ 600,000
Miscellaneous (Contingency, Overhead) - $ 596,000

TEXAS MUNICIPAL POWER AGENCY
CAPITAL PROJECT PROPOSAL

Will this project require a new Interconnection Agreement (IA) or changes to an existing IA? ○ Yes ◉ No

Explain:

Will this project increase/decrease oil storage or hazardous chemical inventory or capacity? ○ Yes ◉ No

Explain:

Were security improvements evaluated in the project scope? ◉ Yes ○ No

Explain:

Replicated GPL fencing for Medium Impact stations.

COST BREAKDOWN

Labor	$	40,000
Materials	$	590,000
Contract Services	$	1,156,000
Engineering Consulting	$	600,000
Misc. Expenses	$	596,000
TOTAL	$	2,982,000

COST BREAKDOWN BASIS:

Estimation Levels:
P1 = Budget/Preliminary (+/- 30%)
P2 = Conceptual (+/- 20%)
P3 = Detail Design (+/- 10%)

Estimate Level:

○ **P1** ◉ **P2** ○ **P3**

Is land acquisition or right of ways procurement required? ○ Yes ◉ No

Does project involve asset retirement? If yes, please provide detail: ◉ Yes ○ No

Retire existing chain-link fence

SIGNATURES

Project Manager:	[signature]	**Date:**	2-26-2025
Supervisor:	[signature]	**Date:**	2-26-2025
Utility General Manager:	Darrell Cline	**Date:**	02/26/2025
TMPA CFO:	Lyndi Birkhead	**Date:**	2.26.25
TMPA General Manager:	[signature]	**Date:**	02-26-2025

March 13, 2025

AGENDA ITEM NO. 8

SUBJECT: Resolution No. 2025-3-3, amending the FY2025 Annual Transmission System Capital Budget by appropriating funds for the Nevada to Royse 138 kV Line Conductor Replacement Project; and resolving matters incidental and related thereto.

DISCUSSION: To match a line reconductored by Oncor, it is necessary to replace and upgrade conductor on the Nevada to Royse 138 kV line. This upgrade will increase the power flow in the area. This Resolution appropriates $100,000 for this Project.

BACKUP MATERIAL: Capital Project Proposal

ACTION REQUESTED: Consideration and action on Resolution No. 2025-3-3.

Daniel Meadows
3/13/2025

RESOLUTION NO. 2025-3-3

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 NEVADA TO ROYSE 138 KV LINE CONDUCTOR REPLACEMENT PROJECT; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, in order to match modifications made to an Oncor line in the area, it is necessary to replace and upgrade the conductor on the Nevada to Royse 138 kV Line (the “Nevada to Royse 138 kV Line Conductor Replacement 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 $100,000 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 13TH DAY OF MARCH 2025.

____
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:
Nevada to Royse 138kV Conductor Replacement

DATE OF REQUEST: 2/27/2025	**PROJECT MANAGER:** Julio Jo	☑ **GP&L** ☐ **DME**

TOTAL PROJECT COST: $ 100,000	**START DATE:** 4-1-2025	**CAPITAL PLAN YEAR:** 2025

CASH FLOW $ SPENT	**FY25:** $ 100,000	**FY26:** $	**FY27:** $	**FY28:** $	**FY29:** $
YEAR(S) $ PLACED IN-SVC	**FY25:** $ 100,000	**FY26:** $	**FY27:** $	**FY28:** $	**FY29:** $

☐ **UPGRADE**
☑ **REPLACEMENT**
☐ **NEW CONSTRUCTION**
☐ **Reimbursable by TXDOT**
☐ **Reimbursable by** ____________

EXISTING TMPA ASSETS RELATED TO THIS PROJECT:

One span of 795 ACSR conductor from Oncor structure into deadend structure at GP&L's Nevada Switch.

DESCRIPTION OF PROJECT (INCLUDING BACKGROUND, ASSUMPTIONS, & PROJECT BENEFITS):

The project will be to replace one span of 795 ACSR conductor with 1926 ACSS conductor to match a recent line re-conductor from Oncor's tower 44/4, just outside of Nevada Switch, to Oncor's Royse Switch.

Project Benefits:
The normal line rating can be increased from 982 amps to 2,000 amps which provides for increased power flow in this area.

TEXAS MUNICIPAL POWER AGENCY
CAPITAL PROJECT PROPOSAL

Will this project require a new Interconnection Agreement (IA) or changes to an existing IA? ○ Yes ● No
Explain:

Will this project increase/decrease oil storage or hazardous chemical inventory or capacity? ○ Yes ● No
Explain:

Were security improvements evaluated and/or included in the project scope? ○ Yes ● No
Explain:

COST BREAKDOWN

Labor	$ 15,000
Materials	$ 20,000
Contract Services	$ 5,000
Engineering Consulting	$ 50,000
Misc. Expenses	$ 10,000
TOTAL	$100,000

COST BREAKDOWN BASIS:

Replace one span of 1926 ACSS conductor, hardware and update of Plan & Profile drawings.

Estimation Levels:
P1 = Budget/Preliminary (+/- 30%)
P2 = Conceptual (+/- 20%)
P3 = Detail Design (+/- 10%)

Estimate Level:
○ P1 ● P2 ○ P3

Over $100K in Professional Services: ○ 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

One span of 795 ACSR and associated hardware.

SIGNATURES

Project Manager: [signature]	Date: 2-27-2025
Supervisor: [signature]	Date: 2-28-2025
Utility General Manager: Darrell Cline	Date: 02/27/2025
TMPA CFO: Lyndi Birkhead	Date: 2.27.25
TMPA General Manager: [signature]	Date: 02-28-2025

March 13, 2025

AGENDA ITEM NO. 9

SUBJECT: Resolution No. 2025-3-4 authorizing an Asset Purchase Agreement with the City of Bryan ("Bryan"), relating to the purchase by Bryan of certain Agency substation assets, and the purchase by the Agency of certain Bryan transmission line assets; amending the FY2025 Annual Transmission System Capital Budget by appropriating funds for the Gibbons Creek to Greens Prairie 138 kV Line Reconductor Project; and resolving matters incidental and related thereto.

DISCUSSION: The City of Bryan owns the Dansby and Bryan East substations. TMPA owns equipment in these substations. The TMPA and Bryan equipment in the Dansby and Bryan East substations have, over the years, been comingled together to such an extent, that the situation has created operational, maintenance, and regulatory issues for Bryan and TMPA.

The Resolution that is proposed for consideration and action would resolve these issues by transferring ownership of the substation equipment to Bryan. The following is a summary of the terms and conditions of the proposed Asset Purchase Agreement:

-Bryan would purchase from TMPA the substation assets for net book value, $3,238,620.

-TMPA would reserve the right to construct new transmission lines connecting to the substations.

-TMPA would purchase from Bryan the Gibbons Creek to Greens Prairie 138 kV transmission line for net book value, $251,648. Bryan would reserve and continue to operate its electric distribution system that is built under the transmission line.

-TMPA would purchase from Bryan equipment (consisting mainly of poles) owned by Bryan in the Agency's Gibbons Creek to Bryan East 138 kV transmission line for net book value, $2,008,691.

-Bryan has initiated a project to reconductor the Gibbons Creek to Greens Prairie 138 kV transmission line (the "Gibbons Creek to Greens Prairie 138 kV Reconductor Project"). TMPA will acquire this Project. At closing, TMPA would reimburse Bryan for actual costs incurred as of the date of closing. Thereafter, Bryan would continue to construct the Project to completion with the costs of the Project being borne by TMPA. The Resolution appropriates $4,786,000 for this Project.

Since the net book value of the transmission assets being sold to Bryan exceed $500,000 in the aggregate, TMPA is required under the Joint Operating Agreement to obtain approval of this transaction from the four Member Cities. Also under the Joint Operating Agreement, this Resolution will require a Super Majority Vote of the Board.

BACKUP MATERIAL: Asset Purchase Agreement
Capital Project Proposal

ACTION REQUESTED: Consideration and action on Resolution No. 2025-3-4

RESOLUTION NO. 2025-3-4

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AUTHORIZING AN ASSET PURCHASE AGREEMENT WITH THE CITY OF BRYAN ("BRYAN"), RELATING TO THE PURCHASE BY BRYAN OF CERTAIN AGENCY SUBSTATION ASSETS, AND THE PURCHASE BY THE AGENCY OF CERTAIN BRYAN TRANSMISSION LINE ASSETS; AMENDING THE FY2025 ANNUAL TRANSMISSION SYSTEM CAPITAL BUDGET BY APPROPRIATING FUNDS FOR THE GIBBONS CREEK TO GREENS PRAIRIE 138 KV LINE RECONDUCTOR PROJECT; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, the commingling of Agency and Bryan assets in Bryan's Dansby and Bryan East substations (the "Substation Assets") is creating operational, maintenance, and regulatory issues, causing these assets to be no longer useful in the operation of the Agency's Transmission System;

WHEREAS, in order to resolve the foregoing operational, maintenance, and regulatory issues, the Agency and Bryan desire to enter into an Asset Purchase Agreement, under which the Substation Assets will be acquired by Bryan, and TMPA will acquire from Bryan the Gibbons Creek to Greens Prairie 138 kV Line and Bryan assets in the Agency's Gibbons Creek to Bryan East 138 kV Line;

WHEREAS, the disposition of the Substation Assets in accordance with the terms of the Asset Purchase Agreement is advantageous to the Transmission System;

WHEREAS, in order to improve the reliability of the Gibbons Creek to Greens Prairie 138 kV Line, it is necessary to acquire from Bryan its project to reconductor the Line, which is currently in progress, and to continue such project to completion (the "Gibbons Creek to Greens Prairie 138 kV Line Reconductor 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 General Manager, or person acting at his direction, is authorized to execute the Asset Purchase Agreement, in substantially the same form as Exhibit "A",

3. That the General Manager, or person acting at his direction, may execute such further documents as may be necessary to close the transactions contemplated by the Asset Purchase Agreement, including a joint use or similar agreement authorizing Bryan to continue to maintain and operate its electric distribution system under the Gibbons Creek to Greens Prairie 138 kV line;

4. That the FY2025 Annual Transmission System Capital Budget is amended by appropriating (i) $4,786,000 for the Gibbons Creek to Greens Prairie 138 kV Line Reconductor Project (ii) $2,008,691, to acquire the City of Bryan's equipment (poles and related facilities) in the Gibbons Creek to Bryan East 138 kV

transmission line and (iii) $251,648, to acquire the Gibbons Creek to Greens Prairie 138 kV transmission line;

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

PASSED AND APPROVED THIS 13TH DAY OF MARCH 2025.

____
Summer Spurlock, President
Board of Directors
Texas Municipal Power Agency

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

EXHIBIT "A"
ASSET PURCHASE AGREEMENT, ATTACHED

ASSET PURCHASE AGREEMENT

This Agreement is entered into between the Texas Municipal Power Agency ("TMPA") and the City of Bryan, Texas ("Bryan") on this ____ day of ______________, 2025 (the "Effective Date").

RECITALS

Bryan is the owner of the Bryan East and Dansby substations. Both Bryan and TMPA own equipment in these substations. The commingling of Bryan and TMPA equipment in these substations is creating maintenance and operational issues that require resolution. To resolve these issues, the parties desire that the TMPA equipment in these substations be sold to Bryan, in order that all of the equipment in these substations will be owned by Bryan.

As part of the same transaction, TMPA desires to purchase from Bryan the Gibbons Creek to Greens Prairie 138 kV transmission line and the poles and other equipment Bryan owns in TMPA's Gibbons Creek to Bryan East 138 kV transmission line.

In addition, Bryan is undertaking its Gibbons Creek to Greens Prairie Reconductor Capital Project (the "Reconductor Project"). The parties desire that TMPA will purchase the Reconductor Project from Bryan.

AGREEMENT

In consideration of the mutual benefits and obligations of the parties as set forth herein, TMPA and Bryan agree as follows:

Section 1. CONVEYANCE OF TMPA EQUIPMENT TO BRYAN. TMPA agrees to convey to Bryan (i) the equipment located in the Bryan East Substation described in the Bill of Sale attached as Exhibit "A" and (ii) the equipment located in the Dansby Substation described in the Bill of Sale attached as Exhibit "B". In consideration of these conveyances, Bryan agrees to pay TMPA at Closing $2,425,516 for the TMPA assets in the Bryan East Substation and $813,104 for the TMPA assets in the Dansby Substation.

Section 2. CONVEYANCE OF BRYAN EQUIPMENT TO TMPA. Bryan agrees to convey to TMPA (i) the Gibbons Creek to Greens Prairie 138 kV transmission line described in the Bill of Sale and Assignment of Easements attached as Exhibit "C" and (ii) poles and other equipment contained in TMPA's Gibbons Creek to Bryan East 138 kV transmission line, described in the Bill of Sale attached as Exhibit "D". In consideration of these conveyances, TMPA agrees to pay Bryan at Closing $251,648 for the Gibbons Creek to Greens Prairie 138 kV transmission line and $2,008,691 for the poles and other Bryan-owned equipment in the Gibbons Creek to Bryan East 138 kV transmission line.

Section 3. ACQUISITION OF CAPITAL PROJECT AS PART OF THIS EXCHANGE.

a. PURCHASE OF RECONDUCTOR PROJECT. At Closing, TMPA will reimburse Bryan for Reimbursable Costs incurred to the date of Closing and thereby acquire the assets constructed by Bryan as of such date for the Reconductor Project. Thereafter, the Reconductor Project shall be owned by TMPA and Bryan shall complete the Reconductor Project at TMPA's expense in accordance with Section 7.

Section 4. RIGHTS RELATING TO FUTURE PROJECTS. Following Closing, TMPA shall have the right to construct and own future transmission lines connecting to the Bryan East and Dansby substations.

Section 5. PREREQUISITES TO CLOSING. The Closing shall occur at a mutually agreeable date and time after the following shall have occurred:

a. This transaction is approved by the TMPA Board of Directors and by the four Member Cities in accordance with the Joint Operating Agreement, effective September 1, 2016, as amended (the "JOA").

b. If a Certificate of Convenience and Necessity ("CCN") is required, TMPA obtains the CCN.

Section 6. CLOSING. At Closing:

a. The parties will execute and deliver to Bryan the Bills of Sale substantially in the form of Exhibits "A" and "B".

b. The parties will execute and deliver to TMPA two copies of the Bill of Sale and Assignment of Easements substantially in the form of Exhibit "C" (one for recording in Brazos County and one for recording in Grimes County) and one copy of the Bill of Sale substantially in the form of Exhibit "D".

c. Bryan will deliver to TMPA the amount of $3,238,620.

d. TMPA will deliver to Bryan the amount of $2,260,339.

e. In addition, TMPA will deliver to Bryan the Reimbursable Costs incurred as of Closing for the Reconductor Project and the parties will deliver to TMPA a Bill of Sale for the assets constructed for such Project as of Closing similar to the form of Exhibit "D".

Section 7. CONSTRUCTION OF AND REIMBURSEMENT FOR RECONDUCTOR PROJECT FOLLOWING CLOSING. Following Closing, Bryan shall continue to completion the Reconductor Project, acting as TMPA's independent contractor. In this Agreement, "Reimbursable Costs" shall mean actual costs incurred by Bryan to construct the Reconductor Project plus benefit and overhead costs. TMPA shall reimburse to Bryan such costs within 20 days following the date of invoicing. Invoicing shall be on a monthly basis. If TMPA is late in the payment of any invoice, interest shall be paid as required by the Texas Prompt Payment Act. TMPA shall be the owner of the Reconductor Project assets constructed following Closing.

Section 8. TAX EXEMPT BONDS. It is the understanding of TMPA and Bryan that (i) TMPA acquired the facilities being conveyed to Bryan (for purposes of this Section, the "Bryan Acquired Property") and (ii) Bryan acquired the facilities being conveyed to TMPA (for purposes of this Section, the "TMPA Acquired Property") each with the proceeds of obligations, the interest on which is excludable from gross income for federal income tax purposes (collectively, the "Tax-Exempt Bonds") and, in connection each respective acquisition, both TMPA and Bryan, as the case may be, have made certain covenants, representations and provisions to assure compliance with the Internal Revenue Code of 1986, as amended (the "Code") and any regulations or rulings promulgated by the U.S. Department of the Treasury relating to Tax Exempt Bonds. TMPA and Bryan agree to take such action, or to refrain from such action, to ensure the Tax-Exempt Bonds applicable to the Bryan Acquired Property or the TMPA Acquired Property, as the case may be, satisfy such covenants, representations and provisions of the transferring party. Moreover, in the event that the Code is amended, or regulations or rulings are hereafter promulgated which impose additional requirements applicable to the Tax-Exempt Bonds or in the event that it is determined by a court of applicable jurisdiction that this Agreement fails to comply with the terms of the Code, then TMPA and Bryan agree to renegotiate, in good faith, to amend or replace this Agreement in order to comply with the additional requirements to the extent necessary to preserve the exemption from federal income taxation of interest on the Tax Exempt Bonds originally issued with respect to the Bryan Acquired Property or the TMPA Acquired Property, as the case may be.

Section 9. GOVERNING LAW. Except as provided in Section 8, this Agreement shall be governed by the laws of the State of Texas.

Section 10. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by attaching a pdf copy to an email, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

[Remainder of page intentionally left blank. Signature page to follow.]

In Witness Whereof, the parties have executed this Agreement as of the Effective Date.

TEXAS MUNICIPAL POWER AGENCY

By:______________________

Name: ___________________

Title: ____________________

CITY OF BRYAN, TEXAS

____
Bobby Gutierrez, Mayor

ATTEST:

____
Melissa Brunner, City Secretary

APPROVED AS TO FORM:

____
Thomas A. Leeper, City Attorney

EXHIBIT "A"
FORM OF BILL OF SALE

BILL OF SALE

This Bill of Sale is made entered into as of ____________________, 202__, by Texas Municipal Power Agency, a Texas municipal corporation ("**Seller**"), and the City of Bryan, Texas ("**Purchaser**"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement (as hereinafter defined).

BACKGROUND

Seller and Purchaser entered into that certain Asset Exchange Agreement dated _________________, 2025 (the "**Agreement**"), whereby Seller and Purchaser agreed to the exchange of certain electric transmission system assets.

In connection with and as a requirement of the Agreement, Seller and Purchaser enter into this Bill of Sale for the conveyance of the non-real property Purchased Assets shown on Exhibit A-1 to this Bill of Sale.

TRANSFER OF ASSETS

For the good and valuable consideration set forth in the Agreement, the receipt and sufficiency of which are acknowledged by Purchaser and Seller, Seller grants, sells, conveys, delivers and otherwise transfers to Purchaser all of Seller's right, title and interest in and to the Purchased Assets set forth on Exhibit A-1 attached to and incorporated by reference into this Bill of Sale, to have and to hold forever.

Seller represents and warrants to Purchaser: (a) that the Purchased Assets are free and clear of all Liens except for Existing Encumbrances; (b) that Seller has good title to the Purchased Assets; (c) that Seller has the lawful right and authority to sell and otherwise transfer all of Seller's right, title and interest in and to the Purchased Assets to Purchaser; (d) that Seller will warrant and defend the same in favor of Purchaser, its successors and assigns, against the claims and demands of all persons or entities claiming by, under or through Seller but not otherwise.

IT IS UNDERSTOOD AND AGREED THAT, EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED IN THE AGREEMENT:

THE TRANSFER AND CONVEYANCE BY SELLER AND ACCEPTANCE BY PURCHASER OF THE PURCHASED ASSETS, IS ON AN "AS IS," "WHERE IS" AND "WITH ALL FAULTS AND DEFECTS" BASIS;

PURCHASER HAS THOROUGHLY INSPECTED AND EXAMINED THE PURCHASED ASSETS TO THE EXTENT DEEMED NECESSARY BY PURCHASER IN ORDER TO ENABLE PURCHASER TO EVALUATE THE PURCHASE OF THE PURCHASED ASSETS ON THE FOREGOING BASIS; AND

PURCHASER IS RELYING SOLELY UPON ITS INSPECTIONS, EXAMINATION, AND EVALUATION OF THE PURCHASED ASSETS IN PURCHASING THE PURCHASED ASSETS ON AN "AS IS", "WHERE IS" AND "WITH ALL FAULTS AND DEFECTS" BASIS, WITHOUT REPRESENTATION, WARRANTY, AGREEMENT OR STATEMENT BY SELLER OR ANYONE ACTING ON BEHALF OF SELLER, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE.

This Bill of Sale may be signed in several counterparts, each of which will be fully effective as an original and all of which together will constitute one and the same instrument. Any signature to this Bill of Sale transmitted by facsimile or in PDF format via electronic mail will be deemed the equivalent of delivery of an original signature.

TEXAS MUNICIPAL POWER AGENCY,
a Texas municipal corporation

By: ______________________________
Daniel Meadows, its General Manager

CITY OF BRYAN, TEXAS

____
Bobby Gutierrez, Mayor

ATTEST:

____
Melissa Brunner, City Secretary

APPROVED AS TO FORM:

____
Thomas A. Leeper, City Attorney

EXHIBIT A-1
Conveyance of TMPA assets in Bryan East Substation

The transmission assets owned by Seller in Purchaser's Bryan East Substation, the intention being that Purchaser shall own all transmission assets in the Substation, including the following equipment as listed in the City of Bryan / TMPA Interconnection Agreement Facility Schedule No. 1 relating to the East Substation:

- 138/69/12.5kV autotransformer (BREA Tl)
- 69kV circuit breaker (BREA-9010)
- 138kV disconnect switches (BREA-8012(1600A), BREA-8021(1600A), BREA-8027(1600A), BREA-8022(1600A), BREA-8031(1600A), BREA-8032(1600A), BREA-804(1600A), BREA-8019 (1200A))
- 69kV disconnect switches (BREA-9011, BREA-9012 2000A)
- 12kV surge arrestors
- 60kV surge arrestors
- 108kV surge arrestors
- 120kV surge arrestors
- 75kVA station service transformer
- manual transfer switch
- potential transformers
- coupling capacitor voltage transformers
- current transformers
- fused disconnect switches
- motor operated disconnect
- 138kV control house, including inverter transfer switch, yard lighting control, DC breaker panel, AC breaker panel, synchscope
- bus work, structures, distribution bays, relaying, wiring, and conduit.

Seller reserves from the conveyance the following assets inside the Bryan East Substation as follows:

- TMPA's Gibbons Creek-Bryan East 138kV line terminating at BTU's dead-end structure as specified in the City of Bryan / TMPA Interconnection Agreement Facility Schedule No. 1 East Substation.
- Right-of-way and access necessary to maintain Seller's facilities

EXHIBIT "B"
FORM OF BILL OF SALE

BILL OF SALE

This Bill of Sale is made entered into as of ____________________, 202__, by Texas Municipal Power Agency, a Texas municipal corporation ("**Seller**"), and the City of Bryan, Texas ("**Purchaser**"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement (as hereinafter defined).

BACKGROUND

Seller and Purchaser entered into that certain Asset Exchange Agreement dated __________________, 2025 (the "**Agreement**"), whereby Seller and Purchaser agreed to the exchange of certain electric transmission system assets.

In connection with and as a requirement of the Agreement, Seller and Purchaser enter into this Bill of Sale for the conveyance of the non-real property Purchased Assets shown on Exhibit A-1 to this Bill of Sale.

TRANSFER OF ASSETS

For the good and valuable consideration set forth in the Agreement, the receipt and sufficiency of which are acknowledged by Purchaser and Seller, Seller grants, sells, conveys, delivers and otherwise transfers to Purchaser all of Seller's right, title and interest in and to the Purchased Assets set forth on Exhibit A-1 attached to and incorporated by reference into this Bill of Sale, to have and to hold forever.

Seller represents and warrants to Purchaser: (a) that the Purchased Assets are free and clear of all Liens except for Existing Encumbrances; (b) that Seller has good title to the Purchased Assets; (c) that Seller has the lawful right and authority to sell and otherwise transfer all of Seller's right, title and interest in and to the Purchased Assets to Purchaser; (d) that Seller will warrant and defend the same in favor of Purchaser, its successors and assigns, against the claims and demands of all persons or entities claiming by, under or through Seller but not otherwise.

IT IS UNDERSTOOD AND AGREED THAT, EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED IN THE AGREEMENT:

THE TRANSFER AND CONVEYANCE BY SELLER AND ACCEPTANCE BY PURCHASER OF THE PURCHASED ASSETS, IS ON AN "AS IS," "WHERE IS" AND "WITH ALL FAULTS AND DEFECTS" BASIS;

PURCHASER HAS THOROUGHLY INSPECTED AND EXAMINED THE PURCHASED ASSETS TO THE EXTENT DEEMED NECESSARY BY PURCHASER IN ORDER TO ENABLE PURCHASER TO EVALUATE THE PURCHASE OF THE PURCHASED ASSETS ON THE FOREGOING BASIS; AND

PURCHASER IS RELYING SOLELY UPON ITS INSPECTIONS, EXAMINATION, AND EVALUATION OF THE PURCHASED ASSETS IN PURCHASING THE PURCHASED ASSETS ON AN "AS IS", "WHERE IS" AND "WITH ALL FAULTS AND DEFECTS" BASIS, WITHOUT REPRESENTATION, WARRANTY, AGREEMENT OR STATEMENT BY SELLER OR ANYONE ACTING ON BEHALF OF SELLER, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE.

This Bill of Sale may be signed in several counterparts, each of which will be fully effective as an original and all of which together will constitute one and the same instrument. Any signature to this Bill of Sale transmitted by facsimile or in PDF format via electronic mail will be deemed the equivalent of delivery of an original signature.

TEXAS MUNICIPAL POWER AGENCY,
a Texas municipal corporation

By: ______________________________
Daniel Meadows, its General Manager

CITY OF BRYAN, TEXAS

____
Bobby Gutierrez, Mayor

ATTEST:

____
Melissa Brunner, City Secretary

APPROVED AS TO FORM:

____
Thomas A. Leeper, City Attorney

EXHIBIT A-1

Conveyance of TMPA assets in Dansby Substation

The transmission assets owned by Seller in Purchaser's Dansby Substation, the intention being that Purchaser shall own all transmission assets in the Substation, including the following equipment as listed in the City of Bryan / TMPA Interconnection Agreement Facility Schedule No. 2 Dansby Substation:

- Termination on breaker side of 69kV switch BRDA-9012
- 138/69/12.5kV autotransformer (BRDA T1)
- 138kV circuit breaker (BRDA-8010, BRDA-8020, BRDA-8030, BRDA-8040)
- 138kY disconnect switches (BRDA-8017, BRDA-8011, BRDA-8012, BRDA-8021, BRDA-8027, BRDA-8022, BRDA-8037, BRDA-8031, BRDA-8032, BRDA-8041, BRDA-8042, BRDA-8019, BRDA-8062)
- 69kV circuit breaker (BRDA-9010)
- 69kV disconnect switches (BRDA-9011, BRDA-9012)
- 12kV surge arresters
- 60kV surge arresters
- 84kV surge arresters (Jack Creek Line)
- 120kV surge arresters (3 on Atkins Line, 3 on Hearne Line)
- 75kVA station service transformer
- 50kVA station service transformer
- manual transfer switch
- potential transformers
- coupling capacitor voltage transformer
- current transformers (3 on Atkins Line, 3 on Hearne Line)
- fused disconnect switches
- Control house
- bus work, structures, insulators, connectors, distribution bays, associated protective relaying, wiring, and conduit.

Seller reserves from the conveyance the following assets inside the substation as follows:

- TMPA's Dansby-Triangle Park 138kV line terminating at BTU's dead-end structure as specified in the City of Bryan / TMPA Interconnection Agreement Facility Schedule No. 2 Dansby Substation.
- Right-of-way and access necessary to maintain Seller's facilities

EXHIBIT “C”
FORM OF BILL OF SALE AND ASSIGNMENT OF EASEMENTS

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

BILL OF SALE AND ASSIGNMENT OF EASEMENTS

This Bill of Sale and Assignment of Easements is made entered into as of _____________________, 202__, by the City of Bryan, Texas, a home rule municipality (“**Seller**”) and Texas Municipal Power Agency, a Texas municipal corporation (“**Purchaser**”). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement (as hereinafter defined).

BACKGROUND

Seller and Purchaser entered into that certain Asset Exchange Agreement dated _________, 2025 (the “**Agreement**”), whereby Seller and Purchaser agreed to the exchange of certain electric transmission system assets.

In connection with and as a requirement of the Agreement, Seller and Purchaser enter into this Bill of Sale and Assignment of Easements for the conveyance of the assets shown on Exhibits A-1 and A-2 to this Bill of Sale and Assignment of Easements.

BILL OF SALE

For the good and valuable consideration set forth in the Agreement, the receipt and sufficiency of which are acknowledged by Purchaser and Seller, Seller grants, sells, conveys, delivers and otherwise transfers to Purchaser all of Seller’s right, title and interest in and to the Purchased Assets set forth on Exhibit A-1 attached to and incorporated by reference into this Bill of Sale and Assignment of Easements (the “A-1 Purchased Assets”), to have and to hold forever.

Seller represents and warrants to Purchaser: (a) that the A-1 Purchased Assets are free and clear of all Liens except for Existing Encumbrances; (b) that Seller has good title to the A-1 Purchased Assets; (c) that Seller has the lawful right and authority to sell and otherwise transfer all of Seller’s right, title and interest in and to the A-1 Purchased Assets to Purchaser; (d) that Seller will warrant and defend the same in favor of Purchaser, its successors and assigns, against the claims and demands of all persons or entities claiming by, under or through Seller but not otherwise.

IT IS UNDERSTOOD AND AGREED THAT, EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED IN THE AGREEMENT:

THE TRANSFER AND CONVEYANCE BY SELLER AND ACCEPTANCE BY PURCHASER OF THE A-1 PURCHASED ASSETS, IS ON AN "AS IS," "WHERE IS" AND "WITH ALL FAULTS AND DEFECTS" BASIS;

PURCHASER HAS THOROUGHLY INSPECTED AND EXAMINED THE A-1 PURCHASED ASSETS TO THE EXTENT DEEMED NECESSARY BY PURCHASER IN ORDER TO ENABLE PURCHASER TO EVALUATE THE PURCHASE OF THE A-1 PURCHASED ASSETS ON THE FOREGOING BASIS; AND

PURCHASER IS RELYING SOLELY UPON ITS INSPECTIONS, EXAMINATION, AND EVALUATION OF THE A-1 PURCHASED ASSETS IN PURCHASING THE PURCHASED ASSETS ON AN "AS IS", "WHERE IS" AND "WITH ALL FAULTS AND DEFECTS" BASIS, WITHOUT REPRESENTATION, WARRANTY, AGREEMENT OR STATEMENT BY SELLER OR ANYONE ACTING ON BEHALF OF SELLER, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE.

ASSIGNMENT OF EASEMENTS

For the same consideration, Seller has sold, conveyed, assigned and transferred, and by these presents does sell, convey, assign and transfer unto Purchaser the transmission line easements described on Exhibit A-2 attached hereto (hereinafter, the "Transmission Easements").

TO HAVE AND TO HOLD the Transmission Easements, together with all and singular, the rights and appurtenances thereto in anywise belonging unto the said Purchaser, its successors and assigns forever; and Seller does hereby bind itself, its successors and assigns, to warrant and forever defend all and singular the said Transmission Easements unto the said Purchaser, its successors and assigns, against every person whomsoever lawfully claiming, or to claim the same or any part thereof by, through, or under Seller, but not otherwise.

This Bill of Sale and Assignment of Easements may be signed in several counterparts, each of which will be fully effective as an original and all of which together will constitute one and the same instrument. Any signature to this Bill of Sale transmitted by facsimile or in PDF format via electronic mail will be deemed the equivalent of delivery of an original signature.

TEXAS MUNICIPAL POWER AGENCY,
a Texas municipal corporation

By: ______________________________
Daniel Meadows, its General Manager

CITY OF BRYAN, TEXAS   ATTEST:

_______________________   ____________________________
Bobby Gutierrez, Mayor   Melissa Brunner, City Secretary

APPROVED AS TO FORM:

____
Thomas A. Leeper, City Attorney

STATE OF TEXAS

COUNTY OF BRAZOS

This instrument was acknowledged before me on the ___ day of ___________, 202__, by Daniel Meadows, the General Manager of Texas Municipal Power Agency, a Texas municipal corporation on behalf of said corporation, for the purposes and consideration therein expressed.

____
Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF BRAZOS

This instrument was acknowledged before me on the ___ day of ___________, 202__, by Bobby Gutierrez, Mayor of the City of Bryan, Texas, a Texas home rule municipality, on behalf of said municipality, for the purposes and consideration therein expressed.

____
Notary Public, State of _________________

EXHIBIT A-1

Conveyance of City of Bryan's Gibbons Creek to Greens Prairie 138 kV Transmission Line

Those certain electric facilities, in place, known as the Gibbons Creek-Greens Prairie 138kV Transmission Line, between the Gibbons Creek Steam Switchyard in Grimes County, Texas, and the City of College Station, Texas, extending from the dead-end structure in the Gibbons Creek Switchyard owned by TMPA in Grimes County, Texas, to the dead-end structure in the Greens Prairie substation owned by the City of College Station, in Brazos County, Texas, consisting of (i) one circuit of a double circuit line for 7.4 miles on single pole concrete structures (the "7.4 Mile Portion"), (ii) 4.1 miles of single circuit on steel and concrete single pole structures (the "4.1 Mile Portion"), and (iii) 1.5 miles of double circuit (the "1.5 Mile Portion") on steel single pole structures with the second circuit being owned by the City of College Station, and being foundations, steel and concrete structures, cross-arms, insulators, static wire, associated hardware and electric conductors (hereinafter, the "Transmission Facilities"). Without limiting the foregoing, the Transmission Facilities include approximately 5.6 miles of poles, hardware, and 48-count optical ground wire, 13.0 miles of conductor, and approximately 65 concrete and steel poles.

There is excepted from this conveyance and Transmission Facilities hereby conveyed by Seller shall not include the following:

a. The structures, owned by TMPA, on the 7.4 Mile Portion.

b. The second circuit and structures, owned by the City of College Station, Texas, on the 1.5 Mile Portion.

c. The Distribution Facilities, owned by Seller, described in Exhibit B of the Non-Exclusive Partial Assignment of Easement Agreement For Electrical Utilities, dated _______________, 2025.

Exhibit "A-2"

TRANSMISSION EASEMENTS

The easements utilized for the Gibbons Creek to Greens Prairie 138 kV Transmission Line, including the following easements conveyed to the Texas Municipal Power Agency as recorded in the Real Property Records of Brazos County, Texas:

1. Grantor: Lillian Weaver
Volume 1230, Page 823

2. Grantor: Travelers Insurance Company
Volume 1233, Page 108

3. Grantor: Anderson/Stephen
Volume 1251, Page 663

4. Grantor: First National Bank of Bryan
Volume 1244, Page 346

5. Grantor: Dolly Olden
Volume 1231, Page 5

6. Grantor: James Creagor
Volume 1231, Page 10

7. Grantor: Jerry Windham and Frank Thurmond
Volume 1231, page 15

8. Grantor: Louise Marsh Reeves
Volume 1231, Page 20

9. Grantor: Esterline Smith
Volume 1230, Page 816

10. Grantor: Johnnie Mae Allen
Volume 1230, Page 830

11. Grantor: Vivian Duren et al
Volume 1230, Page 837

12. Grantor: Sheila Ford et al
Volume 1230, Page 845

13. Grantor: Delores Payne et al
Volume 1231, Page 1

After recording, return to:

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

EXHIBIT “D”
FORM OF BILL OF SALE

BILL OF SALE

This Bill of Sale is made entered into as of ______________________, 202__, by the City of Bryan, Texas, a home rule municipality (“**Seller**”) and Texas Municipal Power Agency, a Texas municipal corporation (“**Purchaser**”). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement (as hereinafter defined).

BACKGROUND

(A) Seller and Purchaser entered into that certain Asset Exchange Agreement dated _______________, 2025 (the “**Agreement**”), whereby Seller and Purchaser agreed to the exchange of certain electric transmission system assets.

(B) In connection with and as a requirement of the Agreement, Seller and Purchaser enter into this Bill of Sale for the conveyance of the non-real property Purchased Assets shown on Exhibit A-1 to this Bill of Sale.

TRANSFER OF ASSETS

For the good and valuable consideration set forth in the Agreement, the receipt and sufficiency of which are acknowledged by Purchaser and Seller, Seller grants, sells, conveys, delivers and otherwise transfers to Purchaser all of Seller’s right, title and interest in and to the Purchased Assets set forth on Exhibit A-1 attached to and incorporated by reference into this Bill of Sale, to have and to hold forever.

Seller represents and warrants to Purchaser: (a) that the Purchased Assets are free and clear of all Liens except for Existing Encumbrances; (b) that Seller has good title to the Purchased Assets; (c) that Seller has the lawful right and authority to sell and otherwise transfer all of Seller’s right, title and interest in and to the Purchased Assets to Purchaser; (d) that Seller will warrant and defend the same in favor of Purchaser, its successors and assigns, against the claims and demands of all persons or entities claiming by, under or through Seller but not otherwise.

IT IS UNDERSTOOD AND AGREED THAT, EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED IN THE AGREEMENT:

THE TRANSFER AND CONVEYANCE BY SELLER AND ACCEPTANCE BY PURCHASER OF THE PURCHASED ASSETS, IS ON AN “AS IS,” “WHERE IS” AND “WITH ALL FAULTS AND DEFECTS” BASIS;

PURCHASER HAS THOROUGHLY INSPECTED AND EXAMINED THE PURCHASED ASSETS TO THE EXTENT DEEMED NECESSARY BY PURCHASER IN

ORDER TO ENABLE PURCHASER TO EVALUATE THE PURCHASE OF THE PURCHASED ASSETS ON THE FOREGOING BASIS; AND

PURCHASER IS RELYING SOLELY UPON ITS INSPECTIONS, EXAMINATION, AND EVALUATION OF THE PURCHASED ASSETS IN PURCHASING THE PURCHASED ASSETS ON AN "AS IS", "WHERE IS" AND "WITH ALL FAULTS AND DEFECTS" BASIS, WITHOUT REPRESENTATION, WARRANTY, AGREEMENT OR STATEMENT BY SELLER OR ANYONE ACTING ON BEHALF OF SELLER, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE.

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TEXAS MUNICIPAL POWER AGENCY,
a Texas municipal corporation

By: ______________________________
Daniel Meadows, its General Manager

CITY OF BRYAN, TEXAS

____
Bobby Gutierrez, Mayor

ATTEST:

____
Melissa Brunner, City Secretary

APPROVED AS TO FORM:

____
Thomas A. Leeper, City Attorney

EXHIBIT A-1

Conveyance of City of Bryan assets in TMPA'S Gibbons Creek to Bryan East 138 kV Transmission Line

The transmission assets owned by Seller in Purchaser's Gibbons Creek to Bryan East 138 kV Transmission Line, the intention being that Purchaser shall own all transmission assets related to this line, including 34 concrete poles and associated hardware, and 4 steel poles and associated hardware

March 13, 2025

AGENDA ITEM NO. 10

SUBJECT: FY25 First Quarter Budget Status Report

DISCUSSION: This report, along with the attachments, provides a comparison of actual cost performance to budgets (approved 6/27/24) for each business unit of TMPA as of the end of Q1, as well as year-end projections. The year-end projections are summarized as follows:

GENERATION – Projection to Year-end (in thousands)				
Cost Type	**Approved Budget**	**Projection**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$204	$154	($50)	(24.7%)
Other Revenues Excluding City Billings	($7)	($7)	$0	0.0%
Total Budget Variance			**($50)**	**(25.6%)**

MINE – Projection to Year-end (in thousands)				
Cost Type	**Approved Budget**	**Projection**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$638	$663	$25	3.9%
Other Revenues Excluding City Billings	($22)	($22)	$0	0.0%
Total Budget Variance			**$25**	**4.0%**

TRANSMISSION – Projection to Year-end (in thousands)				
Cost Type	**Approved Budget**	**Projection**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$8,177	$8,432	$255	3.1%
Fixed Costs - Debt	$18,115	$18,115	$0	0.0%
Other Revenues	($35,742)	($36,340)	($657)	(1.8%)
Total Budget Variance			**($402)**	**(4.3%)**
Debt Service Coverage	1.25X	2.11X		Exceeds requirement

A&G costs are projected to be over budget ($27K) primarily due to IT-related improvements as discovered in the IT audit performed last year. Once these changes are implemented, overall IT costs should be less than in previous years.

Generation Division - Total Costs are projected to be under budget by $50K in FY25.

1. Consulting Services are $25K lower as remediation continues to wrap up at the former plant site.

Mine Division - Total Costs are projected to be over budget by $25K in FY25.

1. Mine Maintenance is $20K higher as seep maintenance costs have been higher than anticipated in Q1.

Transmission Division - Total Costs are projected to be under budget by $402K in FY25.

1. Contractor Maintenance is $50K lower as less vegetation management is projected in the Denton area.
2. Consulting Services are $75K higher due to efforts to research and develop opportunities in transmission projects throughout ERCOT.
3. Transmission System Revenue is $654K higher as the draft 2024 Average 4CP is higher than estimated.

NOTE: There is no FY25 charge to the Member Cities for the Transmission division since revenues exceed expenses.

BACKUP MATERIAL: Attachment A: Generation FY25 Q1 Rate Sheet
Attachment B: Mine FY25 Q1 Rate Sheet
Attachment C: Transmission FY25 Q1 Rate Sheet

ACTION REQUESTED: None

Lyndi Birkhead
3/5/2025

Generation

FY25 Q1 Key Budget Driver Rate Sheet

FY25 Approved Budget Compared to YTD December Actual and to Year-end Projection

	FY25 Budget Approved 6/27/24 YTD December	FY25 Actual YTD December	(Under) Over Budget	Percentage Change	FY25 Budget Approved 6/27/24	FY25 Year-end Projection as of December	(Under) Over Budget	Percentage Change
Fixed Costs								
S02 Consulting Services	21,250	10,510	(10,740)	-50.5%	85,000	60,000	(25,000)	-29.4%
S04 Legal Services	15,000	6,120	(8,880)	-59.2%	60,000	60,000	-	0.0%
Other Fixed Costs - Non-Debt	625	-	(625)	-100.0%	2,500	2,500	-	0.0%
Allocation of A&G	14,003	7,256	(6,746)	-48.2%	56,791	31,299	(25,492)	-44.9%
TOTAL FIXED COSTS	**$ 50,878**	**$ 23,887**	**$ (26,991)**	**-53.1%**	**$ 204,291**	**$ 153,799**	**$ (50,492)**	**-24.7%**
Other Revenues								
I73 Interest Income	(2,348)	(1,417)	931	39.7%	(7,152)	(7,152)	-	0.0%
TOTAL OTHER REVENUES	**$ (2,348)**	**$ (1,417)**	**$ 931**	**39.7%**	**$ (7,152)**	**$ (7,152)**	**$ -**	**0.0%**
TOTAL COSTS	**$ 48,530**	**$ 22,470**	**$ (26,060)**	**-53.7%**	**$ 197,139**	**$ 146,647**	**$ (50,492)**	**-25.6%**

	Budget Approved in FY23**	Actual Spent in FY23-24	Actual Spent in FY25 as of 12/31/24	Reserved Balance as of 12/31/24***
Site F Landfill Legal Costs*	500,000	144,752	1,143	354,105

** Expenses, up to the approved $500K, do NOT impact the FY25 budget and are NOT included in the analysis above.*

*** In FY23, $500K was budgeted specifically for legal costs related to the Site F Landfill 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

FY25 Q1 Key Budget Driver Rate Sheet

FY25 Approved Budget Compared to YTD December Actual and to Year-end Projection

	FY25 Budget Approved 6/27/24 YTD December	FY25 Actual YTD December	(Under) Over Budget	Percentage Change	FY25 Budget Approved 6/27/24	FY25 Year-end Projection as of December	(Under) Over Budget	Percentage Change
Fixed Costs								
M44 Mine Maintenance	5,000	151,128	146,128	2922.6%	180,000	200,000	20,000	11.1%
R51 Contractor Maintenance	7,600	9,000	1,400	18.4%	35,000	45,000	10,000	28.6%
S02 Consulting Services	41,300	32,478	(8,822)	-21.4%	165,000	155,000	(10,000)	-6.1%
S04 Legal Services	15,000	2,379	(12,621)	-84.1%	60,000	50,000	(10,000)	-16.7%
Other Fixed Costs - Non-Debt	10,408	17,514	7,106	68.3%	20,630	22,158	1,528	7.4%
Allocation of A&G	43,730	86,762	43,032	98.4%	177,354	190,514	13,160	7.4%
TOTAL FIXED COSTS	**$ 123,038**	**$ 299,261**	**$ 176,223**	**143.2%**	**$ 637,984**	**$ 662,672**	**$ 24,688**	**3.9%**
Other Revenues								
I76 Interest Income	(7,331)	(16,939)	(9,607)	-131.0%	(22,335)	(22,335)	-	0.0%
TOTAL OTHER REVENUES	**$ (7,331)**	**$ (16,939)**	**$ (9,607)**	**-131.0%**	**$ (22,335)**	**$ (22,335)**	**$ -**	**0.0%**
TOTAL COSTS	**$ 115,707**	**$ 282,322**	**$ 166,616**	**144.0%**	**$ 615,649**	**$ 640,337**	**$ 24,688**	**4.0%**

Transmission

ATTACHMENT C

FY25 Q1 Key Budget Driver Rate Sheet

FY25 Approved Budget Compared to YTD December Actual and to Year-end Projection

	FY25 Budget Approved 6/27/24 YTD December	FY25 Actual YTD December	(Under) Over Budget	Percentage Change	FY25 Budget Approved 6/27/24	FY25 Year-end Projection as of December	(Under) Over Budget	Percentage Change
Fixed Costs								
L01 Labor & Benefits	155,012	212,308	57,296	37.0%	706,573	696,574	(10,000)	-1.4%
R06 Bank Charges	95,000	12,891	(82,109)	-86.4%	159,500	159,500	-	0.0%
R41 Property Insurance	158,915	150,385	(8,530)	-5.4%	685,660	685,660	-	0.0%
R51 Contractor Maintenance	446,049	229,082	(216,967)	-48.6%	2,014,100	1,964,100	(50,000)	-2.5%
S02 Consulting Services	-	26,093	26,093	-100.0%	-	75,000	75,000	-100.0%
S04 Legal Services	118,750	75,295	(43,455)	-36.6%	190,000	190,000	-	0.0%
Other Fixed Costs - Non-Debt	674,135	314,206	(359,929)	-53.4%	2,148,197	2,149,197	1,000	0.0%
Allocation of A&G	560,504	493,463	(67,040)	-12.0%	2,273,199	2,312,130	38,931	1.7%
Subtotal Fixed Costs - Non-Debt	**$ 2,208,365**	**$ 1,702,056**	**$ (506,309)**	**-22.9%**	**$ 8,177,230**	**$ 8,432,161**	**$ 254,931**	**3.1%**
R57-R58 Debt Service - Bonds	2,941,260	2,941,260	0	0.0%	13,183,807	13,183,807	-	0.0%
R55 Revolving Notes Interest	375,866	460,660	84,794	22.6%	1,503,463	1,503,463	-	0.0%
R62 Debt Coverage Payment	856,948	856,948	-	0.0%	3,427,790	3,427,790	-	0.0%
Subtotal Fixed Costs - Debt	**$ 4,174,073**	**$ 4,258,868**	**$ 84,794**	**2.0%**	**$ 18,115,059**	**$ 18,115,059**	**$ -**	**0.0%**
TOTAL FIXED COSTS	**$ 6,382,438**	**$ 5,960,924**	**$ (421,515)**	**-6.6%**	**$ 26,292,289**	**$ 26,547,221**	**$ 254,931**	**1.0%**
Other Revenues								
I50 Transmission System Revenue	(9,110,603)	(9,110,603)	(0)	0.0%	(34,925,265)	(35,579,337)	(654,072)	-1.9%
I70-I75 Interest Income	(187,508)	(194,330)	(6,822)	-3.6%	(714,289)	(714,289)	-	0.0%
Other Revenue	11,438	19,931	8,493	-74.3%	(102,750)	(106,096)	(3,346)	-3.3%
TOTAL OTHER REVENUES	**$ (9,286,673)**	**$ (9,285,002)**	**$ 1,671**	**0.0%**	**$ (35,742,304)**	**$ (36,399,722)**	**$ (657,418)**	**-1.8%**
TOTAL COSTS / (REVENUES)	**$ (2,904,235)**	**$ (3,324,078)**	**$ (419,844)**	**-14.5%**	**$ (9,450,015)**	**$ (9,852,502)**	**$ (402,487)**	**-4.3%**

March 13, 2025

AGENDA ITEM NO. 11

SUBJECT: FY26 Budget Plan

DISCUSSION: The FY26 budget cycle will kick off following this meeting as we obtain direction from the P&O Committee and Board. Staff proposes the following assumptions:

- A 10-year pro forma will be provided for each business unit – Generation, Mine, and Transmission.
- Generation activities, namely environmental and compliance oversight, will continue indefinitely.
- Mine activities will continue related to the maintenance of the remaining bonded acreage, namely the acid seeps, and the pursuit of final bond release from the Railroad Commission.
- TMPA will continue to invest in our current Transmission system, as well as actively pursue transmission investments outside of our current system.
- Debbie Evans, Accounts Payable/Document Control Specialist, will retire in December 2025 after 40 years of service to TMPA. Her position will be absorbed primarily by Susie Johnson, Executive Administrator, and supplemented with part-time staff as needed.
- Upon Debbie's retirement, TMPA will have four full-time employees:
    - Daniel Meadows, General Manager
    - Lyndi Birkhead, CFO/Director of Finance & Support Services
    - Gwen Conlee, Accountant, and
    - Susie Johnson, Executive Administrator.

BACKUP MATERIAL: FY26 Budget Schedule

ACTION REQUESTED: None

Lyndi Birkhead
3/5/25

FY26 BUDGET SCHEDULE

FY26 Budget Kick-off	3/13/25
RA Managers Finalize Budgets	3/27/25
Email DRAFT ONE to Senior Managers	4/02/25
Email DRAFT TWO to Senior Managers	4/09/25
Release to FWG	4/16/25
FWG Zoom Meeting	4/23/25
Proposed P&O Zoom Meeting	5/07/25
Proposed ABC Zoom Meeting	5/21/25
Board Meeting – Approve FY26 Budget	6/05/25

March 13, 2025

AGENDA ITEM NO. 12

SUBJECT: Resolution No. 2025-3-5, relating to the annual review of the Agency's Investment Policy; and resolving matters incidental and related thereto.

DISCUSSION: The Public Funds Investment Act (the "Act") requires the Agency to review its Investment Policy each year, adopt a resolution each year stating that the Policy, including investment strategies contained therein, have been reviewed and, if changes to the Investment Policy are needed, to record the changes in the Resolution. The purpose of this Resolution is to satisfy these requirements.

Staff engaged Hilltop Securities to perform a review of the Agency's Investment Policy to ensure compliance with the Act. Since there have been no changes to the Act subsequent to the last review of the Investment Policy, the Policy remains in compliance with the Act, and no changes to the Policy are recommended at this time.

BACKUP MATERIAL: Exhibit A to Resolution 2025-3-5

ACTION REQUESTED: Consideration and action on Resolution No. 2025-3-5

Lyndi Birkhead
3/5/2025

RESOLUTION NO. 2025-3-5

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") RELATING TO THE ANNUAL REVIEW OF THE AGENCY'S INVESTMENT POLICY; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, the Public Funds Investment Act requires the Board (i) to conduct an annual review of the Agency's Investment Policy, (ii) to state, through formal action, that the Board has conducted its annual review of the Agency's Investment Policy, and (iii) if changes are needed, to record changes to the Investment Policy;

WHEREAS, the Board desires to comply with the Public Funds Investment Act through adoption of this Resolution;

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

1. That the above recitals are true and correct;

2. That the Board has conducted the annual review of the Investment Policy, attached as Exhibit "A", including the investment strategies contained therein, and has determined that no changes are needed;

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 13TH DAY OF MARCH 2025.

____
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

INVESTMENT POLICY

Reviewed and Adopted:

February 8, 2018

EXHIBIT "A"
RESOLUTION NO. 2023-3-5

PREFACE

It is the policy of Texas Municipal Power Agency (the "Agency") that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, and the adopted Investment Policy including the Investment Strategy Statement. The purpose of this Investment Policy is to establish cash management and investment guidelines for the transfer and investment of Agency funds with emphasis on safety and liquidity.

Effective cash management is recognized as essential to good fiscal management. Aggressive cash management and effective investment strategy development will be pursued to take advantage of interest earnings as viable and material revenue to all Agency funds. The Agency's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with this Investment Policy.

Investment shall be made with the primary objectives of:

- Preservation of capital
- Safety of Agency funds
- Maintenance of sufficient liquidity
- Maximization of return within acceptable risk constraints
- Diversification of investments

INVESTMENT POLICY

TABLE OF CONTENTS

I. PURPOSE

A. Formal Adoption

This Investment Policy is authorized by the Texas Municipal Power Agency Board of Directors in accordance with Chapter 2256, Texas Government Code, the Public Funds Investment Act.

B. Scope

This Investment Policy applies to the investment activities of all funds of the Agency, except those monies held in the TMPA Employees Pension Plan Fund which are directed by the Pension Plan Trustee Committee and except any monies held in a Section 457 deferred compensation plan. The management of proceeds from the sale of bonds to establish the Agency's Self-Insurance and Risk Management Program are also exempted from this policy because investment directives are provided elsewhere in specific policies relative to those funds. If an investment is donated to the Agency for a particular purpose or under terms of use specified by the donor, the donated investment is exempt from provisions of this Investment Policy.

All financial assets of the funds listed below and all financial assets of any new funds not specifically exempted, shall be administrated in accordance with the provisions of this Investment Policy:

Bond Fund
Construction Fund
Contingency Fund
Reserve Fund
Revenue Fund

C. Review and Amendment

This Investment Policy, including the Investment Strategy Statement, shall be reviewed annually by the Board of Directors. At that time, the Board of Directors shall adopt a resolution which (1) states it has reviewed the Investment Policy and the Investment Strategy Statement and (2) describes what, if any, changes were made to the Investment Policy or the Investment Strategy Statement.

This Policy may be amended from time-to-time as directed by the Board of Directors or as mandated by State law. Amendments must be approved and adopted by the Board of Directors.

D. Investment Strategy Statement

The Investment Strategy Statement must describe the investment objectives for each particular fund according to the following priorities:

1. Investment suitability,
2. Preservation and safety of principal,
3. Liquidity,
4. Marketability prior to maturity of each investment,
5. Diversification, and
6. Yield.

II. INVESTMENT OBJECTIVES

A. Safety of Principal

The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they be from securities defaults or erosion of market value.

B. Maintenance of Adequate Liquidity

The investment portfolio shall remain sufficiently liquid to meet the cash flow requirements of the Agency. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements, investing in securities with active secondary markets, and maintaining appropriate portfolio diversification.

III. INVESTMENT POLICY

A. Authorized Investments

The investments described below are authorized by the Public Funds Investment Act as eligible securities for the Agency. The purchase of specific securities shall be restricted or prohibited by the Agency's Bond Resolution definition of "Investment Securities" (Appendix B).

Direct obligations of the State of Texas, or its agencies and instrumentalities.

Other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities. The Agency expressly prohibits, both as direct investments and collateral, all types of Collateralized Mortgage Obligations (CMOs), including IO's, PO's and Inverse Floaters.

Obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated not less than "A" or its equivalent by a nationally recognized investment rating firm.

Fully Collateralized repurchase agreements having a defined termination date, placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas, and secured by a combination of cash and obligations of the United States or its agencies and instrumentalities which are eligible investments under the Public Funds Investment Act, pledged with a third party approved by the Agency, and having a market value equal to or greater than the principal amount of the funds disbursed plus all accrued interest. The term includes reverse repurchase agreements only obtained in connection with investment by the Agency in an eligible Investment Pool or Money Market Mutual Fund. All Agency repurchase agreement transactions shall be governed by a signed Master Repurchase Agreement or form compliant with the Master Repurchase Agreement.

Certificates of deposit issued by state and national banks and savings banks doing business in Texas that are:

a. Guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, secured by obligations that are described by paragraph 1-4 above, which are intended to include all direct Federal Agency or instrumentality issued mortgage backed securities, but excluding those mortgage backed securities of the nature described in Section 2256.009(b) of the Texas Government Code, that have a market value of not less than the principal amount of the certificates or in any other manner and amount provided by law for deposits of the Agency;

b. Governed by a Depository Contract, as described in B.4. of this section, that complies with Federal and state regulation to properly secure a pledged security interest; and

c. Solicited for bid orally, in writing, electronically, or any combination of those methods.

Banker's acceptances that:

a. Have stated maturities of 270 days or fewer;

b. Will be liquidated in full at maturity;

c. Are eligible for collateral borrowing from a Federal Reserve Bank; and

d. Are accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of the bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

Commercial Paper with a stated maturity of 270 days or less from the date of issuance that either:

a. Is rated not less than A-1, P-1, or the equivalent by at least two nationally recognized credit rating agencies; or

b. Is rated at least A-1, P-1, or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.

Money Market mutual funds registered with the Securities & Exchange Commission, with a dollar-weighted average portfolio maturity of 60 days or less; that fully invest dollar-for-dollar all Agency funds without sales commissions or loads; and whose investment objectives include seeking to maintain a stable net asset value of $1 per share. Additionally, the money market mutual fund must provide the Agency with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940. The Agency may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual fund.

Eligible Investment Pools organized and operating in compliance with the Public Funds Investment Act that have been authorized by the Board of Directors and whose investment philosophy and strategy are consistent with this Investment Policy and the Investment Strategy Statement of the Agency.

Guaranteed Investment Contracts are authorized investments for bond proceeds if the Guaranteed Investment Contracts have a defined termination date, are secured by obligations in the amounts and of the types required by the Public Funds Investment Act, are pledged to the Agency, are deposited with the Agency or with a third party approved by the Agency, and meet all other applicable requirements of the Act.

Bonds issued, assumed, or guaranteed by the State of Israel.

Interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor.

B. Protection of Principal

1. Diversification by Investment Type

Diversification by investment type shall be established by the following maximum percentages of investment type of the total Agency investment portfolio at the time of the purchase of the investment:

a.	U.S. Treasury Bills/Notes/Bonds	100%
b.	U.S. Agencies & Instrumentalities	75%
c.	Certificates of Deposit	50%
d.	Eligible Investments Pools	50%
e.	Money Market Mutual Funds	50%
f.	Repurchase Agreements	50%
g.	Banker's Acceptances	20%
h.	Commercial Paper	20%
i.	States, Counties, Cities & Other	20%

Bond proceeds may be invested in a single security or investment if the Investment Committee determines that such an investment is necessary to comply with Federal arbitrage restrictions or to facilitate arbitrage record-keeping and calculation. The maximum percentage specified above for eligible investment pools may be exceeded for purposes of paying debt or a debt service obligation relating to the Series 1989 or Series 1993 capital appreciation bonds.

2. Diversification by Investment Maturity

In order to minimize risk of loss due to interest rate fluctuations, investment maturities shall not exceed the anticipated cash flow requirements of the applicable fund. Maturity guidelines by fund are as follows:

a. Bond Fund

The Bond Fund shall be invested to ensure adequate funding for each consecutive debt service payment. The Investment Officers shall invest in such a manner as not to exceed an "unfunded" debt service date with the maturity of any investment. An unfunded debt service date is defined as a coupon or principal payment date that does not have cash or investment securities available to satisfy said payment.

b. Construction Fund

The investment maturity of the Construction Fund shall generally be limited to the anticipated cash flow requirement or the "temporary period," as defined by Federal tax law. During the temporary period, bond proceeds may be invested at an unrestricted yield. After the expiration of the temporary period, bond proceeds subject to yield restriction shall be invested considering the anticipated cash flow requirements of the fund and market conditions to achieve compliance with the applicable regulations. The maximum maturity for construction proceeds shall be five years.

c. Contingency Fund

The maximum allowable maturity for the Contingency Fund portfolio shall be five years.

d. Reserve Fund

Market conditions, Bond Resolution constraints and Arbitrage regulation compliance will be considered when formulating Reserve Fund strategy. Maturity limitations shall generally not exceed the call provisions of the Bond Resolution and shall not exceed the final maturity of the bond issue.

e. Revenue Fund

The maximum allowable maturity for the Revenue Fund portfolio shall be two years. The anticipated cash requirements will govern the appropriate maturity mix.

3. Liquidity

Liquidity shall be achieved by anticipating cash flow requirements, by investing in securities with active secondary markets and by investing a portion of the Agency's funds in short-term investments.

A security may be liquidated to meet unanticipated cash requirements, to redeploy cash into other investments expected to outperform current holdings, or to otherwise adjust the portfolio.

4. Depository and Repurchase Agreements

Consistent with the requirements of State law, the Agency requires all bank and savings and loan association deposits to be federally insured or collateralized with eligible securities. Financial institutions serving as Agency Depositories will be required to sign a Depository Agreement with the Agency and the Agency's safekeeping agent. The safekeeping portion of the Agreement shall define the Agency's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- the Agreement must be in writing;
- the Agreement has to be executed by the Depository and the Agency contemporaneously with the acquisition of the asset;
- the Agreement must be approved by the Board of Directors or the loan committee of the Depository and a copy of the meeting minutes must be delivered to the Agency; and
- the Agreement must be part of the Depository's "official record" continuously since its execution.

Repurchase agreements must also be secured in accordance with State law. Each counter party to a repurchase transaction is required to sign a copy of the Master Repurchase Agreement as approved by the Agency. An executed copy of this Agreement must be on file before the Agency will enter into any transactions with a counter party. All Master Repurchase Agreements must be approved by the Agency's Attorney.

a. Allowable Collateral

Collateral securities are defined by the Bond Resolution as (i) Investment Securities and (ii) obligations issued or guaranteed by any state of the United States or District of Columbia, or any political subdivision of any such state or Agency, provided such obligations are rated for investment purposes at not less than "A" or its equivalent by a nationally recognized rating service such as Moody's Investors Service, Inc. or Standard & Poor's Corporation; and (iii) repurchase agreements with solvent banking or other financial institutions with respect to any of the obligations or securities referred to herein.

(1) Collateralized Deposits

Eligible securities for collateralization of deposits are defined by the Public Funds Collateral Act, as amended, and meet the constraints of this Policy.

(2) Repurchase Agreements

Securities underlying repurchase agreements are limited to U.S. Government, Agencies and Instrumentalities obligations, which are eligible for wire transfer (i.e., book entry) to the Agency's designated safekeeping agent through the Federal Reserve System and meet the constraints of this Policy.

b. Collateral Levels

(1) Collateralized Deposits

The market value of the principal portion of collateral pledged for certificates of deposit must at all times be equal to or greater than the par value of the certificate of deposit plus accrued interest, less the applicable level of FDIC insurance.

(2) Repurchase Agreements

A repurchase agreement's "purchased security" market value must be maintained at the following minimum levels in excess of the principal value of the transaction plus accrued interest:

Agreement Maturities Greater Than One Business Day	
U.S. Treasury Securities	102%
U.S. Agency and Instrumentalities	103%
Mortgage Backed Securities	105%

Agreement Maturities of One Business Day	
All Securities	100%

c. Monitoring Collateral Adequacy

(1) Collateralized Deposits

The Agency shall require monthly reports with market values of pledged securities from all financial institutions with which the Agency has collateralized deposits. The Investment Officers will monitor adequacy of collateralization levels to verify market values and total collateral positions.

(2) Repurchase Agreements

Monthly monitoring by the Investment Officers of market values of all underlying securities purchased for Agency repurchase transactions is required. More frequent monitoring may be necessary during periods of market volatility.

d. Additional Collateral and Securities

(1) Collateralized Deposits

If the collateral pledged for a deposit falls below the par value of the deposit, plus accrued interest less FDIC insurance, the institution holding the deposit will be notified by the Investment Officers and will be required to pledge additional securities no later than the end of the next succeeding business day.

(2) Repurchase Agreements

If the value of the securities underlying a repurchase agreement falls below the margin maintenance levels specified above, the Investment Officers will request additional securities. If the repurchase agreement is scheduled to mature within five business days and the amount is deemed to be immaterial, then the request is not necessary.

e. Security Substitution

Collateralized deposits and repurchase agreements often require substitution of securities. The substituted security's value will be calculated and substitution will be allowable if its value is equal to or greater than the required security level. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems.

5. Safekeeping

a. Safekeeping Agreement

The Agency shall contract with a bank or banks for the safekeeping of securities either owned by the Agency as a part of its investment portfolio or as part of its depository and repurchase agreements.

b. Safekeeping of Deposit Collateral

All collateral securing bank deposits must be held by a third-party banking institution acceptable to and under contract with the Agency, or by the Federal Reserve Bank.

c. Safekeeping of Repurchase Agreement Securities

The securities purchased under repurchase agreements must be delivered to a third-party custodian with which the Agency has established a safekeeping agreement.

6. Downgrade Provision for Investment Ratings

The Agency shall monitor the credit ratings on securities that require minimum ratings. This may be accomplished through research, or with the assistance of investment advisors, broker dealers, banks or safekeeping agents. An Investment that requires a minimum rating does not qualify as an authorized investment during the period the investment does not have the minimum rating. The Agency shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

C. Investment Advisors and Investment Providers

Investment Advisors shall adhere to the spirit, philosophy and specific terms of this Policy and shall invest within the same "Standard of Care." Investment Providers shall adhere to the spirit and philosophy of this Investment Policy and shall avoid recommending or suggesting transactions outside that "Standard of Care."

Selection of Investment Advisors and Investment Providers will be performed by the Investment Committee. The Investment Committee will establish criteria to evaluate Investment Advisors and Investment Providers, including:

a. Adherence to the Agency's policies and strategies;

b. Investment performance and transaction pricing within accepted risk constraints;

c. Responsiveness to the Agency's request for services, Information and open communication;

d. Understanding of public funds; and

e. Similarity in philosophy and strategy with the Agency's investment objectives.

Selected Investment Advisors and Investment Providers shall provide timely transaction confirmations and monthly transaction reports.

Investment Providers eligible to transact investment business with the Agency or offering to engage in an investment transaction with the Agency will be presented a written copy of this Investment Policy. Additionally, a qualified representative (as defined in the Public Funds Investment Act) of the business organization seeking to transact investment business shall execute a written instrument in a form acceptable to the Agency and the business organization substantially to the effect that the qualified representative has:

a. received and reviewed this Investment Policy, and

b. acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment activities with the Agency that are not authorized by this Investment Policy, except to the extent this authorization is dependent on an analysis of the makeup of the Agency's entire portfolio or requires an interpretation of subjective investment standards.

The Agency shall not enter into an investment transaction with an Investment Provider prior to receiving the written instrument described above.

D. Responsibility and Controls

1. Responsibility

Except for the TMPA Employees Pension Plan, management responsibility for the investment program of the Agency is delegated to the General Manager. Daily cash management, disbursements, and portfolio investments shall be performed at the direction of the Chief Financial Officer.

For the purpose of this policy, the Chief Financial Officer is the individual having the principal duties and responsibilities to account for all funds and property of the Agency and the maintenance of books, accounts and records pertaining to the financial transactions of the Agency, independent of actual title.

2. Authority to Invest

The Chief Financial Officer is an investment officer ex-officio. The General Manager may designate additional Investment Officers of the Agency. As Investment Officers they are authorized to deposit, withdraw, invest, transfer, execute documentation, and otherwise manage Agency funds in accordance with this Investment Policy.

The Investment Officers will form the Investment Committee. The Investment Committee shall review the investment portfolio's status and performance, determine and implement appropriate portfolio adjustments, oversee the Agency's Investment Advisor, monitor compliance with the Investment Policy and the Investment Strategy Statement, and perform other duties as necessary to manage the Agency's funds. In addition, at least annually, the Investment Committee shall review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Agency.

Within twelve months of assuming these duties, the Investment Officers shall attend at least one training session and receive not less than ten hours of instruction that addresses investment controls, security risks, strategy risks, market risks, diversification of investment portfolios and compliance with the Public Funds Investment Act.

Additionally, the Investment Officers shall attend an investment training session not less than once in a two-year period ending August 31, and receive not less than eight hours of instruction relating to investment responsibilities from an independent source approved by the Investment Committee.

3. Prudent Investment Management

The designated Investment Officers shall perform their duties in accordance with the adopted Investment Policy and internal procedures. In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the investment of all funds over which the Investment Officer had responsibility, rather than the prudence of a single investment, shall be considered. Investment Officers acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability.

4. Standard of Care

The standard of care used by the Agency shall be the "prudent investor rule" and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The Public Fund Investment Act states:

"In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity."

5. Standards of Ethics

The designated Investment Officers shall act as custodians of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. Investment Officers shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Additionally, all Investment Officers shall file with the Texas Ethics Commission and the Agency a statement disclosing any personal business relationship with a business organization offering to engage in an investment transaction with the Agency or any relationship within the second degree by affinity or consanguinity to an individual seeking to sell investments to the Agency.

An Investment Officer has a personal business relationship with a business organization if:

a. The Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization;

b. Funds received by the Investment Officer from the business organization exceed 10 percent of the Investment Officer's gross income for the previous year; or

c. The Investment Officer has acquired from the business organization during the previous year investments with a book value of $2,500 or more for his/her personal account.

6. Internal Controls

The General Manager shall establish and approve a system of written internal controls for cash management, disbursements, and investments. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent Actions of Agency employees. This Investment Policy is considered part of that written system of internal controls.

7. Market Value

The Investment Officers shall determine the market value of each investment and of all collateral pledged to secure deposits of Agency funds at least quarterly and at a time as close as practicable to the closing date of the reporting period. These values shall be included on the investment report. The following methods shall be used:

a. Certificates of deposit shall be valued at face value plus accrued but unpaid interest;

b. Shares in money market mutual funds and investment pools shall be valued at par plus any accrued but unpaid interest;

c. Other investment securities may be valued in any of the following ways:

(1) The lowest of three bids obtained from securities broker/dealers for such securities;

(2) The average of the bid and ask prices for such investment securities as published in The Wall Street Journal;

(3) The bid price published by any nationally recognized security pricing service;

(4) The market value quote established by an independent third-party pricing agent; or

(5) The market value quoted by any other recognized industry sources.

8. Reporting

Investment performance shall be monitored and evaluated by the Investment Officers. The Investment Officers will provide to the Board of Directors a comprehensive quarterly report signed by all Investment Officers. This investment report shall:

a. Describe in detail the investment position of the Agency;

b. Contain a summary statement for each pooled fund group that states the: reporting period beginning market value; reporting period ending market value; and fully accrued interest for the reporting period.

c. State the reporting period ending market value and book value for each investment security by asset type and fund type;

d. State the maturity date of each investment security;

e. State the fund for which each investment security was purchased; and

f. State the compliance of the investment portfolio with the Agency's Investment Policy, including the Investment Strategy Statement, and the Public Funds Investment Act.

These quarterly reports shall be formally reviewed by the External Auditor at least annually, and the results of the review shall be reported to the Board of Directors.

The Agency, in conjunction with its annual financial audit, shall have the External Auditor perform a compliance audit of management controls on investments and adherence to the Agency's Investment Policy and Investment Strategy Statement.

APPENDIX A – DESCRIPTION OF FUNDS

Bond Fund – The Bond Fund shall be held in trust as an account of the Agency by the custodian of the Fund designated in the Bond Resolutions. The Bond Fund shall be held in trust for the benefit of the Bondholders. At any time, the Agency may remove the designated custodian for cause and designate another bank within the State of Texas as custodian of the Bond Fund.

In conjunction with the preparation of the Annual Budget, and immediately following the delivery of a Series of Bonds, a determination shall be made of the amount then on deposit in the Bond Fund for the purpose of paying interest on Outstanding Bonds to become due and the principal on Outstanding Bonds to become due, by reason of maturity or mandatory redemption. At the same time, a determination shall be made of the amount required to be deposited each month so as to provide the full amount required to pay the principal, interest, and premium, if any, on Outstanding Bonds as these payments become due. The amount of this deposit shall be made in equal monthly installments on or before the 25th day of each month by a transfer from the Revenue Fund to the Bond Fund.

In addition to the amounts provided for Bond interest and principal requirements, the Agency shall make appropriate arrangements for meeting the fees and charges of the Paying Agents.

In the event the amount on hand and available in the Revenue Fund for transfer to the Bond Fund is insufficient to permit the required deposit in full in accordance with the aforementioned provisions, the amount of any deficiency shall be transferred to the Bond Fund from other Funds as provided by the Bond Resolutions.

Construction Fund – The Construction Fund shall be held by a Depository. There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Bond Resolution and any moneys from other sources which the Board of Directors may elect to deposit therein. Amounts in the Construction Fund, except as otherwise provided herein, shall be applied to the payment of the Cost of Acquisition and Construction.

The Agency may establish within the Construction Fund a separate project account for each project of the Agency but in any event shall provide for accounting controls with respect to the expenditures of amounts from the Construction Fund as to assure application of moneys therein as required by the Bond Resolution and applicable law.

The proceeds of insurance maintained pursuant to the Bond Resolution against physical loss of or damage to the System, or of contractors' performance bonds with respect thereto, pertaining to the period of construction thereof of any project shall be paid into the Construction Fund.

Notwithstanding any other provisions for the Construction Fund, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of the principal, interest and premium, if any, on Bonds when due.

The substantial completion of construction or reconstruction of each project shall be evidence by certificate of the Authorized Officer (the Engineer in case of a Project), which shall be filed with the Depository of the Construction Fund, stating (a) that such project has been completed substantially in accordance with the plans and specifications applicable thereto, (b) the date of such substantial completion, and (c) the amount, if any, required (in his opinion) for the payment of any remaining part of Cost of Acquisition and Construction of such project. Upon the filing of such certificate, the balance in the Construction Fund allocable to such project in excess of the amount, if any, stated in such certificate shall be deposited in the Bond Fund or Reserve Fund, to the extend of any deficiencies therein, and to the extent there are no such deficiencies, may be deposited in the Bond Fund or Reserve Fund, to the extent of any deficiencies there, and to the extent there are no such deficiencies, may be deposited in the Bond Fund for use in retiring Bonds in advance of their regularly scheduled maturity or used for the payment of the cost of Acquisition and Construction as the Agency may direct.

Contingency Fund – The Contingency Fund shall be held by a Depository. The initial funding of the Contingency Fund in the amount of $2,000,000 occurred prior to the date of commercial operation as specified in the Bond Resolutions. The amount to be accumulated and maintained in this Fund may be increased if the same is accomplished in the manner provided in the Power Sales Contract.

In the event the amount on hand in this Fund is less than the Contingency Fund Requirement, monthly deposits shall be made from the Revenue Fund on or before the 25th day of each month (not more than 36 equal monthly installments) until the full amount required to be on deposit in the Contingency Fund has been restored.

Any amount on deposit in the Contingency Fund which is in excess of the Contingency Fund Requirement shall be transferred to the Bond Fund or Reserve Fund to make up any deficiency therein, and if there be no such deficiency, shall be transferred to the Revenue Fund.

If the amount of money on hand in the Bond Fund and the Reserve Fund is not sufficient to pay the principal, interest, or premium, if any, on the Bonds when due, amounts on hand in the Contingency Fund shall be transferred to the Bond Fund to cure the Deficiency.

Money in the Contingency Fund may be used, if funds are not otherwise available for such purpose, for any one or more of the following purposes:

1. To pay the cost of extraordinary renewals, replacements and additions to and extensions of the System which are required for the continuing operation of the System or any part thereof;

2. To pay the cost of extraordinary operation and maintenance costs, including extraordinary costs of fuel and the cost of preventing or correcting any unusual loss or damage (including major of fuel and the cost of preventing or correcting any unusual loss or damage (including major repairs), to the System, or the retirement from service, decommissioning or disposal of facilities of the System; and

3. For the security and payment of the bonds when there is a deficiency of money available for such purpose in the Bond Fund, the Reserve Fund, either or both.

Reserve Fund – The Reserve Fund shall be held in trust as an account of the Agency by the Custodian of the Fund designated in the Bond Resolutions. The Reserve Fund shall be held in trust for the benefit of the Bondholders. At any time, the Agency may remove the designated custodian for cause and designate another bank within the State of Texas as custodian of the Reserve Fund.

The amount to be accumulated and maintained in the Reserve Fund shall be the Average Annual Debt Service of the Bonds Outstanding calculated as of the date of, and giving effect to, the last Series of Bonds delivered.

In the event moneys in the Revenue Fund are not adequate to fully make any required transfer to the Bond Fund, an amount equal to the deficiency shall be transferred to the Bond Fund from the Reserve Fund unless such amount has been transferred to the Bond Fund from the Contingency Fund.

In the event money in the Reserve Fund is transferred to the Bond Fund, monthly deposits into the Reserve Fund shall be made on or before the 25th day of each month (note more than 36 equal monthly installments) until the a mount required to be on deposit in the Reserve Fund has been restored.

Any amounts on deposit in the Reserve Fund which are in excess of the amount required to be on deposit therein shall be transferred to the Bond Fund to make up any deficiency therein, and if there be no such deficiency, may be transferred to the Revenue Fund.

Revenue Fund – The Revenue Fund shall be held by a Depository. The Gross Revenues of the Agency shall be deposited, as received, into the Revenue Fund. Money in the Revenue Fund shall be used in the following order of priority:

1. For the payment of Operating and Maintenance Expenses as these become due.

2. For deposits into the Bond Fund for the payment of the principal of, premium, if any, and interest on the Bonds as these become due or are required to be called for redemption, and to the purchase of Bonds for delivery to the Paying Agent as permitted by the Bond Resolutions authorizing Previously Issued Bonds which are subject to mandatory redemption.

3. For deposits into the Reserve Fund for the security and payment of the Bonds when there is a deficiency of money available for such purpose in the Bond Fund.

4. For deposits into the Contingency Fund as specified in the Bond Resolutions.

5. To cure a deficiency in the Bond Fund, the Reserve Fund, and the Contingency Fund in that order.

6. For any lawful purpose, including (a) deposits into a Fuel Reserve Account for use in paying the cost of fuel acquisition or replacement or fuel working capital, and uninvested money therein shall be applied only to the cost of acquisition, leasing, reprocessing and replacement and disposal of fuel and fuel resources, assemblies, materials, services and components; and (b) for distribution to the Member Cities on such basis as the Board of Directors may determine would be fair and equitable if the Board determines an amount of money (and investments) will not be required for the aforementioned purposes.

Other Funds – The Investment Strategy in Appendix C applicable to the Revenue Fund shall apply to any fund not specifically described in this Appendix A-Description of Funds.

APPENDIX B – AUTHORIZED INVESTMENT SECURITIES

"Investment Securities" (as defined in the Bond Resolutions) are any of the following securities, if and to the extent that the same are at the time legal for investment of Agency funds:

1. Direct obligations of the United States of America; obligations which in the opinion of the Attorney General of the United States are general obligations of the United States and backed by it full faith and credit; obligations guaranteed by the Untied States of America;

2. Evidences of indebtedness of the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Federal National Mortgage Association, Federal Financing Bank Participation Certificates in the Federal Assets Financing Trust, New Housing Authority Bonds and Project Notes Fully secured by contracts with the United States of America, or any other agency or instrumentality of the United States of America; bonds secured by the general credit of the State of Texas; and deposits which are fully secured (to the extent not insured by a corporation, instrumentality or agency of the United States of America) by obligations in which the Agency may invest under the provisions of this definition;

3. With respect to proceeds of any series of Bonds delivered subsequent to the Series 1982A Bonds, obligations of the Student Loan Marketing Association;

4. With respect to the proceeds of any series of Bonds delivered subsequent to the Series 1986 Bonds, any obligations issued or guaranteed by any state of the United States of America, or any political subdivision there of which are rated single A or its equivalent or higher by a nationally recognized rating agency.

5. With respect to any series of Bonds delivered subsequent to the Series 1986A Bonds, any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association or government bond dealer reporting to, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in (1), (2), or (4) above, and with the securities delivered to and held by a Depository, as custodian;

6. With respect to the proceeds of any series of Bonds delivered subsequent to the Series 1986A Bonds, Certificates of Deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association provided that such certificates of deposit shall be purchased directly from such bank, trust company or national banking association and shall be either (a) continuously and fully insured by the FDIC or (b) continuously and fully secured by such securities defined as "Collateral Securities" which shall have a market value (inclusive of the FDIC coverage) at all times at least equal to the principal amount of such certificates of deposit, and such Collateral Securities shall be delivered to and held by a Depository, as custodian; and

7. With respect to a special fund held by a Depository for the purpose of providing a self insurance fund, in addition to the foregoing, money in such fund may also be invested in (a) corporate bonds, debentures or obligations (other than common or preferred stock) of the United States corporations which, at the time of the investment are (I) rated at least "A" by a nationally recognized rating agency, or (ii) are scheduled to mature in less than one year and are of the highest rating available by a nationally recognized rating agency, and (b) guaranteed investment contracts for a period not in excess of three (3) years at any one time which investment contract has been approved by the Board of Directors as a prudent investment and is executed on behalf of an entity which has the highest rating available by a nationally recognized rating agency for either (I) its claims paying ability or (ii) its debt having a term of not longer than the investment contract.

APPENDIX C - INVESTMENT STRATEGY STATEMENT

PREFACE

It is the policy of Texas Municipal Power Agency (the "Agency") that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with State and Federal Regulations, applicable Bond Resolution requirements, and the adopted Investment Policy including the Investment Strategy Statement.

In accordance with the Public Funds Investment Act, Agency investment strategies shall address the following priorities in order of importance:

- Understanding the suitability of the investment to the financial requirements of the Agency
- Preservation and safety of principal
- Liquidity
- Marketability of the investment prior to maturity
- Diversification of the investment portfolio
- Yield

Each Fund has varying cash flow requirements and liquidity needs. Therefore, specific strategies shall be implemented considering the Fund's unique requirements.

INVESTMENT STRATEGY STATEMENT

Effective investment strategy development coordinates the primary objectives of the Agency's Investment Policy and cash management procedures to enhance interest earnings and reduce investment risk. Aggressive cash management will increase the available "investment period" and subsequently interest earnings. Maturity selections shall be based on cash flow and market conditions to take advantage of various interest rate cycles. The Agency's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with the Investment Policy.

The Agency shall purchase securities with the intent to hold those securities in safekeeping until maturity.

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Investment guidelines shall be established for each fund.

Bond Fund

Suitability – Any investment eligible in the Investment Policy and allowed by the Bond Resolution is suitable for the Bond Fund.

Safety of Principal – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur, but managing the Bond Fund's portfolio not to exceed the debt service schedule will minimize the market risk of the overall portfolio.

Liquidity – The Bond Fund has a predictable draw down schedule. Therefore, investment maturities shall not exceed the anticipated cash flow requirements of the semi-annual debt service payments.

Marketability – Securities with less active and efficient secondary markets are acceptable for the Bond Fund because of the predictable cash flow of the debt service schedule.

Diversification – Market conditions influence the attractiveness of fully extending maturity to the next "unfunded" debt service payment date. Generally, if investment rates are trending down, it is best to lock in the investment. If interest rates are flat or trending up, concurrent market conditions will determine the attractiveness of extending maturity or investing in shorter alternatives. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.

Yield – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury bill portfolio shall be the minimum yield objective.

Construction Fund

Suitability – Any investment eligible in the Investment Policy and allowed by the Bond Resolution is suitable for the Construction Fund.

Safety of Principal – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur, but managing the Construction Fund's portfolio not to exceed the anticipated expenditure schedule will minimize the market risk of the overall portfolio.

Liquidity – The Construction Fund has a reasonably predictable draw down schedule. Therefore, investment maturities shall generally follow the anticipated cash flow requirements of the fund. Short-term investment pools, money market mutual funds and repurchase agreements shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

Diversification – Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds. If investment rates exceed the applicable arbitrage yield, it is best to lock in most investments. If the arbitrage yield cannot be exceeded, concurrent market conditions will determine the attractiveness of diversifying maturities or investing in shorter alternatives. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

Yield – Achieving a positive spread to the applicable arbitrage yield is the desired objective for bond proceeds. For non-bond proceed funds, attaining a competitive market yield for comparable security-types is the desired objective.

Contingency Fund

Suitability – Any investment eligible in the Investment Policy and allowed by the Bond Resolution is suitable for the Contingency Fund.

Safety of Principal – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur, but intent is to hold the investments until maturity thereby eliminating market risk. No investment maturity shall exceed the final maturity of the bond issue.

Liquidity – The Contingency Fund has no anticipated expenditures. The funds are deposited to cure any deficiency in the Bond Fund or the Reserve Fund as provided in the Bond Resolution. Investment maturities shall not exceed five years in accordance with the Investment Policy.

Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

Diversification – Adhering to the Investment Policy's maximum investment-type limits shall restrict the exposure of the fund to any one market sector.

Yield – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling six-month Treasury bill portfolio shall be the minimum yield objective.

Reserve Fund

Suitability – Any investment eligible in the Investment Policy and allowed by the Bond Resolution is suitable for the Reserve Fund.

Safety of Principal – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur, but managing the Reserve Fund's portfolio to not exceed the call provisions of the bond issue will reduce the investment's market risk if the Agency's bonds are called and the reserve fund liquidated. No investment maturity shall exceed the final maturity of the bond issue. Annual market-to-market requirements or specific maturity and average life limitations within the bond issues' documentation will influence the attractiveness of market risk and reduce the opportunity for maturity extension.

Liquidity – The Reserve Fund has no anticipated expenditures. The funds are deposited to provide annual debt service payment protection to the Agency's bond holders. The funds are "returned" to the Agency at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of security diversification and liquidity. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, it is best to lock in the investment and reduce liquidity. If the arbitrage yield cannot be exceeded, concurrent market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields.

Marketability – Securities with less active and efficient secondary markets are acceptable for the Reserve Fund.

Diversification – Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for the Reserve Fund. At no time shall the final debt service payment date of the bond issue be exceeded in an attempt to bolster yield.

Yield – Achieving a positive spread to the applicable arbitrage yield is the desired objective. Negative arbitrage portfolio management shall operate to the limit of the Investment Policy's risk constraints. Positive arbitrage portfolio management will allow tighter constraints than allowed by the Investment Policy.

Revenue Fund

Suitability – Any investment eligible in the Investment Policy and allowed by the Bond Resolution is suitable for the Revenue Fund.

Safety of Principal – All investments shall be of high quality securities with no perceived default risk. Market price fluctuations will occur, but restricting the maximum allowable maturity to two years will minimize the price volatility of the overall portfolio.

Liquidity – The Revenue Fund requires the greatest short-term liquidity of any of the fund types. Short-term investment pools, money market mutual funds and repurchase agreements shall provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than a quarter of a percentage point shall define an efficient secondary market.

Diversification – Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the Agency. Market cycle risk will be reduced by diversifying the appropriate maturity structure out through two years. Adhering to the Investment Policy's maximum investment-type limits shall restrict the exposure of the fund to any one market sector.

Yield – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury bill portfolio shall be the minimum yield objective.

INVESTMENT REPORT

Texas Municipal Power Agency

October 1 to December 31, 2024

Contents

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Market Recap

Bond yields generally edged higher in December despite another cut to the overnight funds target by the Fed. The underlying reason for rising yields (on longer maturities) was *persistent inflationary pressure*. Back in September, Fed officials believed inflation was under control, shifting their primary concern to a weakening labor market which they hoped a jumbo-sized 50 basis point rate cut would revive. Since then, the inflation rate has moved sideways, while employment has perked up.

The November employment report proved *better than expected* as U.S. businesses added +227k jobs to company payrolls. Upward revisions to the previous two months added another +56k, boosting the three-month average payroll gain from a tepid +123k to a solid +173k. In the separate household survey, a large decline in the civilian labor force pushed the unemployment rate up from 4.1% to 4.2%. *Still, historically low.*

The November CPI report was a bit warm once again. Headline CPI rose +0.3%, while the annual pace of consumer inflation rose from +2.6% to +2.7%. It was the second consecutive increase after reaching a low of +2.4% in September. Core CPI increased by +0.3% in November and held steady at a +3.3% annual pace for the third straight month. Shelter costs were a bright spot, up +0.3% for the month and +4.7% year-over-year, *the smallest annual increase in nearly four years.*

Fed officials ignored the solid November employment report and the frustratingly warm CPI and announced a 25 basis point rate cut on December 18th, bringing combined easing to 100 bps over the past three months. The new overnight funds target is 4.25% to 4.50%, still considered somewhat restrictive given the spread above core CPI. The committee's updated "dot plot," or median interest rate projection, showed a 2025 yearend forecast of 3.875%, up half a point from 3.375% in September and now calling for two more cuts in 2025 instead of four. For the end of 2026, the median forecast is now 3.375%, implying another half point reduction in 2026.

The committee was more upbeat on its unemployment rate forecast, lowering expectations from 4.4% to 4.3% by the end of next year. Given that it was perceived deterioration in the labor market that prompted the FOMC to ease by 50 bps back in September, that concern seems to have been extinguished, allowing the Fed to refocus on inflation.

Other central banks around the world continue to normalize their rate policies as economic growth stalls and inflation cools. In December, the Bank of Canada, and the Swiss National Bank both cut another 50 basis points, while the ECB cut another 25 bps. All else being equal, lower global rates should (eventually) exert downward pressure on U.S. bond yields.

Days after Fed officials cut the overnight rate, the personal consumption expenditures (PCE) index rose by just +0.1% in November, following three straight months of +0.2% gains. On a year-over-year basis, headline PCE came in slightly below forecast at +2.4%. More importantly, core PCE rose just +0.1% in November, the coolest since May, and +2.8% year-over-year, slightly below forecast. *A single month doesn't make a trend, but this was an encouraging report.*

The first FOMC meeting of 2025 is at the end of January. Obviously, that's still a month away and a lot can happen, but the committee is expected to hold rates steady until Fed officials get a better idea of the fiscal and trade policies that are likely to be implemented by the Trump administration.

Investment Officers' Certification

This report is prepared for the Texas Municipal Power Agency (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

Investment Officers

Lyndi Birkhead
Director of Finance & Support Srvcs

Portfolio Overview

Portfolio Summary

	Prior 30 Sep-24	Current 31 Dec-24
Par Value	12,253,524.42	6,677,577.42
Original Cost	12,253,524.42	6,677,577.42
Book Value	12,253,524.42	6,677,577.42
Market Value	12,253,524.42	6,677,577.42
Accrued Interest	0.00	0.00
Book Value Plus Accrued	12,253,524.42	6,677,577.42
Market Value Plus Accrued	12,253,524.42	6,677,577.42
Net Unrealized Gain/(Loss)	0.00	0.00

Income Summary

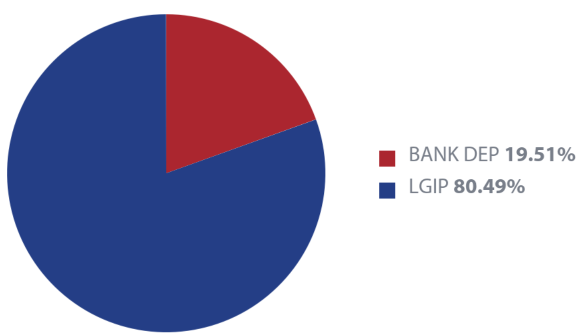
Current Period	1 Oct-24 to 31 Dec-24
Interest Income	146,565.59
Net Amortization/Accretion	
Realized Gain/(Loss)	0.00
Net Income	146,565.59

Fiscal Year-to-Date	1 Oct-24 to 31 Dec-24
Net Income	146,565.59

Portfolio Characteristics

	Prior 30 Sep-24	Current 31 Dec-24
Yield to Maturity	5.144%	4.528%
Yield to Worst	5.144%	4.528%
Days to Final Maturity	1	1
Days to Effective Maturity	1	1
Duration	--	--

Asset Allocation

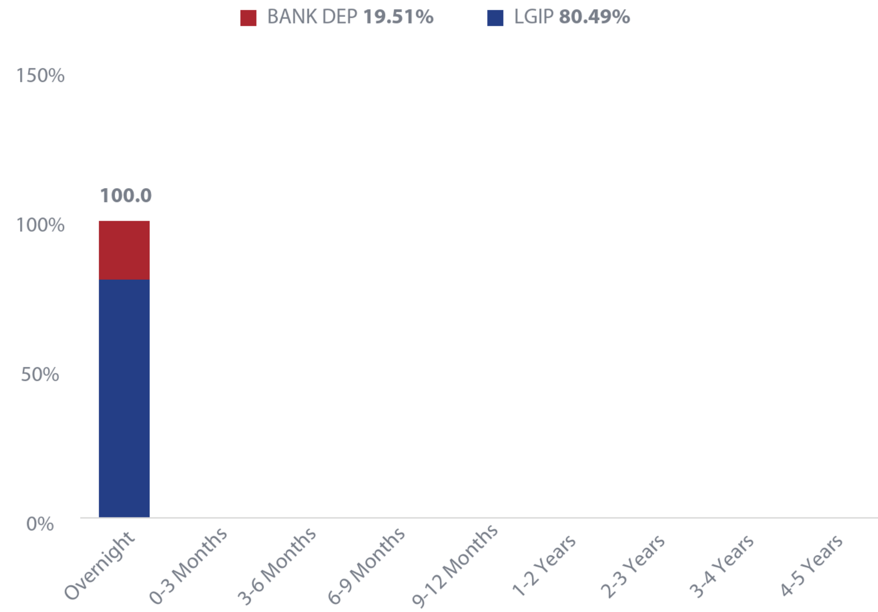


Transaction Summary

Transaction Type	Quantity	Principal	Interest	Total Amount	Realized Gain/Loss

Portfolio Overview

Maturity Distribution by Security Type



Top Ten Holdings

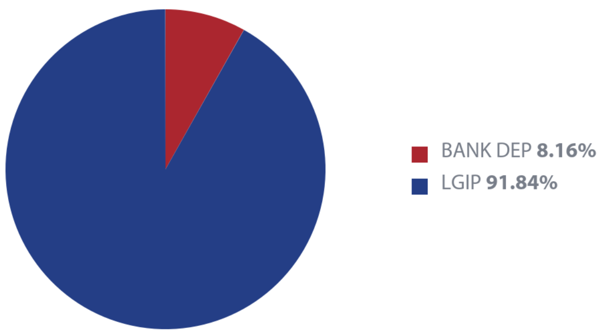
Issuer	Allocation
TEXPOOL	80.49%
WF	19.51%

Maturity Distribution by Security Type

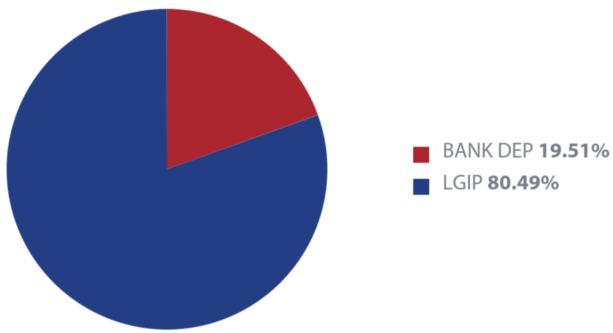
Security Type	Overnight	0-3 Months	3-6 Months	6-9 Months	9-12 Months	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Portfolio Total
BANK DEP	1,302,819.97	--	--	--	--	--	--	--	--	**1,302,819.97**
LGIP	5,374,757.45	--	--	--	--	--	--	--	--	**5,374,757.45**
Total	**6,677,577.42**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,677,577.42**

Asset Allocation

Asset Allocation by Security Type as of 30-Sep-2024



Asset Allocation by Security Type as of 31-Dec-2024



Book Value Basis Security Distribution

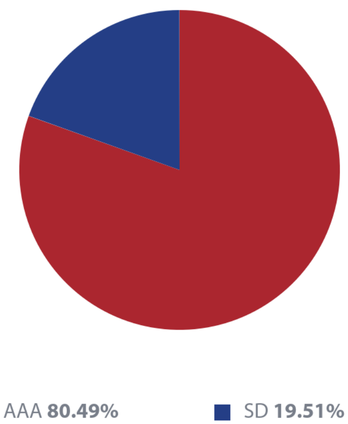
Security Type	Prior Balance 30-Sep-24	Prior Allocation 30-Sep-24	Change in Allocation	Current Balance 31-Dec-24	Current Allocation 31-Dec-24	Yield to Maturity
BANK DEP	1,000,000.00	8.16%	11.35%	1,302,819.97	19.51%	4.390%
LGIP	11,253,524.42	91.84%	(11.35%)	5,374,757.45	80.49%	4.561%
Portfolio Total	**12,253,524.42**	**100.00%**		**6,677,577.42**	**100.00%**	**4.528%**

Credit Rating Summary

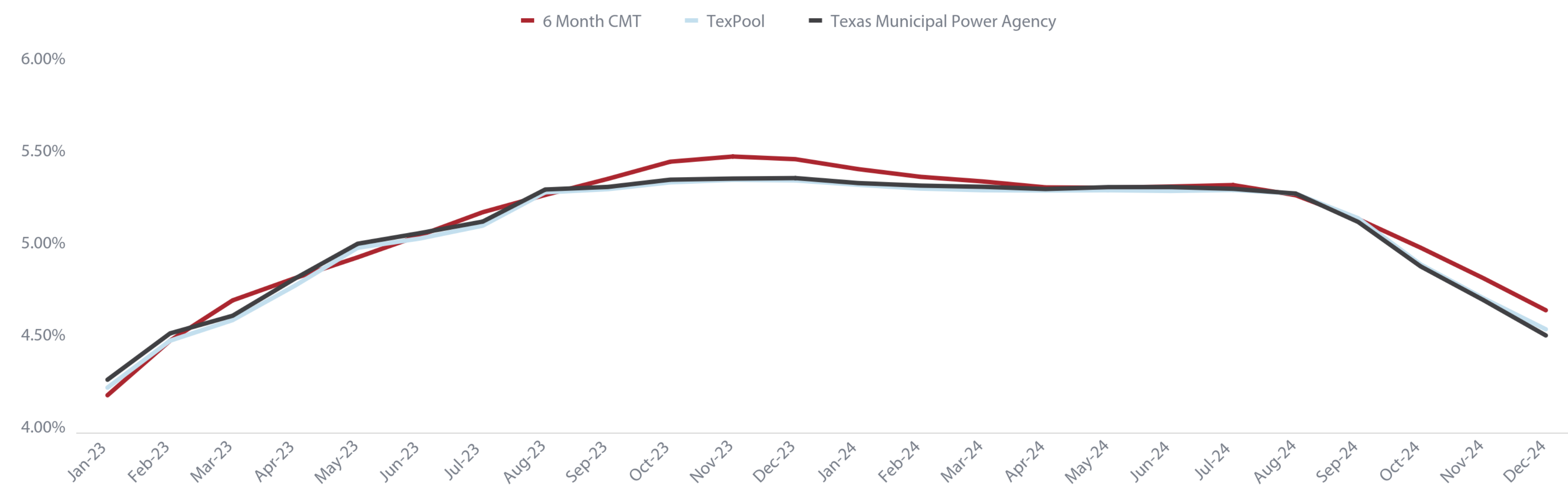
Rating Distribution

	Book Value	Portfolio Allocation
Secured Deposits (Insured or Collateralized)		
Demand Deposits	1,302,819.97	19.51%
Total Secured Deposits	**1,302,819.97**	**19.51%**
Local Government Investment Pools & Money Market Funds		
AAA	5,374,757.45	80.49%
Total Local Government Investment Pools & Money Market Funds	**5,374,757.45**	**80.49%**
Portfolio Total	**6,677,577.42**	**100.00%**

Allocation by Rating



Benchmark Comparison



Yield Overview

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Texas Municipal Power Agency	**4.29**	**4.54**	**4.63**	**4.84**	**5.03**	**5.08**	**5.15**	**5.32**	**5.33**	**5.37**	**5.38**	**5.38**	**5.36**	**5.34**	**5.34**	**5.32**	**5.33**	**5.33**	**5.32**	**5.30**	**5.14**	**4.90**	**4.72**	**4.53**
6 Month CMT	4.20	4.50	4.72	4.84	4.95	5.07	5.20	5.29	5.38	5.47	5.50	5.48	5.43	5.39	5.36	5.33	5.33	5.34	5.34	5.29	5.16	5.00	4.84	4.66
TexPool	4.24	4.50	4.61	4.80	5.00	5.05	5.12	5.30	5.32	5.36	5.37	5.37	5.35	5.33	5.32	5.31	5.32	5.31	5.32	5.30	5.16	4.91	4.73	4.56

Fund Overview

Fund Name	Prior Book Value	Prior Market Value	Changes to Market Value	Current Book Value	Current Market Value	Net Income	Days to Final Mty	YTM	YTW
Revenue Fund	10,777,512.56	10,777,512.56	(8,549,077.92)	2,228,434.64	2,228,434.64	114,694.05	1	4.461%	4.461%
Series 2021 Sub Lien Bond Fund	1,476,011.86	1,476,011.86	2,973,130.92	4,449,142.78	4,449,142.78	31,871.54	1	4.561%	4.561%
Total	**12,253,524.42**	**12,253,524.42**	**(5,575,947.00)**	**6,677,577.42**	**6,677,577.42**	**146,565.59**	**1**	**4.528%**	**4.528%**

Detail of Security Holdings

CUSIP	Settle Date	Security Type	Security Description	CPN	Maturity Date	Next Call Date	Call Type	Par Value	Purch Price	Original Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW	Rating
Revenue Fund																		
TEXPOOL		LGIP	TexPool		12/31/24			925,614.67	100.000	925,614.67	925,614.67	100.000	925,614.67	1		4.561	4.561	AAA
WF		BANK DEP	Wells Fargo		12/31/24			1,302,819.97	100.000	1,302,819.97	1,302,819.97	100.000	1,302,819.97	1		4.390	4.390	SD
Total Revenue Fund								**2,228,434.64**		**2,228,434.64**	**2,228,434.64**		**2,228,434.64**	**1**		**4.461**	**4.461**	
Series 2021 Sub Lien Bond Fund																		
TEXPOOL		LGIP	TexPool		12/31/24			4,449,142.78	100.000	4,449,142.78	4,449,142.78	100.000	4,449,142.78	1		4.561	4.561	AAA
Total Series 2021 Sub Lien Bond Fund								**4,449,142.78**		**4,449,142.78**	**4,449,142.78**		**4,449,142.78**	**1**		**4.561**	**4.561**	
Grand Total								**6,677,577.42**		**6,677,577.42**	**6,677,577.42**		**6,677,577.42**	**1**		**4.528**	**4.528**	

Earned Income

CUSIP	Security Type	Security Description	Beginning Accrued	Interest Earned	Interest Rec'd/ Sold/Matured	Interest Purchased	Ending Accrued	Disc Accr/Prem Amort	Net Realized Gain/Loss	Net Income
Revenue Fund										
TEXPOOL	LGIP	TexPool	0.00	114,694.05	114,694.05	0.00	0.00	0.00	0.00	114,694.05
WF	BANK DEP	Wells Fargo	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue Fund			**0.00**	**114,694.05**	**114,694.05**	**0.00**	**0.00**	**0.00**	**0.00**	**114,694.05**
Series 2021 Sub Lien Bond Fund										
TEXPOOL	LGIP	TexPool	0.00	31,871.54	31,871.54	0.00	0.00	0.00	0.00	31,871.54
Total Series 2021 Sub Lien Bond Fund			**0.00**	**31,871.54**	**31,871.54**	**0.00**	**0.00**	**0.00**	**0.00**	**31,871.54**
Grand Total			**0.00**	**146,565.59**	**146,565.59**	**0.00**	**0.00**	**0.00**	**0.00**	**146,565.59**

Disclosures & Disclaimers

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March 13, 2025

AGENDA ITEM NO. 13

SUBJECT: Resolution No. 2025-3-6, authorizing amendment of the resolution authorizing TMPA's transmission System Revenue Revolving Notes, Series A and the resolution authorizing TMPA's Transmission System Refunding Revenue Bonds, Series 2021 to clarify the determination required of the Board to sell or exchange property of the transmission system.

DISCUSSION: Series A Revolving Note Resolution and the Series 2021 Transmission System Refunding Bonds Resolution each require that, as a condition to selling or exchanging transmission assets, the Board make a finding that the assets "are not useful in the operation of the Transmission System". This requirement implies that only obsolete equipment, surplus equipment, or other equipment not in use, may be sold.

The purpose of this Resolution is to revise the required finding to make clear that equipment may be sold or exchanged, whether currently in use or not, so long as the disposition is "advantageous to the Transmission System".

ACTION REQUESTED: Consideration and action on Resolution No. 2025-3-6

Lyndi Birkhead
3/13/2025

RESOLUTION NO. 2025-3-6

AUTHORIZING AMENDMENT OF THE RESOLUTION AUTHORIZING TMPA'S TRANSMISSION SYSTEM REVENUE REVOLVING NOTES, SERIES A AND THE RESOLUTION AUTHORIZING TMPA'S TRANSMISSION SYSTEM REFUNDING REVENUE BONDS, SERIES 2021 TO CLARIFY THE DETERMINATION REQUIRED OF THE BOARD TO SELL OR EXCHANGE PROPERTY OF THE TRANSMISSION SYSTEM

WHEREAS, the Texas Municipal Power Agency ("TMPA") has authorized its "Texas Municipal Power Agency Transmission System Revenue Revolving Notes, Series A" pursuant to Resolution No. 2017-11-5 duly adopted by the Board of Directors of TMPA (the "Board") on November 9, 2017, as amended by Resolution No. 2022-9-2 duly adopted by the Board on September 8, 2022, including the fully effective Reconstituted Series A Note Resolution, as amended (the "Reconstituted Series A Note Resolution"); and

WHEREAS, TMPA has authorized its "Texas Municipal Power Agency Transmission System Refunding Revenue Bonds, Series 2021" pursuant to Resolution No. 2021-6-9 duly adopted by the Board on June 10, 2021 (the "Series 2021 Bond Resolution"); and

WHEREAS, the capitalized terms used in this resolution and not otherwise defined shall have the meanings given in the Series 2021 Bond Resolution; and

WHEREAS, it is necessary that the provisions of the Series 2021 Bond Resolution and the Reconstituted Series A Note Resolution regarding the required determinations of the Board for the sale or exchange of property of the Transmission System should be clarified; and

WHEREAS, pursuant to (i) Section 7.01(b)(3) of the Series 2021 Bond Resolution and (ii) Section 7.01(b)(3) of the Reconstituted Series A Note Resolution, the Board finds and determines (A) it necessary and desirable to amend Section 5.09 of each such resolution to clarify that for any sale or exchange of property of the Transmission System the Board shall determine such disposition is advantageous to the Transmission System and (B) the amendments reflected in Section 1 of this resolution, in the judgment of the Board, do not materially adversely affect the interests of the Holders of the Outstanding Bonds or the Holders of the Outstanding Series A Notes (as such terms are defined in the reconstituted Series A Note Resolution).

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

Section 1. In accordance with the recitals of this resolution, Section 5.09 of both the Series 2021 Bond Resolution and the Reconstituted Series A Note Resolution, respectively, shall be amended to read as follows:

"Section 5.09. Sale, Lease or Disposal of Transmission System Property. No part of the properties and facilities constituting the Transmission System shall be sold, leased, mortgaged, demolished, removed, or otherwise disposed of, except as follows:

(a) to the extent permitted by law, the Agency may sell or exchange at any time and from time to time any properties and facilities constituting the Transmission System only if (i) it shall determine the disposition of such property or facilities is advantageous to the Transmission System as certified by a Board resolution not less than thirty (30) days prior to such sale or exchange, and (ii) the Agency shall have received a certificate executed by the Chief Financial Officer stating (A) that the Transmission System will not be materially adversely affected by the sale or exchange of such property or facilities and such sale or exchange will not materially adversely affect the rates and charges charged by the Agency for the services provided by the Transmission System and (B) in the opinion of the Chief Financial Officer, that the sale or exchange of such property or facilities will not impair the ability of the Agency to comply during the current or any future year with the provisions of Section 5.02. The proceeds of any such sale or exchange shall be used by the Agency, at the option of the Agency, to acquire additional Transmission Facilities or be used to purchase, defease or redeem First Lien Transmission Debt.

(b) To the extent permitted by law, the Agency may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of its facilities, provided that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by the Agency of the properties and facilities constituting the Transmission System and (ii) does not materially adversely impair or affect the rights or security the Holders; and provided, further, that if the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement, or other right is in excess of $500,000, the Agency shall have received a certificate executed by an Authorized Officer that the action of the Agency with respect thereto does not result in a breach of the conditions under this subsection (b). Any payments received by the Agency under or in connection with any such lease, contract, license, arrangement, easement, or right in respect of its facilities or any part thereof shall constitute Transmission Gross Revenues. "

Section 2. This resolution shall become effective immediately after its passage.

____
Summer Spurlock, President
Board of Directors
Texas Municipal Power Agency

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

March 13, 2025

AGENDA ITEM NO. 14

SUBJECT: Resolution No. 2025-3-7 by the Board of Directors of the Texas Municipal Power Agency relating to the authorization and issuance of Texas Municipal Power Agency Transmission System Revenue Refunding Bonds; providing the terms, conditions, and specifications for such Bonds; confirming the establishment of the Agency's transmission revenue financing program; declaring such Bonds to constitute Transmission Debt of the Agency; pledging certain revenues of the Agency in payment of such obligations and interest thereon; and resolving other matters incident and related thereto.

DISCUSSION: This Resolution authorizes the issuance of up to $60 million in transmission bonds (the "Series 2025 Bonds"). As projected in the approved FY25 budget, capital expenditures have brought TMPA near to the current capacity of the Revolving Note Program ($60M capacity). The proposed refunding has been reviewed with the Financial Working Group. All members agreed to a 30-year fixed rate bond; 10-year par call with a true interest cost not to exceed 15%; in an amount not to exceed $60 million; to close within six months of approval of the proposed resolution.

The underwriter for the Series 2025 Bonds will be Wells Fargo, with Bank of America, Truist, and PNC as co-managers.

The Revolving Note Program will remain in place to fund future transmission capital projects.

ACTION REQUESTED: Consideration and action on Resolution No. 2025-3-7

Lyndi Birkhead
3/5/2025

RESOLUTION NO. 2025-3-7

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

ON MARCH 13, 2025

RELATING TO THE ISSUANCE OF

TEXAS MUNICIPAL POWER AGENCY
TRANSMISSION SYSTEM REVENUE REFUNDING BONDS
SERIES 2025

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RESOLUTION NO. 2025-3-7

A RESOLUTION by the Board of Directors of the Texas Municipal Power Agency relating to the authorization and issuance of Texas Municipal Power Agency Transmission System Revenue Refunding Bonds; providing the terms, conditions, and specifications for such Bonds; confirming the establishment of the Agency's transmission revenue financing program; declaring such Bonds to constitute Transmission Debt of the Agency; pledging certain revenues of the Agency in payment of such obligations and interest thereon; and resolving other matters incident and related thereto.

WHEREAS, the Texas Municipal Power Agency (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 V.T.C.A., Utilities Code, Chapter 163, and operates in accordance with Subchapter C-1 of said Chapter 163 (the "Act") 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 capitalized terms used in this Resolution and not otherwise defined shall have the meanings given in Section 1.01 of this Resolution; and

WHEREAS, the Act and other laws of the State of Texas authorize the Agency to issue bonds and other indebtedness secured by all or part of the revenues of its electric facilities, including its Transmission Facilities; and

WHEREAS, the Agency has presently outstanding bonds and notes that are secured on a parity basis by the Transmission Net Revenues as First Lien Transmission Debt as follows:

Texas Municipal Power Agency Transmission System Revenue Refunding Bonds, Series 2021, currently outstanding in the amount of $167,985,000 (the "Series 2021 Bonds"); and

Texas Municipal Power Agency Transmission System Revenue Revolving Notes, Series A, with a current program capacity of $60,000,000 and currently outstanding in the principal amount of $44,900,000 (the "Series A Notes"); and

WHEREAS, the Board of Directors of the Agency (the "Board") hereby finds and declares a public purpose and deems it advisable and in the best interests of the Agency to the issue the bonds authorized herein (the "Bonds") (i) to refund all or a portion of the Series A Notes specified in the Pricing Certificate (the "Refunded Note Obligations") to restore debt issuance capacity to the Agency's such short-term financing program and to provide certainty in debt service requirements and lock in interest rates in the current interest rate environment with respect to the Agency's short-term debt; and

WHEREAS, the Bonds are being issued as First Lien Transmission Debt in accordance with the resolutions previously adopted by the Board that have created and confirmed the establishment of the Agency's Transmission System, which resolutions have provided for the issuance of Additional Parity Transmission Debt and provided for such Debt to be secured by a pledge of and first lien on the Transmission Net Revenues; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorizes the Agency to issue refunding bonds and to deposit the proceeds from the sale thereof, together with any other available funds or resources, directly with a paying agent for any of the Refunded Note Obligations or a trust company or commercial bank that does not act as a depository for the Agency and is named in these proceedings, and such deposit, if made before the payment dates of the Refunded Note Obligations, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Note Obligations; and

WHEREAS, Chapter 1207 further authorizes the Agency to enter into an escrow agreement with such paying agent for the Refunded Note Obligations or trust company or commercial bank with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the Agency and such paying agent or trust company or commercial bank may agree; and

WHEREAS, all of the Refunded Note Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the Bonds;

WHEREAS, the Bonds hereafter authorized are being issued and delivered pursuant to said Chapter 1207, Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), the Act (as hereinafter defined) and other applicable laws; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Resolution has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Resolution, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code , as amended; Now, Therefore

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

ARTICLE I

DEFINITION OF TERMS

Section 1.01. Definitions. Unless the context shall indicate a contrary meaning or intent, in addition to any other terms defined herein the terms below defined, for all purposes of this Resolution or any resolution amendatory or supplemental thereto, shall be construed, are used and are intended to have meanings as follows:

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

"Additional Parity Transmission Debt" – bonds, debt or other obligations issued in accordance with Sections 6.02, 6.03 or 6.04 of this Resolution and identical or substantially identical provisions of the Prior Parity Resolutions that have authorized other Series of First Lien Transmission Debt, which bonds, debt or other obligations are secured by a pledge of the Transmission Net Revenues on a parity with the pledge securing First Lien Transmission Debt Outstanding at the time of issuance.

"Agency" – the Texas Municipal Power Agency, a municipal corporation, a political subdivision of the State and a body politic and corporate, duly organized and existing under the Act.

"Annual Budget" – the Annual Budget, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in Section 5.07.

"Annual Debt Service Requirements" – for any Fiscal Year, (i) the principal of, premium, if any, and interest on all First Lien Transmission Debt coming due at Maturity or Stated Maturity (or that could come due on demand of the Holder thereof other than by acceleration or other demand conditioned upon default by the Agency on such First Lien Transmission Debt, or be payable in respect of any required purchase of such First Lien Transmission Debt by the Agency), plus (ii) all payments required to be made by the Agency under each Credit Agreement (net of any credits as provided in (7) below) in such Fiscal Year and minus (iii) all amounts on deposit to the credit of the Debt Service Fund from original proceeds from the sale of any First Lien Transmission Debt (other than moneys that would constitute Transmission Gross Revenues in the subject annual period) or from any other lawfully available source, including moneys received under a Governmental Funding Commitment, and, for such purposes, any one or more of the following rules shall apply at the election of the Agency:

(1) Committed Take Out. If the Agency has entered into a Credit Agreement constituting a binding commitment within normal commercial practice, from any bank, savings and loan association, insurance company, or similar institution to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such debt is subject to required purchase, all under arrangements whereby the Agency's obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharge or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added to such calculation, and the remaining provisions of this definition shall be applied to such added Funded Debt;

(2) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the Agency) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt, being referred to herein as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(3) Consent Sinking Fund. In the case of Balloon Debt (as defined in clause (2) above), if an Authorized Officer shall deliver to the Board a certification providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such certification ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other payments due on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the Agency has elected to apply the rule set forth in clause (2) above;

(4) Prepaid Debt. Principal of and interest on First Lien Transmission Debt, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including, without limitation, capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of any such debt;

(5) Variable Rate. As to any First Lien Transmission Debt that bears interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement, at the election of the Agency, either (1) an interest rate equal to the average rate borne by such debt (or by comparable debt in the event that such debt has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, (2) if the debt bears interest at tax-exempt rates, an interest rate equal to the 30-year Tax-Exempt Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index

of tax-exempt revenue bonds with maturities of at least 20 years which is published in a newspaper or journal with national circulation may be used for this purpose, (3) if the debt bears interest at taxable rates, an interest rate equal to the rate of the thirty (30) year United States Treasury Bond shall be presumed to apply for all future dates, or (4) that interest rate which, in the judgment of the Agency's Chief Financial Officer, based, to the extent possible, upon an accepted market index which corresponds with the provisions of the subject debt, is the average rate anticipated to be in effect with respect to such debt;

(6) Commercial Paper. With respect to any First Lien Transmission Debt issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such debt shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

(7) Credit Agreement Payments. If the Agency has entered into a Credit Agreement in connection with an issue of First Lien Transmission Debt, payments due under any such Credit Agreement (other than payments for fees and expenses) from either the Agency or the Credit Provider shall be included in such calculation, except to the extent that the payments are already taken into account under clauses (1) through (6) above and any payments otherwise included under clauses (1) through (6) above which are to be replaced by payments under such a Credit Agreement, from either the Agency or the Credit Provider, shall be excluded from such calculation.

"Authorized Officer" – the President, the Vice President or the Secretary of the Board, the General Manager, the Chief Financial Officer or the Assistant Secretary of the Agency and any other person authorized by official action of the Board to perform the act or sign the document in question.

"Average Annual Debt Service Requirements" – the average amount which, at the time of computation, will be required to pay the Annual Debt Service Requirements when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Annual Debt Service Requirements by the number of Fiscal Years then remaining before Stated Maturity of such debt. For the purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year.

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

"Bond Date" – the dated date of the Bonds, as set forth in the Pricing Certificate.

"Bond Registration Books" – the books for the registration and transfer of Bonds, which the Paying Agent/Registrar is required to maintain.

"Bonds" – bonds authorized to be issued in accordance with this Resolution, which may be issued in one or more Series as provided in Section 2.01, and to the extent more than one Series of bonds are so issued, "Bonds" shall refer to each Series independently.

"CCN" – a certificate of public convenience and necessity issued by the PUC.

"Chief Financial Officer" – the chief financial officer of the Agency having the principal duties and responsibilities to account for all funds and property of the Transmission System and the maintenance of books, accounts and records pertaining to the financial transactions of the Transmission System, and in the absence of a chief financial officer, the General Manager of the Agency.

"Construction Fund" – the fund denoted the Texas Municipal Power Agency Transmission System First Lien Construction Fund in the Prior Parity Resolutions and confirmed in Section 4.02.

"Construction Project" – a purpose for which the Agency may issue First Lien Transmission Debt and for which funds are allocated in a Supplemental Resolution for deposit to the Construction Fund.

"Credit Agreement" – collectively, a contractual obligation in the form of a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase debt, purchase or sale agreement, interest rate swap, cap and floor agreement, or commitment or other contract or agreement authorized by the Board as a Credit Agreement in connection with the authorization, issuance, sale, resale, security, exchange, payment, purchase, remarketing, or redemption of First Lien Transmission Debt, interest on First Lien Transmission Debt, or both.

"Credit Provider" – any bank, financial institution, insurance company, surety bond provider, or other entity which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

"Defeasance Securities" – any securities and obligations now or hereafter authorized by Texas law that are eligible to discharge obligations such as the Bonds.

"Definitive Bonds" – the Bonds, in substantially the form prescribed herein.

"Depository" – any bank or trust company selected by the Agency as a depository of moneys and securities held under the provisions of this Resolution.

"Escrow Agreement" – an agreement authorized to be executed by an Authorized Officer in accordance with Section 11.09 for purposes of providing for the administration of Bond proceeds and investments, if any, associated with the redemption and discharge of the Refunded Note Obligations.

"Financial Obligation" – a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"First Lien Transmission Debt" – collectively, following the refunding of the Refunded Note Obligations, the Series A Note Obligations that remain Outstanding, the Series 2021 Bonds, the Bonds and any Additional Parity Transmission Debt that is Outstanding from time to time.

"Fiscal Year" – the 12 month period ending September 30 of each calendar year, or such other 12 consecutive month period as may be established from time to time as a Fiscal Year by the Board.

"Funded Debt" – all First Lien Transmission Debt that matures by its terms, or is renewable at the option of the Agency, to a date more than one year after the original creation of such First Lien Transmission Debt.

"General Manager" – the person appointed by the Board to act as the General Manager of the Agency.

"Generally Accepted Accounting Principles" – accounting principles, methods and terminology applicable to the Agency that are followed and construed, as nearly as practicable, in conformity with accounting principles generally accepted in the United States or such other system as may be required by any regulatory agency.

"Governmental Funding Commitment" – any law (including, without limitation, enacted regulation, ordinance or statute), contract or other binding obligation (including obligations that are subject to appropriation or other conditions reasonably acceptable by the Agency) made by any federal, state or local government, or any combination of such entities, that provides funds or other benefits to the Agency during one or more Fiscal Years for the payment of Transmission Debt, or provides a credit or a debt service offset for amounts owing with respect to Transmission Debt, provided that the Agency has budgeted such for the payment of Transmission Debt. Any such commitments received by the Agency and budgeted for operations or capital improvements for the Transmission System shall not be a Governmental Funding Commitment.

"Hedge Agreement" – an interest rate swap, basis swap, index swap or option, exchange, cap, collar, option, floor, forward, swaption, futures contract or other hedging agreement, arrangement or security, however denominated, which other agreement, arrangement or security is for the purpose of reducing, modifying or otherwise managing the risk of interest rate index changes or interest rate or interest rate index exposure or similar risks.

"Holder" or "Bondholder" – the person in whose name such Bond is registered on the registration books of the Paying Agent/Registrar.

"Long-Term Debt" – the long-term debt of the Transmission System as reflected in the books and records of the Agency and consistent with Generally Accepted Accounting Principles.

"Maturity" – when used with respect to any debt, the date on which the principal of such debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by call for redemption, or otherwise.

"MSRB" – the Municipal Securities Rulemaking Board or any successor to its functions under the Rule.

"Non-Recourse Debt" - Any indebtedness issued or incurred by the Agency for purposes of the Transmission System that is unsecured by any lien on any of the properties constituting the Transmission System or any part of the Transmission Gross Revenues.

"Outstanding" – when used with respect to the Bonds means, as of the date of determination, all Bonds theretofore delivered under this Resolution, except:

(1) Bonds theretofore canceled and delivered to the Agency or delivered to the Paying Agent/Registrar for cancellation;

(2) Bonds deemed paid pursuant to the provisions of Article X of this Resolution;

(3) Bonds upon transfer of or in exchange for and in lieu of which other Bonds have been authenticated and delivered pursuant to this Resolution; and

(4) Bonds under which the obligations of the Agency have been released, discharged, or extinguished in accordance with the terms thereof.

And when used with respect to any other Series of First Lien Transmission Debt, such term shall have the meaning specified in the applicable Supplemental Resolution or if not so specified then such term shall have a meaning corresponding to the provisions set forth above for the Bonds.

"Paying Agent/Registrar" – The financial institution named in the Pricing Certificate as the paying agent/registrar for the Bonds, and its successors.

"Paying Agent/Registrar Agreement" – the agreement between the Agency and the Paying Agent/Registrar referred to in Section 2.02.

"Permitted Investments" – any deposit or investment which is an authorized investment for the Agency to make under the laws of the State, including without limitation, the Public Funds Investment Act (Chapter 2256, Texas Government Code), as the same may be amended from time, provided that such deposit or investment is an authorized deposit or investment in accordance with the Agency's investment policy.

"Permitted Liens" – shall mean:

(a) Minor irregularities, charges, liens, encumbrances, defects, easements, licenses, rights-of-way, servitudes, restrictions, mineral rights, and clouds on title which do not materially impair the use of the properties and facilities constituting the Transmission System for the purposes for which they are designed.

(b) Easements for roads (as used herein, the term "roads" shall include, without limitation, streets, curbs, gutters, drains, ditches, sewers, conduits, canals, mains, aqueducts, aerators, connections, ramps, docks, viaducts, alleys, driveways, parking areas, walkways, and trackage), utilities (which for purposes of this Resolution shall include, without limitation, water, sewer, electricity, gas, telephone, pipeline, railroad, and other collection, transportation, light, heat, power, and communication systems) and similar easements and other easements, rights-of-way, rights of flowage, flooding, diversion or outfall, licenses, restrictions, and obligations relating to the operation of any of the properties and facilities constituting the Transmission System, which do not materially impair the use of the properties and facilities constituting the Transmission System for the purposes for which they are designed.

(c) Rights of the United States or any state or political subdivision thereof, or other public or governmental authority or agency or any other entity vested with the power of eminent domain to take or control property or to terminate any right, power, franchise, grant, license, or permit previously in force.

(d) Any license for the use or other access to any of the Transmission Facilities, including any licenses granted to any entity with which the Agency has agreed to jointly develop Transmission Facilities.

"Predecessor Bond" – any mutilated, lost, destroyed or stolen Bonds for which a replacement Bonds has been registered and delivered, as permitted by this Resolution, as well as any Bonds canceled by reason of an exchange or transfer, pursuant to the provisions of Section 2.09 or Section 2.11.

"Pricing Certificate" – the certificate delivered by the General Manager of the Agency acting as the Pricing Officer of the Agency in accordance with Section 2.01.

"Prior Parity Resolutions" – collectively, the resolutions of the Agency that provided for the creation and confirmed the creation of the Transmission System as a financing system of the Agency and authorized the issuance of First Lien Transmission Debt, being the resolutions authorizing the issuance of the Series 2021 Bonds and the Series A Notes.

"Project Costs" – the Agency's costs and expenses attributable to the planning, designing, acquiring, construction, reconstruction, installing and financing of Transmission Facilities, placing the same in operation and disposal of any facilities of the Transmission System, and obtaining all governmental approvals, certificates, permits and licenses with respect thereto, and shall include reimbursement to the Agency for any of the above items theretofore paid by or on behalf of the Agency.

"PUC" – the Public Utility Commission of Texas or any successor thereto.

"Purchase Agreement" – an agreement providing for the sale of Bonds to the Purchasers thereof.

"Purchasers" – the purchaser or purchasers of Bonds as set forth in a Pricing Certificate.

"Rating Agency" – any of (i) Moody's Investors Service, Inc., (ii) S&P Global Ratings, a division of S&P Global Inc., (iii) Fitch, Inc. or (iv) any other "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the federal Securities Act of 1933, and in each case their respective successors and assigns.

"Record Date" – the day set forth in the Pricing Certificate as the Record Date for the Bonds.

"Redemption Price" – with respect to any Bonds, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bonds or this Resolution.

"Refunded Note Obligations" – the portion of Series A Notes to be refunded by the Bonds as determined by the Pricing Offer and set forth in the Pricing Certificate.

"Reserve Fund Obligation" – to the extent permitted by law, as evidenced by an opinion of nationally recognized bond counsel, a surety bond or insurance policy (which, under applicable law, shall not entitle the provider thereof to any right of reimbursement or repayment other than a right to subrogation upon payments being made to Holders), issued by a company or institution having a rating in one of the two highest rating categories by two Rating Agencies, deposited in the Series 2025 Reserve Fund to satisfy the Series 2025 Required Reserve Amount, whereby the issuer of such surety bond or insurance policy is obligated to provide funds up to and including the maximum amount and under the conditions specified in such agreement or instrument.

"Reserve Fund Obligation Payment" means any subrogation payment the Agency is obligated to make from Transmission Net Revenues deposited in the Series 2025 Reserve Fund with respect to a Reserve Fund Obligation.

"Resolution" – this Resolution No. 2025-3-7, as it may be amended from time to time in accordance with its provisions.

"Revenue Fund" – the fund denoted the Texas Municipal Power Agency Transmission System Revenue Fund established by the Prior Parity Resolutions and confirmed in Section 4.02.

"Rule"– SEC Rule 15c2-12, as amended from time to time.

"SEC" – the United States Securities and Exchange Commission.

"Series" – all of the obligations designated as being of the same Series, and any obligations delivered in lieu thereof or in substitution thereof.

"Series 2021 Bonds" – the "Texas Municipal Power Agency Transmission System Revenue Refunding Bonds, Series 2021," currently outstanding in the amount of $167,985,000.

"Series 2025 Required Reserve Amount" – an amount, if any, to be deposited upon the issuance of the Bonds into the Series 2025 Reserve Fund or accumulated therein over time, as specified in the Pricing Certificate, and such amount may be recalculated from time to time as provided in the Pricing Certificate.

"Series 2025 Reserve Fund" – the fund denoted as the Texas Municipal Power Agency Transmission System Series 2025 Debt Service Reserve Fund, which may be established pursuant to the Pricing Certificate and thereupon created pursuant to Section 4.02.

"Series A Note Obligations" – collectively, the obligations of the Agency to pay principal and interest on the Series A Notes and the Series A Note Payment Obligations.

"Series A Note Payment Obligations" – the obligations of Agency under the note purchase agreement relating to the Series A Notes to pay, reimburse and/or repay all fees, expenses and charges payable or reimbursable under such note payment agreement owing to the purchasing bank thereunder other than debt service on the Series A Notes.

"Series A Notes" – the "Texas Municipal Power Agency Transmission System Revenue Revolving Notes, Series A," all or a portion of which are being refunded by the issuance of the Bonds.

"Special Record Date" – the date established by the Paying Agent/Registrar for the Bonds which is the new record date for the payment of interest in the event of a nonpayment of interest on a scheduled interest payment date.

"State" – the State of Texas.

"Stated Maturity" – with respect to any current interest bond or any installment of interest thereon means the date specified in such current interest bond as the fixed date on which the principal of such current interest bond and as the date on which (unless pursuant to redemption) such installment of interest is due and payable; and with respect to any capital appreciation bond means the date specified in such capital appreciation bond as the fixed date on which the principal and all accrued interest is due and payable.

"Subordinate Transmission Debt" – bonds, notes or other obligations issued or incurred by the Agency for Transmission System purposes that are payable from and equally and ratably secured, in whole or in part, by the Transmission Net Revenues, but subordinate and inferior in rank and dignity to the lien on and pledge of the Transmission Net Revenues that secures First Lien Transmission Debt, as may be authorized by the laws of the State.

"Supplemental Resolution" – any resolution, order, agreement or other official action (individually or collectively, as determined by the Board) of the Board pursuant to which Additional Parity Transmission Debt is authorized to be issued or incurred.

"Term of Issue" – with respect to any Balloon Debt a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or the maximum maturity date in the case of commercial paper or (ii) twenty-five years.

"Total Equity" – the total equity of the Transmission System as reflected in the books and records of the Agency and consistent with Generally Acceptable Accounting Principles.

"Transmission Consultant" – an independent professional electric utility consultant having a favorable national reputation for skill and experience in consulting work relating to electric utility cost of service proceedings as selected by the Agency.

"Transmission Debt" – all bonds, debt or other obligations issued by the Agency on or after the Amendment Date that are (i) made payable and secured, effective the later of the Debt Discharge Date or the date of issuance of such bonds, debt or other obligations, by a pledge of all or any part of the Transmission Net Revenues, and (ii) with respect to which the Board finds that such bonds, debt or other obligations are issued for the purpose of financing the acquisition, construction, improvement, expansion, equipment, operation or other costs for which the Agency is authorized by law to incur debt in connection with the Transmission Facilities and/or the refinancing thereof.

"Transmission Debt CP" – Additional Parity Transmission Debt issued as revolving commercial paper notes (or similar obligations).

"Transmission Debt CP Credit Agreement" – any Credit Agreement entered into in connection with the issuance of Transmission Debt CP and any successor Credit Agreement thereto.

"Transmission Facilities" – all transmission and/or transformation facilities wherever located and acquired and/or constructed and owned by the Agency from time to time, including, without limitation, such facilities owned in fee simple in their entirety or in an indivisible ownership interest or other ownership interest.

"Transmission Gross Revenues" – all revenues, income, tolls, rents, fees, charges and receipts received by the Agency from the use, operation and ownership of its Transmission Facilities or otherwise allocable thereto and all rights to receive the same, whether in the form of accounts receivable, contract rights, or other rights, and the proceeds thereof, as determined by Generally Accepted Accounting Principles to constitute revenues of the Transmission System. The term does not include payments received by the Agency (i) as proceeds of insurance (except business interruption insurance) or eminent domain, or (ii) as proceeds from Transmission Debt, or (iii) investment income of the Construction Fund or any debt service reserve fund established for the benefit of any Series of Transmission Debt.

"Transmission Net Revenues" – for any period, the Transmission Gross Revenues during such period less the Transmission Operating and Maintenance Expenses during such period. The calculation of Transmission Net Revenues, however, shall exclude from revenues or expenses (i) any gain or loss attributable to the sale, exchange, or other disposition of assets not in the ordinary course of business, (ii) any unusual or infrequent (extraordinary) accounting items, (iii) any unrealized gains or losses from the investment of any funds, (iv) any unrealized gains or losses on Hedge Agreements and (v) any gain or loss resulting from the extinguishment of indebtedness.

"Transmission Operating and Maintenance Expenses" – all reasonable costs and expenses incurred in the operation and maintenance of the Transmission System according to Generally Accepted Accounting Principles, but excluding (a) depreciation and other non-cash expenses, and (b) interest charges and charges for the payment of principal, or amortization, of Transmission Debt.

"Transmission System" – collectively, the Agency's ownership and contractual rights and all other interests in all Transmission Facilities owned or operated by or on behalf of the Agency from time to time, and the operation thereof, which has been established as a separate and independent financing system of the Agency, distinct from any electric generation business that the Agency may operate at any time.

"Transmission System Contingency Fund" – any fund created in a Supplemental Resolution with a purpose of providing for the emergency replacement or maintenance of Transmission Facilities, as a Transmission System operating reserve fund or other source of emergency or contingency funding for the Transmission System.

"Transmission System Contingency Fund Requirement" – the amount specified in any Supplemental Resolution pursuant to which a Transmission System Contingency Fund is established as the amount to be funded into a Transmission System Contingency Fund. The Transmission System Contingency Fund Requirement may be funded or accumulated from proceeds of Transmission Debt, Transmission Net Revenues, a surety bond, insurance policy, one or more of such sources, or otherwise, as specified in such Supplemental Resolution.

"Written Certificate of the Agency," "Written Request of the Agency" and "Written Statement of the Agency" – an instrument in writing signed on behalf of the Agency by an Authorized Officer.

Section 1.02 Construction of Terms; References in Resolution.

(a) Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, trusts, corporations or governments or agencies or political subdivisions thereof.

(b) All references in this Resolution to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this Resolution, unless otherwise provided herein. The headings or titles of the several articles and sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Resolution.

Section 1.03. Resolution to Constitute a Contract; Equal Benefit for all Holders. In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Agency and the Holders, and the pledge made in this Resolution by the Agency and the covenants and agreements set forth herein to be performed by the Agency shall be for the equal and proportionate benefit, security and protection of all Holders, without preference, priority or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale or delivery.

Section 1.04. Incorporation of Preambles; Finding that Bonds are Transmission Debt.

(a) The preambles hereto are hereby incorporated in, and made a part hereof for all purposes.

(b) The Bonds are being issued for the purpose of refinancing Transmission Facilities. Accordingly, it is hereby declared and determined that the Bonds are being issued as Transmission Debt.

Section 1.05. Board Findings Regarding the Issuance of the Bonds as Additional Parity Transmission Debt. The Board hereby finds that after delivery of the Bonds

(i) the facilities being financed or refinanced with the proceeds of the Bonds have received or are expected to receive a CCN or are otherwise not required to have a CCN;

(ii) the Project Costs for the facilities being financed or refinanced with the proceeds of the Bonds (A) have been approved by the PUC for inclusion in the Agency's rate base or (B) are expected to be approved by the PUC for inclusion in the Agency's rate base in the transmission cost of service proceeding within which the Agency plans to request such recovery next succeeding the date of commercial operation of such facilities; and

(iii) the Transmission Gross Revenues are expected to be sufficient (A) to produce an amount sufficient to pay all Transmission Operating and Maintenance Expenses, (B) to produce an amount equal to 1.25 times the Average Annual Debt Requirements, including the Annual Debt Service Requirements relating to the Bonds, (C) to produce an amount sufficient to pay all other Transmission Debt, but excluding from the total of any such debt service that portion of the total that is being funded with capitalized interest (and excluding the effect of the Annual Debt Service Requirements of the Refunded Note Obligations being refunded by the Bonds), and (D) to produce an amount sufficient to accumulate the required funds in any debt service reserve fund related to any other Transmission Debt.

ARTICLE II

THE BONDS

Section 2.01. Appointment of Pricing Officer; Delegations and Authorization to Sell the Bonds.

(a) As authorized by Section 1207.007, Texas Government Code, as amended, and Section 1371.053, Texas Government Code, as amended, the General Manager of the Agency is hereby authorized to act on behalf of the Agency in selling and delivering the Bonds (in performing such duties, the General Manager shall be hereinafter referred to as, and shall for all purposes be, the "Pricing Officer"). The delegation made hereby shall expire if not exercised by the Pricing Officer, on or prior to a date that is twelve months after the date of adoption of this Resolution. The Bonds shall be designated and bear the title "Texas Municipal Power Agency Transmission System Revenue Refunding Bonds," or such other title as may be deemed appropriate by the Pricing Officer. The determinations of the Pricing Officer with respect to the sale of the Bonds shall be set forth in a Pricing Certificate, which certificate shall supplement this Resolution. The authority of the Pricing Officer with respect to the sale of the Bonds are subject to the following parameters:

(1) the aggregate principal amount of the Bonds shall not exceed $60,000,000;

(2) proceeds of the Bonds shall be used for the purposes of refunding the Refunded Note Obligations, funding a debt service reserve fund associated with the issuance of the Bonds, if deemed in the best interest of the refunding transaction by the Pricing Officer, and to pay the costs of issuing the Bonds;

(3) the sale price of the Bonds shall be not less than 95% of the initial aggregate principal amount thereof plus accrued interest thereon, if any;

(4) the latest date for a Stated Maturity shall not be later than September 1, 2055; and

(5) none of the Bonds shall bear interest at a rate greater than the maximum rate permitted by State law, however, the true interest cost of the Bonds shall not exceed 7.00% per annum.

(b) In addition to such other delegations set forth above and elsewhere in this Resolution, the Pricing Officer shall determine or provide for the following terms of the Bonds and the other agreements and actions pertaining to the issuance and sale of the Bonds:

(1) determine which of the Series A Notes and the amount thereof that shall be included as Refunded Note Obligations, fixing the discharge date or dates for the Refunded Note Obligations and shall provide any notice or conditional notice of redemption or prepayment required in connection with the refunding of the Refunded Note Obligations;

(2) determine the Paying Agent/Registrar, and the Pricing Officer or other Authorized Officer may execute the Paying Agent/Registrar Agreement on behalf of the Agency;

(3) if required for the refunding of the Refunded Note Obligations, name the financial institution that shall serve as escrow agent, and the Pricing Officer or other Authorized Officer may execute the Escrow Agreement on behalf of the Agency;

(4) determine whether a book-entry-only system shall not be used with respect to the Bonds;

(5) determine the Bond Date and the Record Date;

(6) determine any additional or different designation or title by which the Bonds shall be known;

(7) determine the principal amount of the Bonds to be issued subject to the parameter of Section 2.01(a)(1), and determine whether the Bonds shall be issued in more than one Series;

(8) determine whether all or part of the Bonds shall be issued as obligations the interest on which is exempt from federal income taxation or as obligations the interest on which is subject to federal income taxation (in which event, the covenants set forth in Section 5.15 shall not be applicable to such taxable Bonds;

(9) determine whether the Bonds shall be sold by private placement or by competitive or negotiated sale to the Purchasers and the terms to be included in a Purchase Agreement, including the price to be paid for the Bonds subject to the parameter of Section 2.01(a)(3);

(10) determine the rate or rates of interest to be borne by the Bonds subject to the parameter of Section 2.01(a)(5);

(11) determine the amount of each maturity of principal of the Bonds and the Stated Maturity or Stated Maturities subject to the parameter of Section 2.01(a)(4);

(12) determine the interest accrual and payment dates and periods for the Bonds;

(13) determine the dates, price and terms, if any, upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Agency and/or any mandatory sinking fund redemption provisions;

(14) determine whether municipal bond insurance for the Bonds is beneficial and shall be obtained and if so, approve modifications to this Resolution and execute such instruments, documents and agreements as may be necessary with respect thereto (any such modifications shall be set forth in the Pricing Certificate);

(15) determine whether to fund a debt service reserve fund for the Bonds, and if so, whether to fund it with (A) proceeds of the Bonds, (B) providing for the accumulation over time from revenues of the Agency, (C) a Reserve Fund Obligation or (D) some combination of (A), (B) and (C) (if a debt service reserve fund is not so created with respect to the Bonds, the provisions of Section 4.07 shall not be applicable to the Bonds);

(16) determine whether modifications should be made to the Agency's continuing disclosure undertaking as set forth in Section 11.07 (any such completions or modifications shall be set forth in the Pricing Certificate); and

(17) determine whether the types of securities and obligations that may be used as Defeasance Securities shall be limited.

In addition to the foregoing authorizations, the Pricing Officer and other Authorized Officers are authorized to execute on behalf of the Agency all required documents required in connection with the issuance of the Bonds, including the Paying Agent/Registrar Agreement, the Escrow Agreement (if required), the Purchase Agreement, and, in general, the Pricing Officer shall make all determinations and effect all other matters relating to the issuance, sale and delivery of the Bonds. The Pricing Officer is further authorized, for and on behalf of the Agency, to approve any notice of sale, official statement or other offering documents, and any supplements thereto relating to the Bonds. In addition, an Authorized Officer is authorized to purchase such securities with proceeds of the Bonds, including, without limitation, an Authorized Officer may execute such subscriptions for the purchase of the United States Treasury Securities State and Local Government Series or may purchase other United States Treasury or United States Agency securities in the open market, and may transfer and deposit such cash from available funds of the Agency as may be necessary or appropriate to fund any escrow fund or to otherwise apply in connection with the refunding of the Refunded Note Obligations.

(c) In satisfaction of Section 1201.022(a)(3)(B), Texas Government Code, the Board hereby determines that the delegation of the authority to the Pricing Officer to approve the final terms of the Bonds set forth in this Resolution is, and the decisions made by the Pricing Officer pursuant to such delegated authority and incorporated into the Pricing Certificate will be, in the Agency's best interests, and the Pricing Officer is hereby authorized to make and include in the Pricing Certificate a finding to that effect.

Section 2.02. Paying Agent/Registrar. The Agency shall keep or cause to be kept at the principal corporate trust office of the bank named in the Pricing Certificate as the Paying Agent/Registrar for the Bonds books or records for the registration of the transfer, conversion and exchange of the Bonds, and the Agency hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Agency and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three days of presentation in due and proper form. The Agency covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged. The Paying Agent/Registrar shall be entitled to payment of a fee for paying each Bond, and for acting as registrar.

The Paying Agent/Registrar for the Bonds shall be required to execute the Paying Agent/Registrar Agreement. Once appointed, a Paying Agent/Registrar shall continue in such capacity until a successor (i) has been named in a Written Certificate of the Agency and (ii) has executed a Paying Agent/Registrar Agreement. All such agreements shall be for a period the Board determines would best serve the interest of the Agency, and may be subject to termination upon notice.

In the event there is a bank failure or for some other reason the Paying Agent/Registrar initially appointed for the Bonds is no longer authorized to serve in such capacity under this Resolution, a different Paying Agent/Registrar shall be named in a Written Certificate of the Agency and such appointment may be evidenced by a Written Certificate of the Agency.

Any successor Paying Agent/Registrar for the Bonds shall be a commercial bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar and shall have a combined capital, surplus and undivided profits of at least $50 million. Upon any change in the Paying Agent/Registrar for the Bonds, the Agency agrees to promptly cause a written notice thereof to be sent to each Holder of the Bonds by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, or otherwise, shall be payable only to the Holders of the Bonds appearing on the Bond Registration Books and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The Bonds shall be payable at their Stated Maturity only upon the presentation and surrender to the principal office of the Paying Agent/Registrar. Interest on the Bonds shall be paid to the Holders whose names appear in the Bond Registration Books at the close of business on the Record Date and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Bond Registration Books or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on a scheduled payment date on the Bonds, and for thirty (30) days thereafter, a new record date for such interest payment for such maturity (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Agency. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder of the Bonds appearing on the Bond Registration Books at the close of business on the last business day next preceding the date of mailing of such notice. The provisions of this Resolution with respect to the Bonds are subject to the applicable unclaimed property laws of the State of Texas.

Section 2.03. Book-Entry Only Transfers and Transactions. Notwithstanding the provisions contained in Sections 2.02 and 2.09 relating to the payment, and transfer/exchange of the Bonds (but subject to the delegations made to the Pricing Officer in Section 2.01), the Agency hereby approves and authorizes the use of "Book-Entry Only" securities clearance, settlement and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the requirements and procedures identified in the DTC Operational Arrangements memorandum, as amended, the Blanket Issuer Letter of Representation, by and between the Agency and DTC, and the Letter of Representation from the Paying Agent/Registrar to DTC (collectively, the "Depository Agreement") relating to the Bonds.

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC, which entity shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the applicable Depository Agreement, the Holder of the Bonds on the Registration Books for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the Agency determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the Agency covenants and agrees with the Holders of the Bonds to cause the Bonds to be printed in definitive form and provide for appropriate Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, Bonds in definitive form shall be assigned, transferred and exchanged on the appropriate Registration Books maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of this Resolution other than this Section.

Section 2.04. Execution - Registration - Initial Bond.

(a) The Bonds shall be executed on behalf of the Agency by the President and attested by the Secretary or Assistant Secretary of the Agency under its seal reproduced or impressed thereon. The signature of said officers on the Bonds and the Initial Bond may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Agency on the Bond Date shall be deemed to be duly executed on behalf of the Agency, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the Purchasers and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201, as amended.

(b) No Bond shall be entitled to any right or benefit under this Resolution, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 2.05(c), manually executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 2.05(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate upon any Bond duly signed shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

(c) The Initial Bond herein authorized shall be initially issued as a single fully registered bond in the aggregate principal amount for each Series designated and referenced in the Pricing Certificate with principal installments to become due and payable as provided in the Pricing Certificate. The Initial Bond shall be registered in the name specified in the Pricing Certificate and shall be numbered T-1. The Initial Bond shall be the Bond submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Purchasers. Any time after the delivery of the Initial Bond, the Paying Agent/Registrar, pursuant to written instructions from the Purchasers, or the designees thereof, shall cancel the Initial Bond delivered hereunder and exchange therefor Definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holder named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the Purchasers, or the designees thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

Section 2.05. Forms.

(a) Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Resolution and may have such letters, numbers, or other marks of identification (including CUSIP numbers) and such legends and endorsements (including insurance legends on insured Bonds, if any, and any reproduction of an opinion of counsel) thereon as may be established, consistently herewith, by the Agency or determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The Definitive Bonds shall be typewritten, printed, lithographed, photocopied or engraved or produced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by the execution thereof, but the Initial Bond submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

The Agency may provide (i) for issuance of one fully registered Bond for each Stated Maturity in the aggregate principal amount with respect to the Bonds of each Stated Maturity and (ii) for registration of such Bonds in the name of a securities depository, or the nominee thereof.

The Form of the Definitive Bonds shall be completed with information set forth in the Pricing Certificate and shall be attached to the Pricing Certificate as an exhibit thereto.

(b) Form of Definitive Bonds.

REGISTERED	**REGISTERED**
NO. R- _____	**$___________**

UNITED STATES OF AMERICA
STATE OF TEXAS
TEXAS MUNICIPAL POWER AGENCY
TRANSMISSION SYSTEM REVENUE REFUNDING BOND
SERIES 2025

Delivery Date:	**Interest Rate:**	**Stated Maturity:**	**CUSIP NO:**
________, _____	%		

Registered Owner: **______________________**

Principal Amount: **__________________________________ DOLLARS**

The Texas Municipal Power Agency (hereinafter referred to as the "Agency"), a municipal corporation and a political subdivision of the State of Texas, for value received, hereby promises to pay to the Registered Owner named above, or the registered assigns thereof (the "Holder"), solely from the revenues hereinafter identified, on the Stated Maturity date specified above the Principal Amount stated above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount from _________, ____[1] at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on ________[1] and _________[1] of each year, commencing _______________, 20___[1]. Principal of this Bond is payable at its Stated Maturity or redemption to the Holder hereof, upon presentation and surrender at the principal office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds) whose name appears on the Bond Registration Books maintained by the Paying Agent/Registrar at the close of business on the Record Date for this Bond, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Bond Registration Books or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the Holder hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

[1] Insert with appropriate date as provided in the Pricing Certificate.

This Bond is dated as of ____________________[1] and is one of the series specified in its title issued in the aggregate principal amount of $___________[2] (herein referred to as the "Bonds") to refund certain outstanding obligations of the Agency under and in strict conformity with the Constitution and laws of the State of Texas, including Texas Utilities Code, Chapter 163, Subchapter C-1, as amended, Texas Government Code, Chapter 1207, Texas Government Code, as amended, Chapter 1371, Texas Government Code, as amended, and pursuant to a resolution adopted by the governing body of the Agency (the "Resolution").

[Redemption provisions, if any, and notice provisions as provided in the Pricing Certificate shall be included here.]

In the event of a partial redemption of the principal amount of this Bond, payment of the redemption price of such principal amount shall be made to the Holder only upon presentation and surrender of this Bond to the principal office of the Paying Agent/Registrar, and there shall be issued to the Holder hereof, without charge, a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum hereof. If this Bond is called for redemption, in whole or in part, the Agency and the Paying Agent/Registrar shall not be required to transfer this Bond to an assignee of the Holder within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Bonds are special obligations of the Agency and are payable solely from and equally and ratably secured by a first lien on and pledge of Transmission Net Revenues and all funds and accounts specifically pledged by the Resolution, subject to the priorities set forth therein, and shall not be obligations of the member cities of the Agency, but shall be obligations solely of the Agency and its Transmission System as provided in the Resolution. The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

The Agency reserves the right to issue additional Transmission Debt and other lawful evidences of indebtedness secured by all or a part of the Transmission Net Revenues for any lawful purpose, including refunding bonds, under the terms and conditions provided in the Resolution, to which reference is made for more complete details.

In accordance with the Resolution, the Agency [shall][shall not][3] fund a debt service reserve fund for the benefit of the Bonds [in the amount specified in the Resolution solely to secure the Bonds], and the Agency may create a debt service reserve fund and fund it or provide for it to be funded in connection with the issuance of any obligations or the incurrence of any indebtedness which possesses a lien on and pledge of the Transmission Net Revenues on a parity with the Bonds, and if so created such reserve shall secure only the obligations or indebtedness for which it was funded or is to be funded.

---

[1] Insert with Bond Date as provided in the Pricing Certificate.

[2] Insert with appropriate amount as so provided in the Pricing Certificate.

[3] To be completed as provided in the Pricing Certificate.

Reference is hereby made to the Resolution which is on file in the principal office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the sources pledged to the payment of the principal of and interest on the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations secured by revenues of the Transmission System; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Resolution may be amended or supplemented; the rights, duties, and obligations of the Agency and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity or redemption of this Bond, and this Bond is deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein. Capitalized terms used herein have the same meanings assigned in the Resolution.

This Bond, subject to certain limitations contained in the Resolution, may be transferred on the Bond Registration Books only upon its presentation and surrender at the principal office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Holder hereof, or his duly authorized agent. When a transfer on the Bond Registration Books occurs, one or more new fully registered Bonds of the same Stated Maturity, of the authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The Agency and the Paying Agent/Registrar, and any agent of either, may treat the Holder hereof whose name appears on the Bond Registration Books (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the Agency nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of non-payment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Agency. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of the Holder appearing on the Bond Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and declared that the Agency is a duly organized and legally existing municipal corporation, a political subdivision and body politic and corporate organized under and by virtue of the Constitution and laws of the State of Texas including the Act; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the Agency have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Resolution; that the Bonds do not exceed any constitutional or statutory limitation;

and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of the revenues and funds as aforestated. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Board of Directors of the Agency has caused this Bond to be duly executed under the official seal of the Agency as of _______________[1].

TEXAS MUNICIPAL POWER AGENCY

____
President, Board of Directors

ATTEST:

____
[Secretary][Assistant Secretary]

(SEAL)

(c) *Form of Registration Certificate of Comptroller of Public Accounts to Appear on the Initial Bond only.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. ______________

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

____
Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

*NOTE: Do not print the Comptroller's Registration Certificate on Definitive Bonds.

[1] Insert with appropriate date as provided in the Pricing Certificate.

(d) Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued and registered in the name of the Registered Owner shown above under the provisions of the within-mentioned resolution; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

______________________,
_________, ____________[1],
as Paying Agent/Registrar

Registration date:

____

By ______________________________________
Authorized Signature

(e) Form of Assignment.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto ____.

(Please insert Social Security or Taxpayer Identification Number of Transferee)

____

(Please print or typewrite name and address, including zip code, of Transferee.)

____
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints ____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ____________________________

Signature Guaranteed:
______________________________________ ______________________________________

[1] Name and City of the Paying Agent/Registrar to be added as provided in the Pricing Certificate.

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.	NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

(f) The Initial Bond shall be in the respective form set forth therefor in paragraph (b) of this Section, except as follows:

Heading and paragraph one shall be amended to read as follows:

NO. T-1 **$_____________**

UNITED STATES OF AMERICA
STATE OF TEXAS
TEXAS MUNICIPAL POWER AGENCY
TRANSMISSION SYSTEM REVENUE REFUNDING BOND
SERIES 2025

Delivery Date: __________________________

Registered Owner: __________________________

Principal Amount: ____ **DOLLARS**

The Texas Municipal Power Agency (hereinafter referred to as the "Agency"), a municipal corporation and a political subdivision of the State of Texas, for value received, hereby promises to pay to the Registered Owner named above, or the registered assigns thereof (the "Holder"), solely from the revenues hereinafter identified, on ___________[1] in the years and in principal amounts in accordance with the following schedule:

Year of Stated Maturity	Principal Amount	Interest Rate

(Information to be inserted as provided in the Pricing Certificate).

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from _________________[1] at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on _______[1] and _________[1] of each year, commencing ___________, 20__[1]. Principal of this Bond is payable at the year of maturity or on a prepayment date to the Holder hereof, upon presentation and surrender at the principal corporate trust office of ____________ in

[1] Insert with appropriate date as provided in the Pricing Certificate.

________________[1] (the "Paying Agent/Registrar"). Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds) whose name appears on the Bond Registration Books maintained by the Paying Agent/Registrar at the close of business on the Record Date for this Bond, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Bond Registration Books or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the Holder hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Section 2.06. <u>Application of Proceeds from Sale of the Bonds</u>. The proceeds derived from the sale of the Bonds shall be applied for the following purposes:

(a) payment into the Bond Fund of that portion of such proceeds that is allocable to accrued interest, if any, and any amounts remaining after making the payments specified in (b), (c) (d) and (e);

(b) payment into the Escrow Fund, if required to be established in accordance with Section 11.09, or otherwise deposited with the paying agent/registrar of the Refunded Note Obligations of the portion of such proceeds to be used to effect the refunding of the Refunded Note Obligations;

(c) payment into the Series 2025 Reserve Fund that portion of proceeds, if any, specified in the Pricing Certificate for a cash deposit to such Fund; and

(d) payment into a Depository of the Agency that portion of the proceeds to be used to provide the costs of issuance of the Bonds.

The specific disbursement amounts for the purposes stated above from proceeds of the Bonds shall be made in the amounts as specified in the Pricing Certificate.

Section 2.07. <u>CUSIP Numbers</u>. CUSIP numbers are to be placed or printed on the Bonds (other than the Initial Bond). It is expressly provided, however, that the presence or absence of CUSIP numbers on such Bonds shall be of no significance or effect as regards the legality thereof and neither the Agency nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on said Bonds.

Section 2.08. <u>Printed Legal Opinion on Bonds</u>. The Purchasers' obligation to accept delivery of the Bonds herein authorized is subject to their being furnished a final opinion of McCall, Parkhurst & Horton L.L.P. approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bonds. A true and correct reproduction of said opinion or an executed counterpart thereof may, but shall not be required to, accompany the global Bonds deposited with The Depository Trust Company or a reproduction

[1] Insert with name and City of Paying Agent/Registrar as provided in the Pricing Certificate.

thereof may, but shall not be required to, be printed on the definitive Bonds in the event the book-entry-only system shall be discontinued.

Section 2.09. Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of like kind of other authorized denominations upon the Bond Registration Books by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Bond at the principal office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of like kind executed on behalf of, and furnished by, the Agency, of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the principal office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds executed on behalf of, and furnished by, the Agency to the Holder requesting the exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the principal office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid, to the Holder and, upon the delivery thereof, the same shall be the valid obligations of the Agency, evidencing the same obligation to pay, and entitled to the same benefits under this Resolution, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any fee, tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to Section 2.11 and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

All Bonds surrendered for payment, transfer, exchange or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the Agency, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The Agency may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the Agency may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Paying Agent/Registrar.

Section 2.10. Notices to Holders-Waiver. Wherever this Resolution provides for notice to Bondholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Bondholder appearing in the Bond Registration Books at the close of business on the business day next preceding the mailing of such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

In any case where notice to Bondholders is given by mail, neither the failure to mail such notice to any particular Bondholders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bondholders. Where this Resolution provides for notice in any manner, such notice may be waived in writing by the Bondholder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 2.11. Mutilated - Destroyed - Lost and Stolen Bonds. If (1) any mutilated Bond is surrendered to the Paying Agent/Registrar, or the Agency and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the Agency and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the Agency or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the Agency shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the Agency in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section, the Agency may require payment by the Bondholder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the Agency, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and ratably with all other Outstanding Bonds.

Section 2.12. Municipal Bond Insurance. If the Bonds are sold with municipal bond insurance, the terms negotiated by the Pricing Officer for such insurance shall be included in the Pricing Certificate, as provided in Section 2.01(b), and such terms shall become a part of this Resolution to the same extent as if the same had been set forth in this Section.

If a bond insurer is named in the Pricing Certificate for the Bonds, and if such insurer is not in default (the "Insurer") on the related bond insurance policy for the Bonds (if any), then the Insurer shall be deemed to be the sole Holder of Bonds insured by it for all purposes of this Resolution, including (i) any action taken pursuant to Article VII of this Resolution, except with respect to those amendments set forth in Section 7.01(a) that require the written consent of all Holders, in which case the consent of the Insurer will be required in addition to the consents of the Holders of the Bonds as provided in Section 7.01(a), and (ii) initiation and execution by the Holders of any action taken pursuant to the provisions of Article VIII of this Resolution.

ARTICLE III

REDEMPTION

Section 3.01. Redemption. The Bonds subject to redemption prior to maturity pursuant to this Resolution shall be redeemable, upon notice being given as provided in this Section, at such times, at such redemption prices and upon such terms (in addition to and consistent with the terms contained in this Section) as may be specified in the Pricing Certificate to be executed and delivered in connection with the issuance of the Bonds.

Section 3.02. Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the optional redemption of Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the Agency shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof.

Section 3.03. Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Bonds as representing the number of Bonds Outstanding which is obtained by dividing the principal amount by $5,000 and shall select the Bonds to be redeemed within such Stated Maturity, by lot.

Section 3.04. Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the Agency and at the Agency's expense, to each Holder of a Bond to be redeemed at the address of the Holder appearing on the Bond Registration Books at the close of business on the last business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed, (iii) state the redemption price, (iv) state that the Bonds shall become due and payable on the redemption date and at the redemption price specified, and that interest shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds shall be made at the principal office of the Paying Agent/Registrar only upon presentation and surrender of the Bonds to be redeemed, in whole or in part, by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption has been duly given as herein provided, such Bond (or the principal amount to be redeemed) shall become due and payable and interest thereon, or on the portion thereof to be redeemed, shall cease to accrue from and after the redemption date therefor, provided moneys sufficient for the payment of such Bonds (or of the principal amount to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by this Resolution have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Agency, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the Agency shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

ARTICLE IV

PLEDGE – CREATION AND ADMINISTRATION OF FUNDS

Section 4.01. Pledge.

(a) The Bonds, together with the Series A Note Obligations and any Additional Parity Transmission Debt hereafter issued, are (or in the case of any Additional Parity Transmission Debt, will be) payable solely from and equally and ratably secured by a first lien on and pledge of Transmission Net Revenues and amounts on deposit in the Transmission System Debt Service Fund and the Transmission Net Revenues and amounts on deposit in the Transmission System Debt Service Fund are hereby pledged to secure the Bonds. In addition, the Bonds are secured (and are the only Series so secured) by amounts (if any) on deposit in the Series 2025 Reserve Fund and the Agency hereby pledges those amounts to the payment of the Bonds. The sources of payment and security for the Bonds is subject to the payment priorities set forth in Section 4.05.

(b) Section 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Transmission Net Revenues granted by the Agency under Section 4.01(a), and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Transmission Net Revenues granted by the Agency under Section 4.01(a) is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Agency agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 4.02. Creation of Special Funds. (a) In accordance with the Prior Parity Resolutions, there has been directed to be created and established (and such direction is hereby confirmed), and shall be maintained so long as First Lien Transmission Debt is Outstanding, the following limited special funds, each of which shall be held at one or more Depositories:

(i) Texas Municipal Power Agency Transmission System Revenue Fund, hereinafter called the "Revenue Fund."

(ii) Texas Municipal Power Agency Transmission System First Lien Debt Service Fund, hereinafter called the "Debt Service Fund."

(iii) Texas Municipal Power Agency Transmission System First Lien Construction Fund, hereinafter called the "Construction Fund."

(b) In accordance with Section 4.07, and subject to the determinations of the Pricing Officer as set forth in Section 2.01(b)(15) the Texas Municipal Power Agency Transmission System Series 2025 Debt Service Reserve Fund, hereinafter called the "Series 2025 Reserve Fund," is created solely for the benefit of the Holders of the Bonds.

Section 4.03. Reserved.

Section 4.04. Revenue Fund. The Agency hereby covenants, agrees and establishes that the Transmission Gross Revenues shall be deposited and credited to the Revenue Fund immediately as collected and received.

Section 4.05. Flow of Funds. (a) All Transmission Gross Revenues deposited and credited to the Revenue Fund shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

FIRST: to the payment of all Transmission Operating and Maintenance Expenses, and the payment of Transmission Operating and Maintenance Expenses shall be a first charge on and claim against the Transmission Gross Revenues.

SECOND: to the payment of the amounts required to be deposited and credited to the Debt Service Fund created and established for the payment of the Bonds, all other Outstanding First Lien Transmission Debt and any Additional Parity Transmission Debt issued by the Agency as the same become due and payable.

THIRD: pro rata to the payment of the amounts required to be deposited and credited (i) to each debt service reserve fund established in accordance with the provisions of each resolution authorizing First Lien Transmission Debt to maintain the required reserve amount therein (if any), including amounts owed with respect to any Reserve Fund Obligation to restore the respective required reserve amount with respect to such reserve funds and (ii) to each other reserve fund created and established to maintain a reserve in accordance with the provisions of any Supplemental Resolution, including amounts owed with respect to any surety bond or insurance policy or similar instrument deposited in a debt service reserve fund established by a Supplemental Resolution to restore the amount required to be on deposit therein with respect to such debt service reserve funds.

FOURTH: to the payment of the amounts required to be deposited and credited to any debt service fund or debt service reserve fund created and established for the payment of any Subordinate Transmission Debt issued by the Agency as the same become due and payable.

FIFTH: to the payment of the amounts required by a Supplemental Resolution to be deposited and credited to any Transmission System Contingency Fund established in accordance with the provisions of a Supplemental Resolution to maintain the Transmission System Contingency Fund Requirement therein.

(b) Any Transmission Gross Revenues remaining in the Revenue Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other Agency purpose now or hereafter permitted by law.

Section 4.06. Debt Service Fund. (a) For purposes of providing funds to pay the principal of, premium, if any, and interest on the First Lien Transmission Debt as the same become due and payable, including any mandatory sinking fund redemption payments, the Agency agrees that it shall maintain the Debt Service Fund. The Agency covenants to deposit and credit to the Debt Service Fund prior to each principal, interest payment, redemption date or other payment date for First Lien Transmission Debt from the available Transmission Net Revenues an amount equal to one hundred percent (100%) of the amount required to fully pay the interest on and the principal of the First Lien Transmission Debt then coming due and payable.

(b) The required deposits and credits to the Debt Service Fund shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in and credited to the Debt Service Fund and any reserve fund created pursuant to the Prior Parity Resolutions (with respect to Outstanding First Lien Transmission Debt), this Resolution or any Supplemental Resolution, taking into account any Reserve Fund Obligation held in or for the benefit of any such reserve fund, is equal to the amount required to fully pay and discharge all Outstanding First Lien

Transmission Debt (principal, premium, if any, and interest) or (ii) the First Lien Transmission Debt is no longer Outstanding.

(c) Accrued interest and capitalized interest, if any, received from the purchaser of any First Lien Transmission Debt shall be taken into consideration and reduce the amount of the deposits and credits hereinabove required into the Debt Service Fund.

(d) The Agency may create and establish accounts or subaccounts within the Debt Service Fund pursuant to the provisions of any Supplemental Resolution authorizing the issuance of Additional Parity Transmission Debt for the purpose of securing that particular issue or series of Additional Parity Transmission Debt.

Section 4.07. Series 2025 Reserve Fund. (a) As provided in the Pricing Certificate, the Agency may provide for the funding of the Series 2025 Reserve Fund and, if so provided, the Agency shall fund the Series 2025 Reserve Fund by depositing or accumulating therein the 2025 Required Reserve Amount, all as more specifically provided in the Pricing Certificate. If so required by the Pricing Certificate, the Series 2025 Required Reserve Amount shall be maintained in the Series 2025 Reserve Fund at all times while the Bonds are Outstanding and there shall be deposited into the Series 2025 Reserve Fund any Reserve Fund Obligations so designated by the Agency from time to time. All funds, investments and Reserve Fund Obligations on deposit and credited to the Series 2025 Reserve Fund shall be used solely for (i) the payment of the principal of and interest on the Bonds, when and to the extent other funds available for such purposes are insufficient, (ii) to make Reserve Fund Obligation Payments, (iii) to retire the last Stated Maturity or Stated Maturities of or interest on the Bonds, or (iv) as provided in clause (c) below, any excess amount in the Series 2025 Reserve Fund may be transferred to the Revenue Fund and allocated in accordance with Section 4.05.

(b) When and for so long as the cash, investments and Reserve Fund Obligations in the Series 2025 Reserve Fund equal the Series 2025 Required Reserve Amount, no deposits need be made to the credit of the Series 2025 Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Series 2025 Required Reserve Amount, the Agency covenants and agrees that the Agency shall cure the deficiency in the Series 2025 Reserve Fund by depositing to such Fund from the Transmission Net Revenues in accordance with Section 4.05 by monthly deposits. Such deposits shall be made in accordance with Section 4.03(c) or in amounts equal to not less than 1/60th of the Series 2025 Required Reserve Amount, whichever produces a larger monthly deposit, with any such deficiency payments being made on or before the last day of each month until the Series 2025 Required Reserve Amount has been fully restored. In addition, in the event that a portion of the Series 2025 Required Reserve Amount is represented by a Reserve Fund Obligation, the Series 2025 Required Reserve Amount shall be restored as soon as possible from monthly deposits of Transmission Net Revenues on deposit in the Revenue Fund in accordance with Section 4.05, but subject to making the full deposits and credits to the Debt Service Fund required to be made by Section 4.06. The Agency further covenants and agrees that, subject only to the prior deposits to be made to the Debt Service Fund, the Transmission Net Revenues shall be applied and appropriated and used to establish and maintain the Series 2025 Required Reserve Amount, including by paying Reserve Fund Obligation Payments when due, and any reserve established for the benefit of any issue or series of Additional Parity Transmission Debt and to cure any deficiency in such amounts as required by the terms of this Resolution and any Supplemental Resolution. Reserve Fund Obligation Payments shall constitute the making up of a deficiency in the Series 2025 Reserve Fund to the extent that such payments result in the reinstatement, in whole or in part, as the case may be, of the amount of the Reserve Fund Obligation.

(c) Earnings and income derived from the investment of amounts held for the credit of the Series 2025 Reserve Fund (if any) shall be retained in the Reserve Fund until the Series 2025 Reserve Fund contains the Series 2025 Required Reserve Amount. During such time as the Series 2025 Reserve Fund contains the Series 2025 Required Reserve Amount, or at any time when cash or Permitted Investments are replaced with a Reserve Fund Obligation pursuant to subsection (d) below, the Agency may, at its option, withdraw all surplus funds in the Reserve Fund and deposit such surplus in the Revenue Fund; provided that the face amount of any Reserve Fund Obligation may reduced at the option of the Agency in lieu of such transfer. Notwithstanding the foregoing, any surplus funds in the Reserve Fund that consist of proceeds of the Bonds or interest thereon shall be used for purposes for which the Bonds were issued or deposited to the Debt Service Fund.

(d) The Agency may at any time deposit, supplement, replace or substitute a Reserve Fund Obligation for cash or Permitted Investments on deposit in the Series 2025 Reserve Fund or in substitution for or replacement of any existing Reserve Fund Obligation, provided, that the deposit, supplement, replacement or substitution of the Reserve Fund Obligation will not, in and of itself, cause any ratings then assigned to the Bonds by any Rating Agency to be lowered and the Board action authorizing the substitution of the Reserve Fund Obligation for all or part of the Series 2025 Required Reserve Amount contains a finding that such substitution is cost effective. If the Agency does not utilize a Reserve Fund Obligation in connection with the initial issuance of the Bonds, but a Reserve Fund Obligation is utilized in connection with the Bonds after the issuance date of the Bonds, the Board must specifically approve any such Reserve Fund Obligation and any such Reserve Fund Obligation must be submitted to the Attorney General of Texas for approval, if submission is then required by law.

(e) If the Agency is required to make a withdrawal from the Series 2025 Reserve Fund for any of the purposes described in Section 4.07(a), the Agency shall promptly notify the provider of such Reserve Fund Obligation of the necessity for a withdrawal from the Series 2025 Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys or Permitted Investments then on deposit in the Series 2025 Reserve Fund, and NEXT from a drawing under any Reserve Fund Obligation to the extent of such deficiency.

(f) In the event there is a draw upon the Reserve Fund Obligation, the Agency shall reimburse the provider of such Reserve Fund Obligation for such draw, in accordance with the terms of any agreement pursuant to which the Reserve Fund Obligation is issued, from Transmission Net Revenues, however, such reimbursement from Transmission Net Revenues shall be in accordance with clause THIRD of Section 4.05.

(g) The Agency may create and establish a debt service reserve fund pursuant to the provisions of a Supplemental Resolution authorizing the issuance of Additional Parity Transmission Debt for the purpose of securing that particular issue or series of Additional Parity Transmission Debt or any specific group of issues or series of First Lien Transmission Debt, and the amounts once deposited or credited to said debt service reserve funds shall no longer constitute Transmission Net Revenues and shall be held solely for the benefit of the Holders of the particular First Lien Transmission Debt for which such debt service reserve fund was established. Each debt service reserve fund shall receive a pro rata amount of the Transmission Net Revenues after the requirements of the Debt Service Fund, which secures all First Lien Transmission Debt, have first been met as provided in clause THIRD of Section 4.05. Each such debt service reserve fund shall be designated in such manner as is necessary to identify the First Lien Transmission Debt it secures and to distinguish such debt service reserve fund from the debt service reserve funds created for the benefit of other First Lien Transmission Debt. Each Supplemental Resolution authorizing the issuance of First Lien Transmission Debt that is to be secured by a debt service reserve fund shall specify the amount or a manner of calculating the amount to be held and maintained on deposit therein.

Section 4.08. Deficiencies. If on any occasion there shall not be sufficient Transmission Net Revenues to make the required deposits and credits to the Debt Service Fund or to each debt service reserve fund established for First Lien Transmission Debt, then such deficiency shall be cured as soon as possible from the next available unallocated Transmission Net Revenues in accordance with Section 4.05, or from any other sources available for such purpose, and such deposits and credits shall be in addition to the amounts otherwise required to be deposited and credited to such funds.

Section 4.09. Construction Fund.

(a) There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of any Supplemental Resolution and any moneys from other sources which the Board may elect to deposit therein. Amounts in the Construction Fund, except as otherwise provided herein, shall provide the funds for payment of Project Costs.

(b) The Agency may establish within the Construction Fund a separate account for each Construction Project or for each Series of First Lien Transmission Debt that funds a deposit to the Construction Fund, but in any event the Agency shall provide for accounting controls with respect to the expenditures of amounts from the Construction Fund as to assure application of moneys therein as required by the applicable Supplemental Resolution or any other official action of the Board of Directors of the Agency and applicable law.

(c) The proceeds of insurance maintained pursuant to this Resolution, any Supplemental Resolution or any other official action of the Board against physical loss of or damage to the Transmission System, or of contractors' performance bonds with respect thereto, pertaining to the period of construction of any Construction Project shall be paid into the Construction Fund.

(d) Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of the principal of, premium, if any, and interest on the Series of First Lien Transmission Debt from which such funds for deposit to the Construction Fund were provided, or, if such funds on deposit in the Construction Account are not proceeds of First Lien Transmission Debt, for deposit to the Debt Service Fund and used to pay the First Lien Transmission Debt next coming due for payment.

(e) Upon the completion of a Construction Project, any balance remaining in the Construction Fund shall be transferred to the Debt Service Fund and be applied towards the payment of the First Lien Transmission Debt that funded the Construction Project.

(f) In connection with the issuance of a Series of Subordinate Transmission Debt, the Agency may establish a construction fund with respect to such Series and may provide for the use of amounts deposited thereto.

Section 4.10. Payment of First Lien Transmission Debt. While any of the First Lien Transmission Debt is Outstanding, the Agency shall transfer to the respective paying agent/registrar therefor, from funds on deposit in and credited to the Debt Service Fund, and, if necessary, in the applicable debt service reserve fund, amounts sufficient to fully pay and discharge promptly the interest on and principal of the First Lien Transmission Debt as it shall become due on each interest or principal payment date, or date of redemption; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with each respective paying agent/registrar for the First Lien Transmission Debt not later than the date such payment is due thereon.

ARTICLE V

COVENANTS OF THE AGENCY

Section 5.01. Maintenance of Facilities. The Agency (i) will at all times maintain, preserve and keep or cause to be maintained, preserved and kept, the properties and facilities constituting the Transmission System, and operations thereof and all additions and betterments thereto and extensions thereof and every part and parcel thereof in good repair, working order and condition and (ii) will from time to time make or cause to be made all necessary and proper repairs, renewals, capital additions, replacements, extensions and betterments to such so that at all times the business carried on in connection with the Transmission System may be properly and advantageously conducted.

The Agency agrees at all times to use its best efforts to (i) obtain approval from the PUC of rates and charges for the facilities and services of the Transmission System which will permit the Agency to comply with all covenants, representations and agreements contained in this Resolution, to the extent the facilities and services of the Transmission System are regulated by such entity, (ii) obtain or cause to be obtained and maintain or cause to be maintained in effect all permits and licenses for operating the properties and facilities of the Transmission System and the operations of any part thereof required by federal or state governmental agencies or bodies, (iii) comply with all federal or State laws or regulations applicable to the construction, operation, maintenance and repair of the properties and facilities of the Transmission System and its operations, or requiring a license for the properties and facilities of the Transmission System and the operations or any part thereof, and (iv) comply and assure compliance with the terms and conditions of any such permits and licenses.

Section 5.02. Maintenance of Rates and Charges. (a) Subject to subsection (b) below, the Agency covenants to use its best efforts to obtain approval from the PUC of rates and charges for the facilities and services of the Transmission System and to establish and maintain such other fees, rents, tolls, rates and other charges for the properties and facilities constituting the Transmission System and its operations, which it may lawfully charge and assess without having received the approval of any regulatory body, if any, on the basis of all available information and experience and with due allowance for contingencies, that are reasonably expected to produce Transmission Gross Revenues each Fiscal Year sufficient:

(i) To produce an amount sufficient to pay all Transmission Operating and Maintenance Expenses,

(ii) To produce an amount equal to 1.25 times the Average Annual Debt Service Requirements when due and payable,

(iii) To produce an amount sufficient to pay all Subordinate Transmission Debt when due and payable, but excluding from the total the debt service requirements that portion of the total that is being funded with capitalized interest, and

(iv) To produce an amount sufficient to accumulate the required funds in any debt service reserve fund related to any Transmission Debt or any other funds required by any other agreement.

(b) In any Fiscal Year, if the Agency complies with clause (i) of the second paragraph of Section 5.01 but the fees, rents, tolls, rates and other charges approved by the PUC are not sufficient for the Agency to produce Transmission Gross Revenues as required by subsection (a) above, such event shall not be deemed a failure to comply with the covenant contained in subsection (a) so long as Transmission Gross Revenues for such Fiscal Year are sufficient to meet the requirements of clauses (i), (iii) and (iv) of subsection (a) above, plus an amount to produce the Annual Debt Service Requirements.

(c) Notwithstanding anything in this Resolution to the contrary, in the event the Agency fails to comply with subsection (a) above but such event does not constitute an Event of Default pursuant to subsection (b) above, the Agency shall immediately begin preparation of a transmission cost of service proceeding with the PUC and file such proceeding as soon as practical in which the Agency shall seek costs and rates in an amount at least sufficient for the Agency to meet all of its obligations hereunder, including subsection (a) above. The Agency may not be compelled to file a new complete transmission cost of service proceeding before the PUC within a twelve month period of it having filed a similar complete proceeding. In addition, the Agency shall engage a Transmission Consultant to assist the Agency in any proceeding required by this paragraph.

Section 5.03. Not to Furnish Facilities Free of Charge; Enforcement of Accounts Owing. The Agency will not furnish or supply the use, services or facilities of the Transmission System free of charge to any person, firm or corporation, public or private, and the Agency will promptly enforce the payment of any and all accounts owing to the Agency by reason of the ownership and operation of the properties and facilities constituting the Transmission System and its operations.

Section 5.04. No Other Liens on Transmission Net Revenues. The Transmission Net Revenues have not been pledged in any manner to the payment of any debt or obligation of the Agency other than as set forth in this Resolution.

Section 5.05. Permitted Liens on Transmission Facilities. Except as may otherwise be provided in Sections 5.04, 5.09 and 5.11, the Agency will not create or permit or suffer to exist any lien, encumbrance, or charge upon the properties and facilities constituting the Transmission System or any interest therein at any time, except Permitted Liens.

Section 5.06. Records and Accounts; Annual Audit. The Agency hereby covenants and agrees that so long as any First Lien Transmission Debt is Outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the Transmission System in which complete and correct entries shall be made of all transactions relating thereto in accordance with Generally Accepted Accounting Principles. The Agency further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts of the Transmission System to be made by an independent firm of certified public accountants. The Agency may prepare the Transmission System audit as a component of a consolidated audit of any other Agency lines of business or enterprise funds. Each such audit, in addition to whatever other matters may be thought proper by the accountant, shall particularly include a report regarding the following:

(a) A statement of the income and expenses for such Fiscal Year, and

(b) A balance sheet as of the end of such Fiscal Year.

The audits herein required shall be made within one hundred and twenty (120) days following the close of each Fiscal Year insofar as is possible. Holders shall be entitled to receive the audited financial statements of the Transmission System.

Section 5.07. Annual Transmission System Budget. The Agency will cause to be prepared and approved by the Board, prior to the beginning of each Fiscal Year, an Annual Budget covering the operations of the Transmission System, including all Transmission Operating and Maintenance Expenses and costs for capital additions, improvements, betterments and extensions planned for the Transmission System, and the Agency will not incur Transmission Operating and Maintenance Expenses or expenditures for capital additions, improvements, betterments and extensions for the Transmission System in any Fiscal Year in excess of the amounts provided therefor in the Annual Budget for that Fiscal Year, unless such expenditure is approved or ratified by the Board through budget amendment or otherwise. The Annual Budget may consist of separate operating and capital budgets, as may be determined in the discretion of the Board.

Section 5.08. Insurance Required.

(a) Except as otherwise permitted in subsection (b) below, the Agency shall cause to be insured such parts of the properties and facilities constituting the Transmission System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by corporations operating like properties. At any time while any contractor engaged in construction work shall be fully responsible therefor, the Agency shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance.

(b) If such insurance is unavailable, is prohibitively expensive in the reasonable judgment of the Agency or the Agency determines to self-insure, the Agency may self-insure against risks, accidents, claims, or casualties described in, and at the same levels as, subsection (a) above. The Agency may self insure by utilizing borrowings to protect against such risks.

Section 5.09. Sale, Lease or Disposal of Transmission System Property. No part of the properties and facilities constituting the Transmission System shall be sold, leased, mortgaged, demolished, removed, or otherwise disposed of, except as follows:

(a) to the extent permitted by law, the Agency may sell or exchange at any time and from time to time any properties and facilities constituting the Transmission System only if (i) it shall determine the disposition of such property or facilities is advantageous to the Transmission System as certified by a Board resolution not less than thirty (30) days prior to such sale or exchange, and (ii) the Agency shall have received a certificate executed by the Chief Financial Officer stating (A) that the Transmission System will not be materially adversely affected by the sale or exchange of such property or facilities and such sale or exchange will not materially adversely affect the rates and charges charged by the Agency for the services provided by the Transmission System and (B) in the opinion of the Chief Financial Officer, that the sale or exchange of such property or facilities will not impair the ability of the Agency to comply during the current or any future year with the provisions of Section 5.02. The proceeds of any such sale or exchange shall be used by the Agency, at the option of the Agency, to acquire additional Transmission Facilities or be used to purchase, defease or redeem First Lien Transmission Debt.

(b) to the extent permitted by law, the Agency may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of its facilities, provided that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by the Agency of the properties and facilities constituting the Transmission System and (ii) does not materially adversely impair or affect the rights or security the Holders; and provided, further, that if the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement, or other right is in excess of $500,000, the Agency shall have received a certificate executed by an Authorized Officer that the action of the Agency with respect thereto does not result in a breach of the conditions under this subsection (b). Any payments received by the Agency under or in connection with any such lease, contract, license, arrangement, easement, or right in respect of its facilities or any part thereof shall constitute Transmission Gross Revenues.

Section 5.10. Insurance and Condemnation Awards. (a) In case any substantial damage to or destruction of any part of the properties and facilities constituting the Transmission System occurs or any part thereof is taken by eminent domain, unless the Agency determines that the property or part thereof shall not be repaired or replaced, the Agency shall cause the damaged or destroyed property to be repaired, reconstructed or replaced (either in accordance with the original or a different design) and shall apply the proceeds received to acquire additional Transmission Facilities.

(b) The proceeds of insurance resulting from loss, damage or destruction, or condemnation awards, with respect to the properties and facilities constituting the Transmission System shall be used to restore or replace the lost, damaged or destroyed property, provided, however, that if the Agency determines that the damaged or condemned property or part thereof shall not be replaced or repaired or additional Transmission Facilities shall not acquired, the proceeds of the insurance or the condemnation award shall be used to purchase, defease or redeem First Lien Transmission Debt.

(c) The proceeds of insurance resulting from loss, damage or destruction, or condemnation awards shall not be considered as Transmission Gross Revenues. The proceeds of any insurance or condemnation award received as a result of the destruction or condemnation of Transmission Facilities, and that remain after the Agency has satisfied the requirements of Section 5.10(b), shall belong to, and may be used for any lawful purpose by, the Agency.

Section 5.11. Taxation of Project. During the term of this Agreement, the Agency will promptly remit when due all taxes, including for which it is liable and not exempt, levied in respect of the properties and facilities constituting the Transmission System as may be assessed against such properties and facilities to the appropriate taxing body. The Agency may, at its own expense and in its own name, in good faith contest any such taxes, assessments and other charges and, in the event of such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom. All taxes, assessments and other charges levied or imposed with respect to the properties and facilities constituting the Transmission System shall be a Transmission Operating and Maintenance Expense.

Section 5.12. Power to Issue the Bonds and Pledge Revenues and Other Funds. The Agency is duly authorized under all applicable laws to provide for the issuance of the Bonds and to pledge the Transmission Net Revenues and other moneys, securities and funds purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. The provisions of this Resolution and the Bonds are valid and legally enforceable obligations of the Agency in accordance with the respective terms of this Resolution and the Bonds. The Agency shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Transmission Net Revenues and other moneys, securities and funds pledged under this Resolution and all the rights of the Holders under this Resolution against all claims and demands of all persons whomsoever.

Section 5.13. Power to Construct and Operate the Transmission System and Collect Rates and Fees. The Agency has, and will have so long as any First Lien Transmission Debt is Outstanding, good, right and lawful power to construct, reconstruct, improve, maintain, operate and repair the properties and facilities constituting the Transmission System and to fix and collect rates, fees and other charges in connection with the Transmission System, subject to the jurisdiction of any applicable law or regulatory authority.

Section 5.14. General.

(a) The Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Agency under the provisions of the Act and this Resolution.

(b) Upon the date of delivery of any of the Bonds all acts, conditions and things required by law and this Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed in regular and in due time, form and manner as required by law and the Agency will have duly and regularly complied with all applicable provisions of law and will be duly authorized to issue the Bonds under the Act in the manner and upon the terms as in this Resolution provided.

Section 5.15. Covenants to Maintain Tax-Exempt Status.

(a) Covenants. The Agency covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code (the "Code"), the interest on which is not includable in the "gross income" of the Holder for purposes of federal income taxation. In furtherance thereof, the Agency covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Agency, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of $5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

> (A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the bonds are issued,
>
> (B) amounts invested in a bona fide debt service fund, within the meaning of section l.148-1(b) of the Treasury Regulations, and
>
> (C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the Agency for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the Holders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The Agency understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the Refunded Note Obligations expended prior to the date of issuance of the Bonds. It is the understanding of the Agency that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Agency will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Agency agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Agency hereby authorizes and directs an Authorized Officer to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Agency, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Disposition of Project. The Agency covenants that the projects funded with the proceeds of the Refunded Note Obligations will not be sold or otherwise disposed of in a transaction resulting in the receipt by the Agency of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the Agency may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Agency shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

ARTICLE VI

ADDITIONAL DEBT

Section 6.01. Reservation of Right to Issue Additional Parity Transmission Debt. Subject to the provisions of this Article VI, the Agency expressly reserves the right to issue Additional Parity Transmission Debt now or hereafter permitted by applicable law to be issued by the Agency payable from and secured by a lien on and pledge of the Transmission Net Revenues on parity with the Bonds and any other Outstanding First Lien Transmission Debt.

Section 6.02. Issuance of Additional Parity Transmission Debt. (a) Additional Parity Transmission Debt, if and when authorized, issued and delivered in accordance with this Resolution and each Supplemental Resolution shall be secured by and made payable equally and ratably on a parity with all other Outstanding First Lien Transmission Debt, from the lien on and pledge of the Transmission Net Revenues granted with respect to the Bonds, subject to the payment priorities set forth in Section 4.05.

(b) The Debt Service Fund established by this Resolution shall secure and be used to pay all First Lien Transmission Debt. However, each Supplemental Resolution under which Additional Parity Transmission Debt is issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any Supplemental Resolution authorizing Additional Parity Transmission Debt to be deposited to the credit of the Debt Service Fund, the Agency shall deposit to the credit of the Debt Service Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Parity Transmission Debt then being issued, as the same come due.

(c) The Agency may create and establish a reserve fund or other funds pursuant to the provisions of any Supplemental Resolution authorizing the issuance of Additional Parity Transmission Debt for the purpose of securing that particular issue or series of Additional Parity Transmission Debt or any specific group of issues or series of First Lien Transmission Debt, as provided in Section 4.07(g).

Section 6.03. Further Requirements for Additional Parity Transmission Debt. Additional Parity Transmission Debt shall be issued only in accordance with this Resolution and each Supplemental Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, series or issue of Additional Parity Transmission Debt, except as provided in subsection (c) below relating to the issuance of one or more series of Transmission Debt CP and any Transmission Debt CP Credit Agreement related thereto that constitutes Additional Parity Transmission Debt, shall be issued or delivered unless:

(a) An Authorized Officer signs a written certificate to the effect that the Agency is not in default as to any covenant, condition or obligation in connection with all Outstanding First Lien Transmission Debt (unless, if such default has occurred, upon the issuance of such series or issue of Additional Parity Transmission Debt any such default will be cured), and the Supplemental Resolutions authorizing same, and that the Debt Service Fund and any reserve fund or other fund securing any other series or issue of First Lien Transmission Debt each contain the amounts then required to be therein.

(b) The Board finds in a Supplemental Resolution or other official action of the Board in connection with the issuance of the Additional Parity Transmission Debt that (i) the relevant facilities being funded with proceeds of the Additional Parity Transmission Debt have received or are expected to receive a CCN or are otherwise not required to have a CCN, (ii) either (A) the Annual Debt Service Requirements on such proposed Additional Parity Transmission Debt is expected to be approved by the PUC as an allowable cost of service in the transmission cost of service proceeding within which the Board plans to request such recovery or (B) the Project Costs for the relevant facilities being funded with proceeds of the Additional Parity Transmission Debt are expected to be approved by the PUC for inclusion in the Agency's rate base in the transmission cost of service proceeding within which the Board plans to request such recovery next succeeding the date of commercial operation of such facilities and (iii) after delivery of the proposed Additional Parity Transmission Debt, the Transmission Gross Revenues are expected to be sufficient (A) to produce an amount sufficient to pay all Transmission Operating and Maintenance Expenses, (B) to produce an amount equal to 1.25 times the Average Annual Debt Requirements, including the Annual Debt Service Requirements relating to the proposed Additional Parity Transmission Debt, (C) to produce an amount sufficient to pay all other Transmission Debt, but excluding from the total of any such debt service that portion of the total that is being funded with capitalized interest, and (D) to produce an amount sufficient to accumulate the required funds in any debt service reserve fund related to any other Transmission Debt.

(c) Additional Parity Transmission Debt, issued pursuant to a Supplemental Resolution as one or more series of Transmission Debt CP, at the time of authorization by the Agency, in an aggregate amount not to exceed the greater of $60 million or twenty-five percent (25%) of the sum of the Total Equity and the Long-Term Debt of the Transmission System (as certified by the Chief Financial Officer of the Agency pursuant to (iv) below) and any related Transmission Debt CP Credit Agreement may be issued by the Agency, without regard to subsections (a) and (b) above, provided:

(i) At the time of the authorization of Transmission Debt CP, an Agency Officer signs a written certificate to the effect that the Agency is not in default as to any material covenant, condition or obligation in connection with all Outstanding First Lien Transmission Debt (unless, if such default has occurred, upon the initial issuance of obligations as Transmission Debt CP any such default will be cured), and that the Debt Service Fund and any reserve fund or other fund securing any other series or issue of First Lien Transmission Debt each contain the amounts then required to be therein.

(ii) The Board finds in a Supplemental Resolution or other official action of the Board in connection with the issuance of the Transmission Debt CP that the Board has a reasonable expectation that (A) such Transmission Debt CP will be issued only for those purposes for which Transmission Debt may be issued, (B) any facilities financed with proceeds from such Transmission Debt CP will be covered by, or will receive a CCN or are otherwise not required to have a CCN, and (C) either (I) the Annual Debt Service Requirements on such Transmission Debt CP (and/or the Additional Parity Transmission Debt issued to refund any portion of such Transmission Debt CP) will be approved by the PUC as an allowable cost of service in the transmission cost of service proceeding within which the Board plans to request such recovery or (II) the Project Costs for the relevant facilities financed with the proceeds of such Transmission Debt CP will be approved by the PUC for inclusion in the Agency's rate base in a transmission cost of service proceeding within which the Board plans to request such recovery.

(iii) Any Supplemental Resolution authorizing Transmission Debt CP shall require, as a condition precedent to the issuance of any notes or other obligations thereunder, certifications of authorized representatives of the Agency substantially similar to the certifications contained in subsections (i) and (ii) above, respectively.

(iv) In making the certification of Total Equity and Long-Term Debt for purposes of this Section, the Chief Financial Officer may rely on audited or unaudited financial statements of the Transmission System for any Fiscal Year or other twelve month period ending not more than ninety (90) days prior to the date of any such certification.

(d) The authorization of the Series A Notes represented the issuance of all of the First Lien Transmission Debt authorized by Section 6.03(c).

Section 6.04. Refunding Transmission Debt. The Agency reserves the right to issue Additional Parity Transmission Debt to refund all or any part of the Outstanding First Lien Transmission Debt or any other Transmission Debt, pursuant to any law then available, upon such terms and conditions as the Board may deem to be in the best interest of the Agency and, unless all of the then Outstanding First Lien Transmission Debt is simultaneously refunded, the conditions precedent prescribed for the issuance of Additional Parity Transmission Debt and the representations and certifications required in Sections 6.02 and 6.03, other than the requirements of Section 6.03(b)(i) and (ii), shall be satisfied and shall give effect to the Annual Debt Service Requirements of the proposed refunding Additional Parity Transmission Debt (but shall not give effect to the Annual Debt Service Requirements of the obligations being refunded following their cancellation or provision being made for their payment); provided, however, if First Lien Transmission Debt is being refunded and as a result of such refunding the Annual Debt Service Requirements are not increased in any Fiscal Year, the Agency shall not be required to satisfy the requirements of Section 6.03(b) as a condition to the issuance of such Additional Parity Transmission Debt.

Section 6.05. Issuance of Subordinate Lien Obligations. The Agency hereby reserves the right to issue, at any time, Subordinate Transmission Debt.

Section 6.06. No Obligation of Lien Superior to that of the First Lien Transmission Debt; Right to Issue Non-Recourse Debt.

(a) The Agency will not issue any additional bonds, notes, or other obligations or create or issue evidences of indebtedness for any purpose possessing a lien on the Transmission Net Revenues superior to that possessed by the First Lien Transmission Debt.

(b) Non-Recourse Debt may be incurred by the Agency without limitation.

Section 6.07. Undertaking Non-Transmission System Operations and Issuance of Obligations for Other Purposes. The Agency retains the right to undertake operations for any purpose permitted by the Act or other applicable State law, and to issue bonds, notes, or other obligations for the any purpose permitted by law, including for financing the construction or acquisition of electric facilities (as defined in the Act). Any obligations issued or incurred for non-Transmission System purposes shall not be payable from Transmission Gross Revenues, nor shall the expense of operating and maintenance for any such purpose undertaken or financed by the Agency be a Transmission Operating and Maintenance Expense. Any moneys received by reason of such non-Transmission System operations or financings shall be kept separate and apart from all funds established pursuant to this Resolution or any Supplemental Resolution.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS RESOLUTION

Section 7.01. Amendments Permitted.

(a)(i) Except as provided in clause (ii) of this Section 7.01(a), this Resolution and the rights and obligations of the Agency and of the Holders of the Bonds may be modified or amended at any time with the written consent of the Holders of the Bonds aggregating at least a majority in principal amount of the Bonds then Outstanding and provided that (ii) unless the Agency shall have received the consent of all of the Holders of the Bonds, no such modification or amendment shall:

(i) Grant to the Holders of another Series of Transmission Debt a priority over the lien on the Transmission Net Revenues provided herein for the benefit of the Bonds; or

(ii) Materially adversely affect the rights of the Holders of the Bonds then Outstanding; or

(iii) Change the minimum percentage of the Outstanding principal amount of the Bonds necessary for consent to such amendment; or

(iv) Reduce the rate of interest borne by any Bond; or

(v) Reduce the amount of the principal payable on any Outstanding Bond; or

(vi) Modify the terms of payment of principal of, premium, if any, or interest on any Outstanding Bond, or impose any conditions with respect to such; or

(vii) Amend subsection (a) of this Section.

(b) This Resolution and the rights and obligations of the Agency and of the Holders of the Bonds may also be modified or amended at any time, without notice to or receipt of the consent of any Bondholders, but only for any one or more of the following purposes:

(1) To add to the covenants and agreements of the Agency in this Resolution contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Agency; or

(2) To cure any ambiguity, or to cure or correct any defective provision contained in this Resolution, upon receipt by the Agency of an approving opinion of bond counsel, selected by the Agency, that the same is needed for such purpose; or

(3) To make any changes in the provisions of this Resolution as the Agency may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the Holders of the Outstanding Bonds.

Section 7.02. Amendment by Written Consent.

(a) If at any time the Agency shall desire to amend this Resolution pursuant to Section 7.01(a), the Agency shall first cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York, or in the State of Texas, once during each calendar week for at least two successive calendar weeks or disseminated by electronic means customarily used to convey notices of redemption. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Agency for inspection by all Holders of the Bonds. Such publication is not required, however, if the Agency gives or causes to be given such notice in writing, by U.S. mail or by customary electronic means, to each Holder of the Bonds (including the nominee of DTC at any time that such nominee is the registered owner of all of the Outstanding Bonds).

(b) With respect to any amendment undertaken pursuant to Section 7.01(a), whenever at any time the Agency shall receive an instrument or instruments executed by all of the Holders or the Holders of a majority in Outstanding principal amount, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(c) Upon the adoption by the Board of any resolution to amend this Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Agency and all Holders of then Outstanding Bonds and all future Holders thereof shall thereafter be determined, exercised, and enforced under this Resolution, as amended.

(d) Any consent given by any Holder of the Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section or the date of such consent, whichever is later, and shall be conclusive and binding upon all future Holders of the same Bonds during such period. Such consent may be revoked at any time after the applicable period of time that a consent is irrevocable by the Holder who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar for such Bonds and the Agency, but such revocation shall not be effective if the Holders of the requisite amount of the Outstanding Principal Amount, prior to the attempted revocation, consented to and approved the amendment.

(e) For the purpose of this Section 7.02, the ownership and other matters relating to all the Bonds shall be determined as provided in Section 11.03.

(f) Each Supplemental Resolution shall contain provisions governing the ability of the Agency to amend such Supplemental Resolution; provided, however, that no amendment may be made to any Supplemental Resolution for the purpose of granting to the Holders of a Series of First Lien Transmission Debt a lien or pledge of the Transmission Net Revenues having a priority over the lien and pledge given in the Resolution for the Bonds.

(g) Any amendment to this Resolution requiring the consent of the Holders may be undertaken by the Agency in conjunction with the amendment of any other Supplemental Resolution to which modifications of the same effect are being made, and in such event, such modifications may be made upon the receipt of written consent of the Holders of the Bonds and such other Series of First Lien Transmission Debt cumulatively aggregating at least a majority in principal amount of the Bonds and such other First Lien Transmission Debt then Outstanding that are similarly affected by the modification.

Section 7.03. Certain Bonds not Considered Outstanding. For the purposes of Article VII, Bonds owned by or held for the account of the Agency shall not be considered as Outstanding.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF HOLDERS

Section 8.01. Events of Default. Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

(a) the failure to make payment of the principal of or premium, if any, on any of the Bonds when the same shall become due and payable;

(b) the failure to pay any installment of interest when the same shall become due and payable,

(c) default in any covenant, undertaking or commitment contained in this Resolution, the failure to perform which materially affects the rights of the Holders of the Bonds to be repaid and the continuation thereof for a period of sixty (60) days after notice of such default by any Holder of not less than 5% of the Outstanding Bonds; and

(d) if there shall occur the dissolution or liquidation of the Agency (other than re-creation of the Agency as provided in the Act) or the filing by the Agency of a voluntary petition in bankruptcy or the commission by the Agency of any act of bankruptcy, or adjudication of the Agency as a bankrupt or assignment by the Agency for the benefit of its creditors, or the entry by the Agency into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Agency in a proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

Section 8.02. Remedies for Default. Upon the happening and continuation of any of the Events of Default as provided in Section 8.01, then and in every case any Holder may proceed against the Agency for the purpose of protecting and enforcing the rights of the Holders of Bonds under this Resolution, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of the Holder hereunder or any combination of such remedies. Each such right or privilege shall be in addition to and cumulative of any other right or privilege and the exercise of any right or privilege by or on behalf of any Holders shall not be deemed a waiver of any other right or privilege thereof.

Section 8.03. Priority of Payments. If an Event of Default has occurred then moneys of the Agency shall be applied first to the payment of interest on Bonds that has become due and second to the pro-rata payment of the principal amount of and premium, if any, on Bonds Outstanding which have become due.

ARTICLE IX

DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 9.01. Depositories.

(a) All moneys held in the Construction Fund, the Debt Service Fund or the Series 2025 Reserve Fund shall be deposited with one or more Depositories in the name of the Agency and shall be held in trust for the benefit of the Holders and applied only in accordance with the provisions of this Resolution.

(b) Each Depository shall be a bank or trust company organized under the laws of the State or a national banking association located within this State willing and able to accept the office on reasonable and customary terms and authorized to act in accordance with the provisions of this Resolution.

Section 9.02. Deposits.

(a) All moneys held by any Depository may be placed on demand or time deposit, if and as directed by the Agency, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. No officer or employee of the Agency shall be liable for any loss or depreciation in value resulting from any investment made pursuant to this Resolution. Any such deposit may be made in the commercial banking department of any Depository which may honor checks and drafts on such deposit or may be deposited in the banking department on demand or, if and to the extent directed by the Agency on time deposit, provided that such moneys on deposit be available for use at the time the Agency estimates it will be needed.

Such Depositories shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(b) All funds created by this Resolution shall be secured in the manner and to the fullest extent permitted or required by law, and such funds shall be used only for the purposes and in the manner permitted or required by this Resolution.

(c) All moneys deposited with the Paying Agent/Registrar and each Depository shall be credited to the particular fund or account to which such moneys belong.

Section 9.03. Investment of Money in Funds. Any cash on deposit in the respective funds required to be kept and maintained by the Agency pursuant to the provisions of this Resolution, may at the option of the Agency, be invested and reinvested in accordance with the investment policy of the Agency.

Investments held for the account of each Fund shall be valued, as of any date, in terms of the amortized cost of such investments and the total value of all investments held for such funds shall be redetermined at amortized cost each date moneys or securities are sold, traded or withdrawn from the particular fund. Such investments held for the account of the Debt Service Fund, the Construction Fund or the Series 2025 Reserve Fund shall be sold promptly when necessary to prevent any default in connection with the Bonds or other First Lien Transmission Debt, as applicable.

ARTICLE X

DISCHARGE OF INDEBTEDNESS

Section 10.01. Discharge of Indebtedness.

(a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer Outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section 10.01, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient money to provide for such payment, and when proper arrangements have been made by the Agency with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bonds and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Net Revenues and Funds herein pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities, and thereafter the Agency will have no further responsibility with respect to amounts available to the Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such Defeased Bond, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 10.01(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Agency expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Agency be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Agency, or deposited as directed in writing by the Agency. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 10.01(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Agency or deposited as directed in writing by the Agency.

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

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

Section 10.02. <u>Unclaimed Moneys</u>. Anything in this Resolution to the contrary notwithstanding, but subject to the unclaimed property laws of the State, any moneys held by a Paying Agent/Registrar in trust for the payment and discharge of any of the Bonds which remain unclaimed for four years after the date when the same have become due and payable, either at their Stated Maturity or by call for earlier redemption, if such moneys were held by a Paying Agent/Registrar at such date, or for four years after the date of deposit of such moneys if deposited with the Paying Agent/Registrar after the said date when such Bonds become due and payable, shall, at the written request of the Agency, be repaid by the Paying Agent/Registrar to the Agency, as its absolute property and free from trust, and the Paying Agent/Registrar shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Agency for the payment of such Bonds.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Limited Liability of Agency. The Agency shall not be required to advance any moneys derived from any source of income other than those pledged (under Section 4.01) for the payment of the principal of, premium, if any, and interest on the Bonds. Nevertheless, the Agency may, but shall not be required to, advance for any of the purposes hereof any funds of the Agency which may be available to it for such purposes.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Resolution either the Agency or any Paying Agent/Registrar is named or referred to, such reference shall be deemed to include the successors or assigns thereof.

Section 11.03 Execution of Documents by Bondholders. Any request, declaration or other instrument which this Resolution may require or permit to be executed by Bondholders may be in one or more instruments of similar tenor, and shall be executed by Bondholders in person or by their attorneys appointed in writing.

Except as otherwise expressly provided, the fact and date of the execution by any Bondholder or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Any request, declaration or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond in respect of anything done or suffered to be done by the Agency or a Paying Agent/Registrar in good faith and in accordance therewith or in reliance thereon.

Section 11.04. Waiver of Personal Liability. No member of the Board and no officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of, premium, if any, and interest on the Bonds but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 11.05. Waiver of Notice. Whenever in this Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice, and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.06. Cremation or Destruction of Canceled Bonds. Whenever in this Resolution provision is made for the surrender to the Agency of any Bonds which have been paid or canceled pursuant to the provisions of this Resolution, the Agency may, by a written request, direct the appropriate Paying Agent/Registrar to cremate or destroy such Bonds and furnish to the Agency a certificate of such cremation or destruction.

Section 11.07. Continuing Disclosure Undertaking.

(a) If the Bonds are sold by public offering, and are subject to the Rule (as defined below), the following provisions shall apply:

(i) Annual Reports. (A) The Agency shall provide annually to the MSRB, in the electronic format prescribed by the MSRB, financial information and operating data (the "Annual Operating Report") with respect to the Agency of the general type included in the final Official Statement authorized by this Resolution, being the information described in the Pricing Certificate. The Agency will additionally provide financial statements of the Agency (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in the Pricing Certificate or such other accounting principles as the Agency may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in the final Official Statement and (ii) audited, if the Agency commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The Agency will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2025. The Agency may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the Agency shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

(B) If the Agency changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Agency otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any documents available to the public on the MSRB's internet website or filed with the SEC.

(ii) Event Notices. The Agency shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Agency;
13. The consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material;
15. Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding item (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency.

The Agency shall notify the MSRB, in a timely manner, of any failure by the Agency to provide financial information or operating data in accordance with subsection (ii) of this Section by the time required by subsection (i).

(iv) Limitations, Disclaimers, and Amendments. (A) The Agency shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Agency remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Agency in any event will give notice of any deposit made in accordance with this Resolution or applicable law that causes the Bonds no longer to be outstanding.

(B) The provisions of this Section are for the sole benefit of the Holders and Beneficial Owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Agency undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Agency's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Agency does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(C) UNDER NO CIRCUMSTANCES SHALL THE AGENCY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE AGENCY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(D) No default by the Agency in observing or performing its obligations under this Section shall comprise a breach of or default under the Resolution for purposes of any other provision of this Resolution. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Agency under federal and state securities laws.

(E) The provisions of this Section may be amended by the Agency from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Agency, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Agency (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and Beneficial Owners of the Bonds. If the Agency so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Agency may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

(b) If the Bonds are sold by private placement, the Pricing Officer may agree to provide for an undertaking in accordance with the Rule or may agree to provide other public information to the purchaser as may be necessary for the sale of the Bonds on the most favorable terms to the Agency.

Section 11.08. Governing Law. This Resolution shall be governed by and construed in accordance with the laws of the State.

Section 11.09. Contingent Approval of Escrow Agreement; Retirement of Refunded Note Obligations. One or more escrow or deposit agreements (collectively, the "Escrow Agreement") by and between the Agency and any financial institution named in the Pricing Certificate as the escrow agent (the "Escrow Agent"), may be used for the retirement of the Refunded Note Obligations, and the form of such Escrow Agreement is hereby approved. An Authorized Officer is authorized to execute the Escrow Agreement, in substantially the form presented to the Board at the meeting at which this Resolution was adopted, setting forth the powers and duties of the Escrow Agent, provided that such Escrow Agreement may be revised with such changes or revisions as may be necessary to accomplish the refunding or benefit the Agency, as determined by the Pricing Officer. Provided, that if the Pricing Officer determines that the refunding authorized herein may be accomplished without the use of an escrow agreement, provision may be made by the Pricing Officer for deposit of the refunding proceeds directly to the Note Payment Fund created by the resolution approving the issuance of the Series A Notes to provide for the discharge of the Refunded Note Obligations.

Furthermore, the Pricing Officer and/or the Chief Financial Officer of the Agency, in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the Escrow Securities, if any, referenced in the Escrow Agreement and the delivery thereof to the Escrow Agent on the day of delivery of the Bonds to the Purchaser for deposit to the credit of the escrow account (if required), all as contemplated and provided in Chapter 1207, this Resolution and the Escrow Agreement.

Subject to execution and delivery of the Purchase Agreement with the Purchaser, the Board hereby directs that the Refunded Note Obligations be called for redemption or prepayment, and the Pricing Officer and/or the Chief Financial Officer of the Agency shall coordinate the final payment and discharge of the Refunded Note Obligations with the paying agent/registrar therefor.

Section 11.10. Reasons for Refunding. In accordance with Chapter 1207, the Board hereby finds and determines that the manner in which the refunding of the Refunded Note Obligations is being executed makes it impracticable for the Board to determine the maximum amount by which the aggregate amount of payments to be made under the Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Note Obligations, for the reason that the Series A Notes are revolving notes that are intended to be issued from time to time at different interest rates, and therefore there is no practicable means of ascertaining the future interest cost of such revolving Refunded Note Obligations for debt service comparison purposes.

Section 11.11. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Resolution on the part of the Agency (or of any Paying Agent/Registrar) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Resolution or of the Bonds but the Holders shall retain all rights and benefits accorded to them under the Act or any other applicable provisions of law.

Section 11.12. Effective Date of Resolution. This Resolution shall become effective to accomplish the refunding and defeasance of the Refunded Note Obligations, concurrently with the issuance and delivery of the Bonds.

March 13, 2025

AGENDA ITEM NO. 15

SUBJECT: Executive Session

Executive session will be held pursuant to the Open Meetings Act (Chapter 551, Government Code, legal advice under Section 551.071, Government Code, competitive matters under Section 551.086, Government Code, and personnel matter under Section 551.074, Government Code) for the following items:

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

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

March 13, 2025

AGENDA ITEM NO. 15A

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: On February 26, 2025, Scott Reschly of GCERG informed Daniel that he desired to address the Board in relation to his request to reduce the regulatory closure bond. Mr. Reschly is expected to address the Board during the "public comments" portion of the open meeting.

At closing of the sale of the plant site, GCERG delivered to TMPA a regulatory closure bond in the amount of $36.5 million. The bond secures GCERG's performance of its remediation obligations under the Asset Purchase Agreement (APA). The APA contemplates that, as individual projects are completed, the bond will be reduced in increments. So far, however, while all of the projects have been substantially completed in the field, the bond has been reduced only one time, from $36.5 million to $32.558 million, to account for completion of Plant Shutdown and Decommissioning.

According to TMPA's reading of the APA, the bond may be reduced when the following two conditions are met: (i) GCERG has received from the regulatory agency (TCEQ and/or EPA) a closure letter, stating that no further remediation actions are required other than meeting post-closure requirements and (ii) if post-closure requirements apply, GCERG has submitted to TMPA a post-closure bond.

TMPA agreed to the bond reduction for Plant Shutdown and Decommissioning because GCERG received closure letters from the TCEQ, and there were no post-closure requirements. To date, GCERG has not received any closure letters or post-closure bonds for any of the remaining projects, i.e., Site A Landfill, Site F Landfill, Scrubber Sludge Pond, Ash Ponds.

Initially, GCERG argued that TMPA's reading of the APA was wrong and that it was entitled to a bond reduction. However, in the last year, GCERG has taken a different approach, arguing that enforcement of a strict reading of the APA is unreasonable and unjust, and that TMPA should waive the requirements for a bond reduction. From GCERG's perspective, the work in the field is complete, there is nothing left to be done for the bond to secure, and payment of the semi-annual bond premium is an onerous financial burden on GCERG.

While work in the field is substantially complete, there is groundwater contamination in the vicinity of the ash ponds and landfills. When TMPA owned the plant site, TMPA filed with the TCEQ a request for an alternate source determination (ASD) that the contamination is naturally occurring, and not the result of discharges from the ponds/landfills. After acquiring the plant site, GCERG has continued the effort to obtain an ASD. To date, the TCEQ has not made a decision on the ASD, and has indicated that GCERG must drill additional groundwater monitoring wells before TCEQ will make a decision.

There are several factors that should be considered in connection with GCERG's request that TMPA waive the requirements for bond reduction. First, TMPA Staff has been advised by its environmental counsel and environmental consultant that, in the event the TCEQ denies the ASD, it is within the realm of possibility that the TCEQ will require that the groundwater contamination be cleaned up, and that the costs of clean-up could exceed the amount of the regulatory closure bond. Second, the APA expressly makes the Member Cities third party beneficiaries of the APA, and requires that any waiver of any APA requirement must be approved by the Member Cities.

BACKUP MATERIAL: None

ACTION REQUESTED: None

Carl Shahady
2/26/2025

March 13, 2025

AGENDA ITEM NO. 16

SUBJECT: Resolution No. 2025-3-8, authorizing an amendment to the agreement for general counsel services; and resolving matters incidental and related thereto.

DISCUSSION: The purpose of this agenda item is to modify the Legal Services Agreement between TMPA and Tiemann, Shahady & Hamala, P.C. to update the contact information in the notice provision and to increase the hourly rate.

When the Legal Services Agreement was entered into in January 1999, the hourly rate for Carl Shahady was $175. This rate remained in place until September 2010, when the Board increased the hourly rate for Carl and his partner, Richard Hamala, to $225. The 2010 amendment allowed the law firm to increase rates annually thereafter, but not to exceed 2% per year. The rate was amended in December 2021 to increase the hourly rate to $300 with the same rate increase provision.

This Resolution would increase the hourly rate for the two firm partners to $390.

BACKUP MATERIAL:

1. Amendment to Legal Services Agreement attached as Exhibit “A” to the Resolution.
2. Legal Services Agreement dated January 18, 1999, including amendments of February 9, 2000, September 1, 2010, and December 9, 2021;

ACTION REQUESTED: Consideration and action on Resolution No. 2025-3-8.

Daniel Meadows
3/13/2025

RESOLUTION NO. 2025-3-8

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AUTHORIZING AN AMENDMENT TO THE AGREEMENT FOR GENERAL COUNSEL SERVICES; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, the Agency and Tiemann, Shahady & Hamala, P.C. entered into an agreement, dated January 18, 1999, for general counsel services (as amended, the "Agreement"); and

WHEREAS, the Board desires to amend the Agreement to adjust the hourly rates;

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

1. That the above recitals are true and correct;

2. That the General Manager, or a person acting at his direction, is authorized to execute an amendment to the Agreement;

3. That the amendment shall be in substantially the same form as Exhibit "A;"

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

PASSED AND APPROVED THIS 13TH DAY OF MARCH 2025.

____
Summer Spurlock, President
Board of Directors
Texas Municipal Power Agency

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

AMENDMENT TO LEGAL SERVICES AGREEMENT

This Amendment to Legal Services Agreement is entered into as of March 13, 2025, between the Texas Municipal Power Agency (the "Agency") and Tiemann, Shahady & Hamala, P.C. (the "Law Firm").

RECITALS

The Agency and Law Firm entered into a Legal Services Agreement dated January 18, 1999, as amended on February 9, 2000, September 1, 2010, and December 10, 2021 (the "Agreement"). The Agency and Law Firm desire to amend the Agreement as set forth in this Amendment.

TERMS AND CONDITIONS

In consideration of the mutual benefits and obligations of the parties, the Agency and Law Firm agree to amend the Agreement as follows:

1. Section 9.1(c) is amended to read as follows:

    Law Firm Physical Address:

    TIEMANN, SHAHADY & HAMALA, PC
    12820 N. Lamar, Apt. 935
    Austin, Texas 78753

2. Section 9.1(d) is amended to read as follows:

    Law Firm Mailing Address:

    TIEMANN, SHAHADY & HAMALA, PC
    P.O. Box 408
    Round Rock, Texas 78680-0408

3. Section 9.2 is amended to read as follows:

    Delivery by email shall be at the following:

    a. If to the Agency: dmeadows@texasmpa.org

    b. If to the Law Firm: cshahady@tiemannlaw.com

4. Exhibit "A" of the Agreement is amended to read as follows:

EXHIBIT "A"
ATTORNEY HOURLY RATES AND CHARGES

Shareholders	$390
Associates	$150

Commencing on January 1, 2027, the Law Firm may increase the above rates on an annual basis, but not to exceed 2% per year.

An attorney may charge for attendance at TMPA Board Meetings at the above rates, but no charge may be made for travel time associated with attendance at Board Meetings.

Third-party expenses paid by Law Firm for TMPA's account will be billed to TMPA in addition to attorney hourly rates.

5. Except as amended, the Agreement shall remain in effect in accordance with its original terms and conditions.

Executed and effective as of the date set forth in the first paragraph hereof.

TEXAS MUNICIPAL POWER AGENCY

By: ______________________________

Name: Daniel Meadows

Title: General Manager

TIEMANN, SHAHADY & HAMALA, P.C.

By: ________________________________

Name: Carl J. Shahady

Title: Shareholder

AMENDMENT TO LEGAL SERVICES AGREEMENT

This Amendment to Legal Services Agreement ("Amendment") is entered into as of September 1. 2010, between the Texas Municipal Power Agency (the "Agency") and Tiemann, Shahady & Hamala, P.C. (the "Law Firm").

RECITALS

The Agency and Law Firm entered into a Legal Services Agreement dated January 18, 1999, as amended on February 9, 2000 (the "Agreement"). The Agency and Law Firm desire to amend the Agreement as set forth in this Amendment.

TERMS AND CONDITIONS

In consideration of the mutual benefits and obligations of the parties, the Agency and Law Firm agree to amend the Agreement as follows:

1. Throughout the Agreement. "Law Firm" shall refer to "Tiemann, Shahady & Hamala, P.C." and all references to "Tiemann Law Offices, P.C." are changed to "Tiemann, Shahady & Hamala, P.C.".

2. Section 9.1(d) of the Agreement is amended to read as follows:

   d. Law Firm Mailing Address:

      Tiemann, Shahady & Hamala, P.C.
      102 N. Railroad
      Pflugerville, Texas 78660

3. Exhibit "A" of the Agreement is amended to read as follows:

EXHIBIT "A"
ATTORNEY RATES AND CHARGES

Carl J. Shahady	$225/hour
Richard Hamala	$225/hour

Commencing in January 2012, the Law Firm may increase the above rates on an annual basis, but not to exceed 2% per year.

An attorney may charge for attendance at TMPA Board Meetings at the above rates, but no charge may be made for travel time associated with attendance at Board Meetings.

Third-party expenses paid by Law Firm for TMPA's account will be billed to TMPA in addition to attorneys' hourly rates.

TMPA has provided to Law Firm a computer and associated equipment for the purpose of enabling Law Firm to have access to TMPA documents. Title to the computer and associated equipment shall remain with TMPA. Upon termination of this Agreement by TMPA or by Law Firm, the computer and associated equipment shall be returned to TMPA.

4. Except as amended herein, the Agreement shall remain in effect in accordance with its original terms and conditions.

Executed as of the date set forth in the first paragraph hereof.

TEXAS MUNICIPAL POWER AGENCY

By: Gary Parsons 9/20/10

Name: Gary Parsons

Title: General Manager

TIEMANN, SHAHADY & HAMALA, P.C.

By: Carl J. Shahady

Name: Carl J. Shahady

Confidential Information

TIEMANN, SHAHADY & KENNEY, P.C.

CARRIE PARKER TIEMANN
CARL J. SHAHADY
JAMES J. KENNEY
BRIAN S. BLACKMAN

POST OFFICE BOX 1190
PFLUGERVILLE, TEXAS 78691-1190

TELEPHONE (512) 251-8510
FACSIMILE (512) 251-8540

www.tiemannlaw.com

February 9, 2000

Mr. Gary Parsons
Interim Manager
Texas Municipal Power Agency
P. O. Box 7000
Bryan, Texas 77805

Dear Gary:

As you and Carl Shahady discussed last week, this letter is to request consent to increase the billing rate applicable to one attorney under the attorney rate schedule appended to the Legal Services Agreement. The rate schedule currently provides a rate of $135 per hour for Brian Blackman. We would like to increase Brian's rate to $160 per hour as we have done with our other clients. The rates for the other attorneys in the rate schedule would remain unchanged. If you are agreeable to this revised rate, please so indicate by signing below and returning a counterpart of this letter to my attention. Thank you for your attention to this matter.

Sincerely,

Carrie Parker Tiemann

Carrie Parker Tiemann

ACCEPTED:

Gary Parsons

Mr. Gary Parsons
Dated: 2/16/00

LEGAL SERVICES AGREEMENT

This Agreement, entered into on this 18TH day of January 1999, between Texas Municipal Power Agency ("Agency"), a municipal corporation and political subdivision of the State of Texas, whose address is P.O. Box 7000, Bryan, Texas, 77805, and Tiemann Law Offices, P.C. ("Law Firm"), whose address is P.O. Box 1190, Pflugerville, Texas 78691-1190.

WITNESSETH:

WHEREAS, the Agency desires to employ Law Firm to perform certain legal services;

WHEREAS, Law Firm desires to perform such services for the consideration and under the terms and conditions set forth herein;

NOW, Therefore, in consideration of the mutual obligations set forth herein, the Agency and Law Firm agree as follows:

ARTICLE 1

1.0 SCOPE:

1.1 This Agreement shall be applicable to all legal services performed by Law Firm on behalf of the Agency.

ARTICLE 2

2.0 COMPENSATION:

2.1 In consideration of the performance of legal services, the Agency shall pay Law Firm in accordance with the rates and charges on Exhibit "A".

2.2 The rates and charges in Exhibit "A" shall remain in effect indefinitely until changed by mutual agreement of the parties.

2.3 Section 2.1 and 2.2 shall not preclude the Agency and Law Firm from agreeing, in a separate written document, on a different fee schedule (e.g. different hourly rates, lump sum fee, contingency fee, etc.) in relation to a particular matter.

ARTICLE 3

3.0 INVOICES:

3.1 Payment shall be made upon submission of invoices by the Law Firm. Invoices shall be paid within thirty (30) days after receipt.

3.2 Each invoice shall contain the following information:

a. With respect to each line item of work for which a professional fee is charged (i) the name of the attorney, law clerk, paralegal or other professional performing the work (ii) a description of the work (iii) the date on which the work was performed and (iv) the hours (or fraction thereof) expended.

b. The hourly rate of each attorney or other professional for which a fee is charged in the invoice.

c. The total number of hours for which a fee is charged for each attorney or other professional.

d. Expenses, itemized by category (e.g. meals, xerox copies, hotels, etc.).

3.3 All invoices shall be directed to the attention of the "General Manager" and sent to:

TEXAS MUNICIPAL POWER AGENCY
P.O. Box 7000
Bryan, Texas 77805

ARTICLE 4

4.0 STANDARD OF PERFORMANCE:

4.1 The Law Firm shall perform legal services with the skill and care expected of the legal profession, and in accordance with all laws, court decisions, regulations, rules, and standards, governing attorneys in the State of Texas or such other State in which the legal services are performed.

ARTICLE 5

5.0 REPORTING:

5.1 The Law Firm shall report to and take direction from the Agency's Board of Directors or General Manager.

5.2 With the concurrence or consent of any of the persons identified in Section 5.1, the Law Firm may report to and take direction from any other officer, employee, agent, or representative of the Agency.

5.3 The provisions of Section 5.1 and 5.2 shall not preclude the Law Firm from reporting to others when the Law Firm's duty under Article 4 would so require.

ARTICLE 6

6.0 TERMINATION:

6.1 The Agency reserves the right to terminate this Agreement at any time.

6.2 The Agency reserves the right to terminate Law Firm's employment with respect to a particular matter at any time.

6.3 Law Firm reserves the right to terminate this Agreement at any time, subject to compliance with Article 4.

6.4 Law Firm reserves the right to terminate its representation of the Agency in relation to any particular matter assigned to the Law Firm, subject to compliance with Article 4.

6.5 Termination of the Agreement or termination of Law Firm's employment with respect to a particular matter shall not affect (i) the Law Firm's right to be compensated for work performed prior to such termination or (ii) the Agency's right to audit invoices for work performed prior to such termination.

ARTICLE 7

7.0 AUDIT:

7.1 The Agency shall have a right to audit any invoice within a period of fifteen (15) months following the date the invoice is received. This right to audit shall apply to invoices received both before and after the date of this Agreement.

7.2 The audit shall be at the Agency's expense, and may, in the Agency's discretion, be conducted by the Agency's Internal Auditor, or by an outside auditor.

7.3 The audit shall be conducted during regular business hours.

7.4 In order to request an audit, the Agency shall submit to Law Firm a request in writing. Within ten (10) days following Law Firm's receipt of the request, the Law Firm shall notify the Agency of the date or dates that the audit may be conducted at the offices of the Law Firm.

7.5 In lieu of conducting the audit at the offices of the Law Firm, the auditor may request the Law Firm to mail or deliver, at the Agency's expense, copies of pertinent books and records (e.g. time sheets, expense records, receipts, etc.) to the auditor so that the audit may be conducted at the auditor's offices.

7.6 The Law Firm shall cooperate with the reasonable requests of the auditor in conducting the audit.

7.7 The scope of the audit shall be to determine the accuracy of the invoices to the Agency, and to determine whether the amounts invoiced for professional fees and expenses are consistent with this Agreement and with the fee schedule attached to this Agreement (or, in the event a different fee schedule in relation to a particular matter has been mutually agreed upon, such other fee schedule).

7.8 The audit shall not require the Law Firm to disclose (i) privileged or confidential information relating to clients other than the Agency or (ii) the costs underlying any hourly rates or agreed upon fees.

ARTICLE 8

8.0 GOVERNING LAW:

8.1 This Agreement shall be governed by the laws of the State of Texas.

ARTICLE 9

9.0 NOTICES:

9.1 All written documents required or permitted to be given under this Agreement shall be delivered to the following physical or mailing addresses:

a. Agency Physical Address:

TEXAS MUNICIPAL POWER AGENCY
Gibbons Creek Steam Electric Station
2-1/2 Miles North of Carlos, Texas on FM-244
Carlos, Texas 77830

b. Agency Mailing Address:

TEXAS MUNICIPAL POWER AGENCY
P.O. Box 7000
Bryan, Texas 77805

c. Law Firm Physical Address:

TIEMANN LAW OFFICES, P.C.
102 N. Railroad Avenue
Pflugerville, Texas 78660

d. Law Firm Mailing Address:

TIEMANN LAW OFFICES, P.C.
P.O. Box 1190
Pflugerville, Texas 78691-1190

9.2 Delivery by Fax shall be at the following:

a. Agency Fax Number: (409) 873-1183

b. Law Firm Fax Number: (512) 251-8540

9.3 Delivery of a document shall be effective when the document is physically received.

ARTICLE 10

10.0 MISCELLANEOUS:

10.1 This Agreement constitutes the entire agreement between the parties and supersedes all prior written or oral understandings.

10.2 Acceptance or acquiescence in a course of performance rendered under this Agreement shall not be relevant to determine the meaning of the Agreement.

10.3 No waiver by a party of any right under the Agreement shall prejudice that party's exercise of that right in the future.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

TEXAS MUNICIPAL POWER AGENCY

By: ______________________________
Scott McGough
General Manager

TIEMANN LAW OFFICES, P.C.

By: ______________________________
Carrie Parker Tiemann
Owner

TIEMANN

EXHIBIT "A"
1999 ATTORNEY RATES AND CHARGES

Carrie Parker Tiemann	$235/hour
James J. Kenney	$195/hour
Brian S. Blackman	$135/hour
Carl J. Shahady	$175/hour, not to exceed $1400 on the one day per week that he works for TMPA at TMPA's office in Carlos, Texas, such arrangement to continue through 1999 at TMPA's discretion, and, after 1999, by mutual agreement of TMPA and Law Firm.

Third-party expenses paid by Law Firm for TMPA's account will be billed to TMPA in addition to attorneys' hourly rates.

TIEMANN

RESOLUTION NO. 2021-12-5

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AUTHORIZING AN AMENDMENT TO THE AGREEMENT FOR GENERAL COUNSEL SERVICES; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, the Agency and Tiemann, Shahady & Hamala, P.C. entered into an agreement, dated January 18, 1999, for general counsel services (as amended, the "Agreement"); and

WHEREAS, the Board desires to amend the Agreement to adjust the hourly rates;

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

1. That the above recitals are true and correct;

2. That the General Manager, or a person acting at his direction, is authorized to execute an amendment to the Agreement;

3. That the amendment shall be in substantially the same form as Exhibit "A";

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

PASSED AND APPROVED THIS 9TH DAY OF DECEMBER 2021.

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

ATTEST:

Tom Jefferies, Secretary
Board of Directors
Texas Municipal Power Agency

TEXAS MUNICIPAL POWER AGENCY

AMENDMENT TO LEGAL SERVICES AGREEMENT

This Amendment to Legal Services Agreement is entered into as of December 10, 2021, between the Texas Municipal Power Agency (the "Agency") and Tiemann, Shahady & Hamala, P.C. (the "Law Firm").

RECITALS

The Agency and Law Firm entered into a Legal Services Agreement dated January 18, 1999, as amended on February 9, 2000 and on September 1, 2010 (the "Agreement"). The Agency and Law Firm desire to amend the Agreement as set forth in this Amendment.

TERMS AND CONDITIONS

In consideration of the mutual benefits and obligations of the parties, the Agency and Law Firm agree to amend the Agreement as follows:

1. Section 9.1(a) is amended to read as follows:

    a. Agency Physical Address:

        TEXAS MUNICIPAL POWER AGENCY
        2751 Nash St., Suite 130
        Bryan, Texas 77802

2. Section 9.2(a) is amended to read as follows:

    Delivery by email shall be at the following:

    a. If to the Agency: bkahn@texasmpa.org

    b. If to the Law Firm: cshahady@tiemannlaw.com

3. Exhibit "A" of the Agreement is amended to read as follows:

EXHIBIT "A"
ATTORNEY HOURLY RATES AND CHARGES

Shareholders	$300
Associates	$150

Commencing on January 1, 2023, the Law Firm may increase the above rates on an annual basis, but not to exceed 2% per year.

An attorney may charge for attendance at TMPA Board Meetings at the above rates, but no charge may be made for travel time associated with attendance at Board Meetings.

Third-party expenses paid by Law Firm for TMPA's account will be billed to TMPA in addition to attorney hourly rates.

4. Except as amended herein, the Agreement shall remain in effect in accordance with its original terms and conditions.

Executed and effective as of the date set forth in the first paragraph hereof.

TEXAS MUNICIPAL POWER AGENCY

By: Bob Kahn

Name: Bob Kahn

Title: General Manager

TIEMANN, SHAHADY & HAMALA, P.C.

By: Carl J. Shahady

Name: Carl J. Shahady

Title: Shareholder

March 13, 2025

AGENDA ITEM NO. 17

SUBJECT: Future Meeting Dates

DISCUSSION: The date for the next regularly scheduled Board Committee meeting is June 5, 2025.

TENTATIVE MEETING DATES:
September 11, 2025
December 11, 2025
March 12, 2026

Daniel Meadows
3/13/2025