TEXAS MUNICIPAL POWER AGENCY

AUDIT AND BUDGET COMMITTEE MEETING

MAY 21, 2025

TEXAS MUNICIPAL POWER AGENCY

AUDIT & BUDGET COMMITTEE MEETING

VIA VIDEO CONFERENCE CALL

THE PRESIDING OFFICER WILL BE IN ATTENDANCE AT, AND MEMBERS OF THE PUBLIC MAY ATTEND, THE FOLLOWING LOCATION:

BRYAN TEXAS UTILITIES
2611 NORTH EARL RUDDER FREEWAY
BRYAN, TEXAS 77803

Wednesday, May 21, 2025
10:00 AM

AGENDA

Preliminary matters:

- Call to order
- Public comments

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

1. Consider approval of the minutes of the December 12, 2024 Audit and Budget Committee meeting.

2. Discuss the Agency's proposed FY26 Budget Package.

3. Review new accounting standards and their impact on the Agency.

4. Consider approval of the engagement letters with Forvis Mazars for Fiscal Year 2025.

5. Discuss future meeting dates and topics.

6. Adjourn

IN REGARD TO ITEMS SCHEDULED ON THIS AGENDA FOR DISCUSSION AND/OR ACTION IN THE OPEN PORTION OF THE MEETING, THE COMMITTEE 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.

THIS COMMITTEE MEETING MAY BE ATTENDED BY ONE OR MORE BOARD MEMBERS WHO ARE NOT MEMBERS OF THE COMMITTEE, IN WHICH CASE A QUORUM OF THE BOARD OF DIRECTORS MAY BE IN ATTENDANCE AT THIS COMMITTEE MEETING.

May 21, 2025

AGENDA ITEM NO. 1

SUBJECT: Consider approval of the minutes of the December 12, 2024 Audit and Budget Committee meeting.

BACKUP MATERIAL: Minutes of the December 12, 2024 Audit and Budget Committee meeting.

ACTION REQUESTED: Consideration and approval of minutes.

Lyndi Birkhead
5/14/25

TEXAS MUNICIPAL POWER AGENCY

AUDIT AND BUDGET COMMITTEE MEETING MINUTES

VIA VIDEO CONFERENCE CALL
THE PRESIDING OFFICER WAS IN ATTENDANCE AT, AND MEMBERS OF THE PUBLIC COULD ATTEND, THE FOLLOWING LOCATION:

1659 SPENCER ROAD
DENTON, TX 76205

THURSDAY – DECEMBER 12, 2024
9:00 AM

Mr. Cheek called the meeting to order at 9:01 AM.

The following people were present at the meeting:

Committee Members:
Bill Cheek – City of Denton (Vice-Chair)
Sue Ann Harting – City of Greenville
Jamie Ratliff – City of Garland

Absent – Andrew Nelson – City of Bryan

Staff:
Lyndi Birkhead
Susie Johnson
Daniel Meadows

Others:
Kevin Kemp – Forvis Mazars

Public Comments - Mr. Cheek called for public comments. There were none.

1. **Consider approval of the minutes of the May 29, 2024 Audit and Budget Committee meeting.**

   A motion was made by Mr. Ratliff and seconded by Mr. Cheek to approve the minutes. The motion passed with voting as follows:

   Cheek - Aye
   Harting - Aye
   Ratliff - Aye

2. **<u>Consider appointment of a Vice-Chair for the Committee.</u>**

Mr. Cheek called for nominations for the Vice-Chair. Mr. Ratliff nominated Ms. Harting, and Mr. Cheek seconded. No further nominations were made. The motion passed with voting as follows:

Cheek - Aye	Harting - Aye
Ratliff - Aye	

3. **<u>Review the Agency's Financial Statements.</u>**

Ms. Birkhead explained that the FY24 financial audit went very smoothly, and she introduced Kevin Kemp, Partner at Forvis Mazars.

Mr. Kemp stated that Forvis Mazars issued a clean, unmodified opinion. He explained that the financial statements were very consistent year over year from fiscal year 2023 to fiscal year 2024. He also explained that there were no significant issues with TMPA's accounting estimates, adoption of GASB standards, or internal controls. Mr. Kemp walked through the various statements highlighting any variances.

Mr. Ratliff inquired whether transmission operating expenses impact the Agency's Earnings Monitoring Report. Ms. Birkhead confirmed that they do.

Mr. Ratliff inquired about the "Schedule of Uncorrected Misstatements" included as an attachment to the Forvis Mazars Report to the ABC and Management. Mr. Kemp explained that TMPA previously adopted GASB Statement No. 87, Leases, which impacts how you record long-term leases. The only lease impacted was the Bryan office lease, however the amount was deemed immaterial. Therefore, the aforementioned Schedule discloses the impact had TMPA included it in the statements as dictated by GASB Statement No. 87.

Mr. Ratliff moved, seconded by Ms. Harting, to approve the financial statements and directed Staff to present them in the Board meeting immediately following this Committee meeting. The motion passed with voting as follows:

Cheek - Aye	Harting - Aye
Ratliff - Aye	

4. **<u>Receive reports on the Cities of Garland and Denton transmission billing audits.</u>**

Ms. Birkhead explained that audits were performed for both Garland and Denton invoices (O&M and capital) this year. All four audits were clean, and the results were communicated to the respective Cities' staff.

5. **<u>Consider Staff's recommendation for the selection of an external auditing firm for FY25-29.</u>**

Ms. Birkhead explained that staff issued an RFP for external auditing services and received three responses. Considering TMPA's satisfaction with Forvis Mazars in previous years, and the fact that Kevin Kemp is retiring, and we would be assigned a new Partner with a fresh set of eyes, Staff is recommending continuing with Forvis Mazars as auditors for FY25-29.

A motion was made by Mr. Ratliff and seconded by Ms. Harting to approve Staff's recommendation of Forvis Mazars for the Agency's external auditing firm for FY25-29. The motion passed with voting as follows:

Cheek - Aye	Harting - Aye
Ratliff - Aye	

6. **Receive update on the Annual Audit Plan.**

Ms. Birkhead stated that no changes will be made to the Annual Audit Plan.

A motion was made by Ms. Harting and seconded by Mr. Ratliff to approve the Annual Audit Plan. The motion passed with voting as follows:

Cheek - Aye	Harting - Aye
Ratliff - Aye	

7. **Receive Annual Ethics Program update.**

Ms. Birkhead reported that there were no issues reported this past year. She reminded the Committee that staff are given the opportunity to report any issues to the Ethics Officer, Lyndi Birkhead, to HR, to their immediate supervisor, or directly to the Board. She also stated that the annual conflict of interest survey revealed no significant conflicts.

8. **Discuss future meeting dates and topics.**

Ms. Birkhead explained that the next Audit & Budget Committee meeting will be held in May primarily to discuss the FY26 Budget Package. All members agreed.

9. **Adjourn**

Mr. Cheek adjourned the meeting at 9:26 AM.

Lyndi Birkhead, Director of Finance

May 21, 2025

AGENDA ITEM NO. 2

SUBJECT: Discuss the Agency's proposed FY26 Budget Package

DISCUSSION: Staff has prepared the FY26 Budget Package for the Committee's review and comment. Please refer to the attached FY26 Budget Package for further information. The package was reviewed with the Financial Working Group on 4/23 and the P&O Committee on 5/7. Since then, the only significant changes were made to the transmission capital plan following the Transmission Engineering Working Group meeting on 5/13. These changes did not impact debt projections.

BACKUP MATERIAL: FY26 Budget Package

ACTION REQUESTED: Review and approval to take the FY26 Budget forward to the Board.

Lyndi Birkhead
5/14/25

TEXAS MUNICIPAL POWER AGENCY

FY26 BUDGET PACKAGE

For Years FY26-35

Prepared by

TMPA Staff

May 2025

TEXAS MUNICIPAL POWER AGENCY
FY26 BUDGET PACKAGE

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TEXAS MUNICIPAL POWER AGENCY
FY26 BUDGET PACKAGE

EXECUTIVE SUMMARY & KEY BUDGET ASSUMPTIONS

The primary goals of the TMPA budget process continue to be reducing costs in accordance with the business plans of our Member Cities, while maintaining the reliability of the transmission system, expanding our transmission system, wrapping up matters related to the mine land, and overseeing the demolition and remediation activities in accordance with the Asset Purchase Agreement (APA) with Gibbons Creek Environmental Redevelopment Group (GCERG), all while achieving a compliant and safe working environment.

Staff prepared the attached budgets based on discussions at the March 2025 P&O and Board meetings. Below is more detail on each business unit of TMPA:

- Generation – The remaining Generation function, after the sale of the plant in February 2021, is overseeing the demolition and remediation activities in accordance with the APA with GCERG. The Agency's General Manager oversees this activity as well any additional environmental and compliance issues related to the former plant site.

- Transmission – Management of the Transmission system will continue to be performed by TMPA, in collaboration with the Transmission Operation, Maintenance, and Construction Services Agreements currently in place with Garland Power & Light (GP&L) and Denton Municipal Electric (DME). TMPA will continue to invest in our current Transmission system, as well as actively pursue transmission investments outside of our current system.

- Mine – The majority of the mine land was sold in December 2021. The SP-50 property (723 acres) will continue to be marketed until sold. All mine areas, with the exception of the acid seeps and the mine reclamation shop area (72 acres), have received full bond release from the Railroad Commission of Texas. Continued work on the acid seep area is handled by the Agency's General Manager, in coordination with consulting by Jan Horbaczewski as needed.

- A&G – The Accounts Payable/Document Control Specialist plans to retire in December 2025 after 40 years of service to TMPA. At that time, her duties will shift primarily to the Executive Administrator and temporary staff (student workers), as needed. Remaining employees will consist of the General Manager, CFO/Director of Finance & Support Services, Accountant, and Executive Administrator.

Below is the TMPA headcount chart:

	TMPA Headcount		
RA	**Department**	**FY26**	**FY27-35**
1B	General Manager	1	1
2C	Finance & Document Control	3*	2
3E	Executive Administrator	1	1
		5	**4**
**Headcount reduces to 2 after FY26 Q1.*			

Included in the budgets are estimates for employee retention bonuses and severance packages, as applicable. Retiree medical/dental benefits are assumed to remain in effect indefinitely.

GENERATION

GENERATION STRATEGY & KEY BUDGET ASSUMPTIONS

The primary function of the Generation business is to oversee matters related to the regulatory closure and post-closure of Gibbons Creek Steam Electric Station (GCSES) in accordance with the Asset Purchase Agreement (APA) with GCERG and the subsequent post-closure requirements from the Texas Commission on Environmental Quality (TCEQ) and the Environmental Protection Agency (EPA).

Key Budget Assumptions

1) This function includes ensuring GCERG's performance of the remediation. In accordance with the APA, a professional engineer was contracted in FY21 to serve as the Environmental Designee to monitor and oversee the remediation by GCERG.

   The completion date of the physical remediation of Gibbons Creek was achieved in early 2025. However, the final Regulatory Closure will likely not be obtained until sometime in 2027.

2) After Regulatory Closure is obtained, TMPA and the Environmental Designee will continue to oversee the post-closure care and maintenance requirements established by the TCEQ. The amount of oversight will be significantly less than was necessary for Regulatory Closure. The post-closure period is expected to be 30 years for Site A and Site F Landfill.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY25's Approved Budget - Generation

	FY25 Approved Budget	FY26 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
S02 Consulting Services	85,000	85,000	-	0.0%	
S04 Legal Services	60,000	50,000	(10,000)	-16.7%	
Other Fixed Costs	2,500	-	(2,500)	-100.0%	
Allocation of A&G	56,791	52,775	(4,016)	-7.1%	
TOTAL FIXED COSTS	**$ 204,291**	**$ 187,775**	**$ (16,516)**	**-8.1%**	
OTHER REVENUES					
Interest Income	(7,152)	(6,187)	965	13.5%	
TOTAL OTHER REVENUES	**$ (7,152)**	**$ (6,187)**	**$ 965**	**13.5%**	
TOTAL COSTS	**$ 197,139**	**$ 181,588**	**$ (15,551)**	**-7.9%**	

* Explanations are provided for changes over $25K AND 5%.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY25's Approved Budget – Generation

There are no significant variances to discuss.

TEXAS MUNICIPAL POWER AGENCY
FY26-35 Generation Budget Pro Forma

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY26-35 Total
FIXED COSTS											
S02 Consulting Services	85,000	46,125	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,221	360,583
S04 Legal Services	50,000	25,625	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,221	305,083
Allocation of A&G	52,775	27,281	20,604	21,518	22,791	23,480	25,494	25,375	25,889	27,020	272,229
TOTAL FIXED COSTS	**$ 187,775**	**$ 99,031**	**$ 73,136**	**$ 75,362**	**$ 77,981**	**$ 80,050**	**$ 83,478**	**$ 84,809**	**$ 86,809**	**$ 89,462**	**$ 937,895**
OTHER REVENUES											
Interest Income	(6,187)	(3,217)	(2,430)	(2,551)	(2,780)	(2,975)	(3,178)	(3,353)	(3,494)	(3,702)	(33,869)
TOTAL OTHER REVENUES	**$ (6,187)**	**$ (3,217)**	**$ (2,430)**	**$ (2,551)**	**$ (2,780)**	**$ (2,975)**	**$ (3,178)**	**$ (3,353)**	**$ (3,494)**	**$ (3,702)**	**$ (33,869)**
TOTAL COSTS	**$ 181,588**	**$ 95,814**	**$ 70,706**	**$ 72,811**	**$ 75,200**	**$ 77,075**	**$ 80,300**	**$ 81,456**	**$ 83,315**	**$ 85,760**	**$ 904,026**
Monthly Charge	**$ 15,132**	**$ 7,985**	**$ 5,892**	**$ 6,068**	**$ 6,267**	**$ 6,423**	**$ 6,692**	**$ 6,788**	**$ 6,943**	**$ 7,147**	

TRANSMISSION

TRANSMISSION STRATEGY & KEY BUDGET ASSUMPTIONS

TMPA's transmission system will continue to be maintained for safety, reliability, and operational compliance requirements. TMPA will continue to invest in our current Transmission system, as well as actively pursue transmission investments outside of our current system. TMPA staff, in collaboration with the Member Cities, will continue to monitor for new projects required for system reliability. GP&L and DME will continue to provide transmission operator, maintenance, compliance, and construction services under their agreements with TMPA.

Key Budget Assumptions

1) Identified the Transmission Capital Plan needed for safe, compliant, and reliable operations.
2) TMPA currently has a Note Program with Truist Bank for $60M in capacity ($44.9M currently outstanding) with the purpose of funding the Transmission Capital Plan. A bond issuance has been approved by TMPA's Board and will close in the summer of 2025. This will free up capacity in our Note Program for continued growth.
3) For budgeting purposes, a fix-out of a portion of the Notes into long-term bonds is assumed in FY27 and again in FY30. Fix-outs become necessary when a significant amount of short-term, Note-funded assets are placed in service and/or when the Agency is nearing capacity of the Notes.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY25's Approved Budget - Transmission

	FY25 Approved Budget	FY26 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
L01 Contractor Labor	706,574	666,699	(39,875)	-5.6%	1
R06 Bank Charges	159,500	122,000	(37,500)	-23.5%	2
R41 Insurance Premiums	685,660	685,257	(403)	-0.1%	
R51 Contractor Maintenance	2,014,100	1,870,600	(143,500)	-7.1%	3
S02 Consulting Services	-	144,700	144,700	100.0%	4
S04 Legal Services	190,000	210,000	20,000	10.5%	
Other Fixed Costs	2,148,197	2,015,486	(132,711)	-6.2%	5
Allocation of A&G	2,273,199	2,234,049	(39,150)	-1.7%	
Subtotal Fixed Costs - Non-Debt	**$ 8,177,230**	**$ 7,948,791**	**$ (228,439)**	-2.8%	
R57-R58 Debt Service - Bonds	13,183,807	15,476,690	2,292,883	17.4%	6
R55 Interest on Short-term Notes	1,503,463	1,100,121	(403,343)	-26.8%	7
I62 Debt Coverage Payment (DCP)	3,427,790	4,023,939	596,149	17.4%	6
Subtotal Fixed Costs - Debt	**$ 18,115,060**	**$ 20,600,750**	**$ 2,485,690**	13.7%	
TOTAL FIXED COSTS	**$ 26,292,290**	**$ 28,549,540**	**$ 2,257,250**	**8.6%**	
OTHER REVENUES					
I50 Transmission System Revenue	(34,925,265)	$ (35,696,819)	(771,554)	-2.2%	
Interest Income	(714,289)	$ (676,950)	37,339	5.2%	8
Other Revenue	(102,750)	(57,107)	45,643	44.4%	9
TOTAL OTHER REVENUES	**$ (35,742,304)**	**$ (36,430,876)**	**$ (688,572)**	**-1.9%**	
TOTAL COSTS / (REVENUE)	**$ (9,450,014)**	**$ (7,881,336)**	**$ 1,568,678**	**16.6%**	

* Explanations are provided for changes over $25K AND 5%.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY25's Approved Budget – Transmission

Fixed Costs – Non-Debt

1) Contractor Labor decreased as several available positions are assumed to be filled at entry-level pay rates.

2) Bank Charges decreased as TMPA established a new Note Program in FY25, and an issuance of bonds will be completed in FY25, both as budgeted. Similar bank charges related to these activities are not necessary in FY26.

3) Contractor Maintenance decreased because of (a) reduced vegetation management and (b) reduced HB4150 analysis services (required safety inspections of transmission lines).

4) Consulting Services increased because (a) an interim filing is planned for the spring of 2026 and, (b) TMPA is engaging consultants as we pursue transmission investments outside of our current system.

5) Other Fixed Costs decreased primarily because the purchase of a skid steer was budgeted in FY25, which in turn also decreases rental expenses.

Fixed Costs – Debt

6) Debt Service – Bonds increased as an issuance of bonds will be completed in the summer of 2025, as approved by TMPA's Board in March 2025.

7) Interest on Short-term Notes decreased as the balance of Notes outstanding will greatly reduce will the upcoming bond issuance.

Other Revenues

8) Interest Income decreased as interest rates are expected to gradually reduce over the next several quarters.

9) Other Revenue decreased as one of the transmission tower agreements near Ben Davis terminated in 2024. The tower and all associated equipment have been removed.

TEXAS MUNICIPAL POWER AGENCY
FY26-35 Transmission Budget Pro Forma

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY26-35 Total
FIXED COSTS											
L01 Contractor Labor	666,699	683,367	700,451	717,962	735,911	754,309	773,167	792,496	812,308	832,616	7,469,285
R06 Bank Charges	122,000	176,300	171,778	131,381	189,856	184,985	141,483	145,020	199,208	152,361	1,614,372
R41 Insurance Premiums	685,257	702,388	719,947	737,947	756,396	775,304	794,688	814,554	834,918	855,792	7,677,191
R51 Contractor Maintenance	1,870,600	1,917,365	1,965,299	2,014,432	2,064,792	2,116,412	2,169,323	2,223,556	2,279,144	2,336,123	20,957,046
S02 Consulting Services	144,700	107,318	110,001	112,750	115,569	118,459	121,420	124,456	127,567	130,755	1,212,995
S04 Legal Services	210,000	266,500	267,909	226,148	286,992	288,508	243,536	249,624	310,692	262,261	2,612,170
Other Fixed Costs	2,015,486	2,065,873	2,117,520	2,170,458	2,224,719	2,280,337	2,337,345	2,395,779	2,455,674	2,517,065	22,580,255
Allocation of A&G	2,234,049	2,250,612	2,374,114	2,442,189	2,632,246	2,705,534	2,893,453	2,879,984	2,983,077	3,066,738	26,461,997
Subtotal Fixed Costs - Non-Debt	**$ 7,948,791**	**$ 8,169,723**	**$ 8,427,019**	**$ 8,553,267**	**$ 9,006,481**	**$ 9,223,848**	**$ 9,474,415**	**$ 9,625,469**	**$ 10,002,588**	**$ 10,153,711**	**$ 90,585,310**
R57-R58 Debt Service - Bonds	15,476,690	17,121,550	18,634,442	18,767,851	20,410,866	21,921,879	21,924,571	21,926,409	21,922,346	21,925,313	200,031,917
R55 Interest on Short-term Notes	1,100,121	1,029,979	1,049,346	1,662,016	1,223,709	575,136	644,006	681,755	719,505	757,254	9,442,824
I62 Debt Coverage Payment (DCP)	4,023,939	4,451,603	4,844,955	4,879,641	5,306,825	5,699,689	5,700,388	5,700,866	5,699,810	5,700,581	52,008,297
Subtotal Fixed Costs - Debt	**$ 20,600,750**	**$ 22,603,132**	**$ 24,528,743**	**$ 25,309,508**	**$ 26,941,400**	**$ 28,196,704**	**$ 28,268,965**	**$ 28,309,030**	**$ 28,341,661**	**$ 28,383,148**	**$ 261,483,038**
TOTAL FIXED COSTS	**$ 28,549,540**	**$ 30,772,854**	**$ 32,955,761**	**$ 33,862,774**	**$ 35,947,881**	**$ 37,420,552**	**$ 37,743,379**	**$ 37,934,499**	**$ 38,344,248**	**$ 38,536,859**	**$ 352,068,348**
OTHER REVENUES											
Transmission System Revenue	(35,696,819)	(35,254,217)	(36,840,657)	(38,498,487)	(40,230,918)	(42,041,310)	(43,933,169)	(45,910,161)	(47,976,119)	(50,135,044)	(416,516,900)
Interest Income	(676,950)	(690,560)	(724,069)	(759,737)	(831,930)	(892,667)	(954,735)	(1,018,226)	(1,083,197)	(1,149,577)	(8,781,649)
Other Revenue	(57,107)	(58,535)	(59,998)	(61,498)	(63,036)	(64,612)	(66,226)	(67,883)	(69,579)	(71,318)	(639,792)
TOTAL OTHER REVENUES	**$ (36,430,876)**	**$ (36,003,313)**	**$ (37,624,724)**	**$ (39,319,722)**	**$ (41,125,885)**	**$ (42,998,589)**	**$ (44,954,130)**	**$ (46,996,270)**	**$ (49,128,894)**	**$ (51,355,939)**	**$ (425,938,341)**
TOTAL COSTS / (REVENUE)	**$ (7,881,336)**	**$ (5,230,458)**	**$ (4,668,963)**	**$ (5,456,948)**	**$ (5,178,004)**	**$ (5,578,037)**	**$ (7,210,751)**	**$ (9,061,772)**	**$ (10,784,646)**	**$ (12,819,079)**	**$ (73,869,993)**
Monthly Charge	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	

TEXAS MUNICIPAL POWER AGENCY
FY26-35 Transmission Capital Plan

Project Name: DEBT-FUNDED PROJECTS	Project No.	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	10-YEAR TOTALS
Ben Davis Breaker Replacement	T20004	855,000									855,000
Pruitt 138kV Terminal Addition	T21005	2,000,000	250,000								2,250,000
Gibbons Creek Data Center Terminal Additions	T22002	3,000,000									3,000,000
Greenville Interchange to Pruitt New Line & Station (Makalu)	T22004	2,000,000	8,100,000								10,100,000
Brazos Interconnection at Denton West Interchange	T24001	733,234	1,566,318	850,000							3,149,552
Shelby to Nevada Transmission Line Extension	T24003	700,000	2,000,000								2,700,000
Relay Panel Replacement Project at Denton West	T24008	96,800									96,800
GC-Zenith Ckt 18 (CNP) Protection Scheme	T25002	295,000									295,000
GC-Greens Prairie 138 kV Reconductor**	T25003	2,393,000									2,393,000
Gibbons Creek Physical Security Enhancements		1,003,600									1,003,600
Lee Street Interconnecting Lines		1,950,000									1,950,000
Denton West-Roanoke (Related to Oncor Ramhorn-Dunham)		6,100,000									6,100,000
POI at Pruitt Switching Station (supplemental to T21005)		2,000,000	2,000,000								4,000,000
Denton West Auto Transformer		2,300,000	4,900,000	5,400,000	2,100,000						14,700,000
Buffalo Prairie Storage (150 MW)			4,000,000	6,200,000							10,200,000
Little Ridge Storage (250 MW)			8,500,000	1,000,000							9,500,000
Holly Branch Solar/Battery				6,000,000	6,000,000						12,000,000
Texas Cotton Solar (Jack Creek)					5,000,000	5,000,000					10,000,000
Spencer Interchange to Pockrus T-line Reconstruction						5,690,000	1,600,000				7,290,000
TOTAL DEBT FUNDING REQUIREMENT		**$25,426,634**	**$31,316,318**	**$19,450,000**	**$13,100,000**	**$10,690,000**	**$ 1,600,000**	**$ -**	**$ -**	**$ -**	**$ 101,582,952**

Project Name: TXDOT REIMBURSABLE PROJECTS	Project No.	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	10-YEAR TOTALS
State Highway 30 Pole Relocation Project	T24009	2,200,000									2,200,000
State Highway 30 Pole Relocation Project Supplemental		1,350,000									1,350,000
West Loop 288-West Denton to Fort Worth T-line Relocation		1,200,000	2,100,000								3,300,000
West Loop 288-Masch Branch to North Denton T-line Relocation		1,200,000	2,100,000								3,300,000
East Loop 288 and Hwy 380 TML Reroute		1,500,000	800,000								2,300,000
TOTAL TXDOT REIMBURSABLE PROJECTS		**$ 7,450,000**	**$ 5,000,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 12,450,000**

**Does not yet have Board approval*
***This project is not officially approved until the transfer of assets closes between TMPA and Bryan, as approved at the March 2025 Board meeting.*

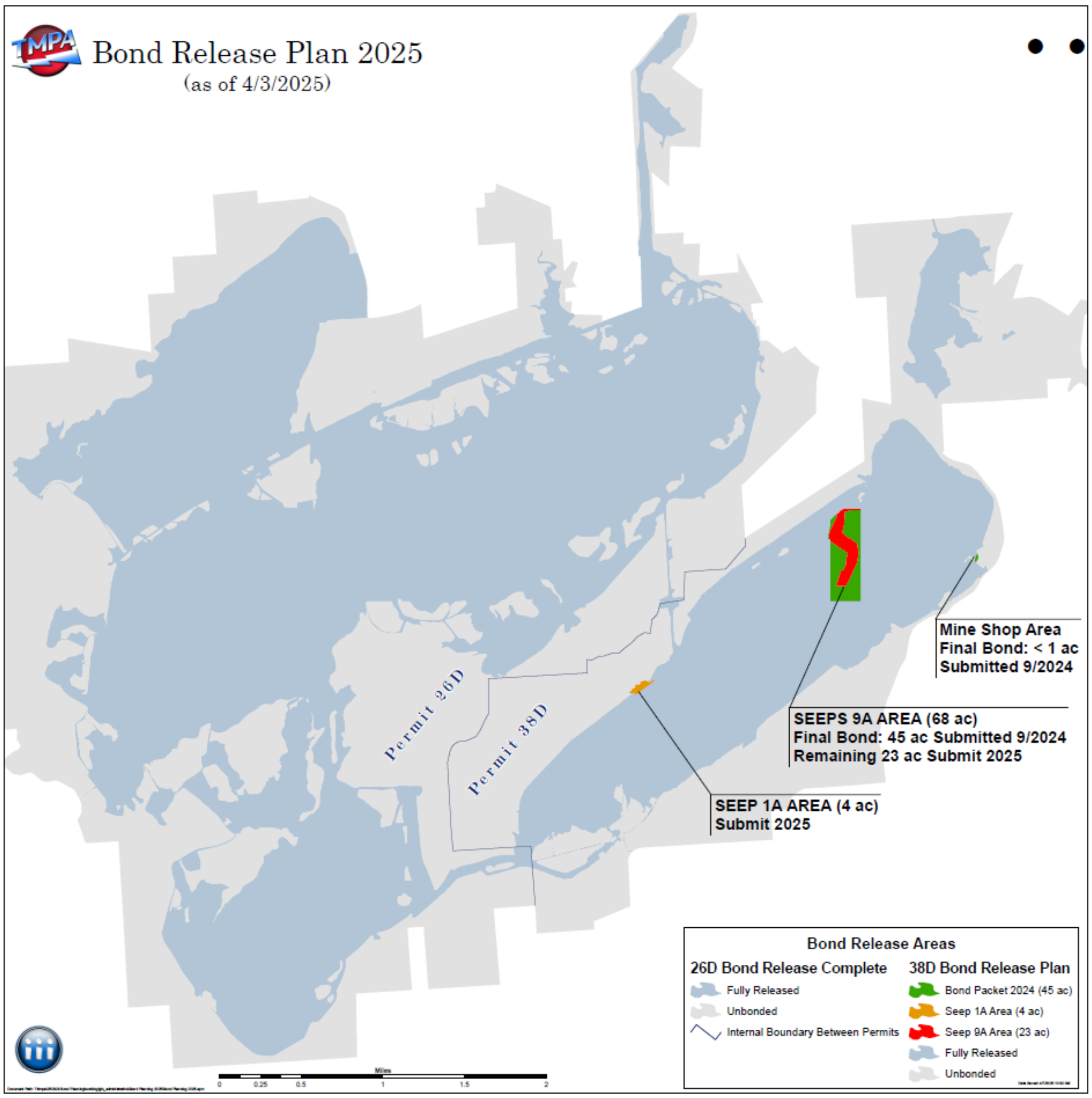
MINE

MINE STRATEGY & KEY BUDGET ASSUMPTIONS (as of 04/7/25)

Bond Release

TMPA's plan for the release of reclamation bonds on the Gibbons Creek Lignite Mine property is depicted in Figure 1 and summarized in Table 1.

Figure 1 – Plan for Final Bond Release



A bond release application for the areas depicted in green (45 acres) is pending at the Railroad Commission. It was submitted on 9/10/24, declared administratively complete on 1/8/25, and passed to the Hearings Division on 1/16/25. It is currently in the hands of the Administrative Law Judge who is preparing a draft Order for approval by the Commissioners. TMPA expects this application to be approved by summer 2025.

TMPA is preparing the next bond release application for submittal to the Commission in May 2025. This will be for all the remaining bonded areas – the Seep 1A area depicted in orange (4 acres) and the Seep 9A bottom area depicted in red (23 acres). This is the first attempt in Texas for the release of mine reclamation obligations on acid seeps and there is, therefore, no guarantee that the Commission will approve final bond release on all 27 acres.

Table 1 – Plan and Status of Final Bond Release (as of 4/7/25)

Bond Release applications	TMPA property (acres)	Leased property (acres)	Total (acres)	Status
Total Released in Permits 26D and 38D	7,132 acres (99.0% of former TMPA property)	1,608 acres (100% of leased property)	8,740 acres (99.2% of total)	Released
38D – Seep 9A sides slopes (45 acres) + Mine Reclamation Shop (< 1 acre)	**45**	**0**	**45**	**Pending (Submitted 09/10/24)**
38D – Seep 9A bottom (23 acres) + Seep 1A (4 acres)	**27**	**0**	**27**	**Submit in May 2025**
TOTAL (both permits)	**7,204 (TMPA property)**	**1,608 (Leased property)**	**8,812 (Total bonded)**	

Land Ownership

The Pond SP-50 property (723 acres) is still owned by TMPA. It was not part of the mine sale on 12/22/21 because it is physically separate from the rest of the mine and because Pond SP-50 is classified by TCEQ as a "High Hazard" structure owing to its potential to cause damage downstream if breached. This area was released from the mine reclamation bond on 9/20/22. It is therefore now completely unencumbered by any reclamation liabilities.

TMPA received authorization from the Board to hire a real-estate broker to sell this property in June 2022 (Resolution No. 2022-6-1). This work is ongoing.

Budget for the Mine Business Unit

With the closure of Permit 26D in November 2023, TMPA is only concerned with the remaining 72 acres of bonded land in Permit 38D, consisting of Seeps 1A and 9A. Of this, 45 acres are expected to be released from bond by summer 2025, leaving 27 acres.

TMPA is preparing to apply for bond release on the 27 acres, but there is a possibility that part of this acreage may be subject to monitoring for an extended period. The FY26 Mine budget pro forma provides a budget through FY29 assuming all regulatory requirements have been satisfied, and all bonding has been released. This covers potential expenses associated with sampling of seeps, groundwater monitoring wells, and wastewater discharges from Pond SP-20, monthly

Railroad Commission inspections, annual mine reclamation bonding renewals, annual mine permit fees, and associated reporting.

The budget continues to reflect the reduced workload for the mine reclamation contractor. The mine reclamation contractor started working in FY25 with a reduced labor force to manage only essential activities such as erosion repair and vegetation maintenance in the remaining bonded areas.

Since the area that requires mine reclamation bonding has been significantly reduced, TMPA decided to start collateralizing the bonds with cash instead of Letters of Credit in FY23. This has resulted in much lower expenses. A cash bond of $1.6 million was filed with the Commission on 2/7/23 and will be reduced as more bonding is released.

Following the sale of the mine property in December 2021, the mine business unit has reduced its scope, staffing, and budget. It has no full-time employees; Daniel Meadows provides partial support as the General Manager, and Jan Horbaczewski provides partial support as a consultant.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY25's Approved Budget - Mine

	FY25 Approved Budget	FY26 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
M44 Mine Maintenance	180,000	212,000	32,000	17.8%	1
R51 Contractor Maintenance	35,000	40,000	5,000	14.3%	
S02 Consulting Services	165,000	179,000	14,000	8.5%	
S04 Legal Services	60,000	40,000	(20,000)	-33.3%	
Other Fixed Costs	20,630	18,813	(1,817)	-8.8%	
Allocation of A&G	177,354	191,481	14,127	8.0%	
TOTAL FIXED COSTS	**$ 637,984**	**$ 681,295**	**$ 43,311**	**6.8%**	
OTHER REVENUES					
Interest Income	(22,335)	(22,448)	(113)	-0.5%	
TOTAL OTHER REVENUES	**$ (22,335)**	**$ (22,448)**	**$ (113)**	**-0.5%**	
TOTAL COSTS	**$ 615,649**	**$ 658,847**	**$ 43,198**	**7.0%**	

* Explanations are provided for changes over $25K AND 5%.

Fixed Costs

1) Mine Maintenance increased to support focused efforts to obtain full bond release for as much of the remaining bonded acreage as possible before October 2026.

TEXAS MUNICIPAL POWER AGENCY
FY26-35 Mine Budget Pro Forma

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY26-35 Total
FIXED COSTS											
M44 Mine Maintenance	212,000	107,626	63,038	64,612	-	-	-	-	-	-	447,276
R51 Contractor Maintenance	40,000	41,000	42,026	43,076	-	-	-	-	-	-	166,102
S02 Consulting Services	179,000	132,225	99,809	102,303	-	-	-	-	-	-	513,337
S04 Legal Services	40,000	41,000	31,518	21,538	-	-	-	-	-	-	134,056
Other Fixed Costs	18,813	19,284	18,715	19,183	-	-	-	-	-	-	75,995
Allocation of A&G	191,481	129,709	100,060	100,193	-	-	-	-	-	-	521,443
TOTAL FIXED COSTS	**$ 681,295**	**$ 470,844**	**$ 355,166**	**$ 350,905**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,858,209**
OTHER REVENUES*											
Interest Income	(22,448)	(15,296)	(11,803)	(11,877)	-	-	-	-	-	-	(61,423)
TOTAL OTHER REVENUES*	**$ (22,448)**	**$ (15,296)**	**$ (11,803)**	**$ (11,877)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (61,423)**
TOTAL COSTS	**$ 658,847**	**$ 455,548**	**$ 343,363**	**$ 339,028**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,796,786**
Monthly Charge	**$ 54,904**	**$ 37,962**	**$ 28,614**	**$ 28,252**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	

SUPPLEMENTAL INFORMATION

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY25's Approved Budget - A&G

	FY25 Approved Budget	FY26 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
L01 Labor & Benefits	1,277,006	1,067,107	(209,899)	-16.4%	1
R06 Bank Charges	500	1,750	1,250	250.0%	
R27 Maintenance Agreements	25,650	5,670	(19,980)	-77.9%	
R41 Insurance Premiums	595,486	577,140	(18,346)	-3.1%	
S02 Consulting Services	230,705	316,975	86,270	37.4%	2
S04 Legal Services	39,375	42,375	3,000	7.6%	
Other Fixed Costs	338,623	467,289	128,666	38.0%	3
TOTAL FIXED COSTS	**$ 2,507,345**	**$ 2,478,306**	**$ (29,039)**	**-1.2%**	
TOTAL COSTS	**$ 2,507,345**	**$ 2,478,306**	**$ (29,039)**	**-1.2%**	

* Explanations are provided for changes over $25K AND 5%.

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY25's Approved Budget – A&G

Fixed Costs

1) Labor & Benefits decreased because (a) the IT Specialist position was eliminated in September 2024, and (b) the Accounts Payable/Document Control Specialist will retire in December 2025.

2) Consulting Services increased due to engaging an IT consultant following the elimination of the IT Specialist position.

3) Other Fixed Costs increased primarily due to new host servers needed onsite and at our offsite IT backup location.

TEXAS MUNICIPAL POWER AGENCY
FY26-35 A&G Budget Pro Forma

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY26-35 Total
FIXED COSTS											
L01 Labor & Benefits	1,067,107	1,054,031	1,096,192	1,140,040	1,185,642	1,233,067	1,282,390	1,333,686	1,387,033	1,442,514	12,221,702
R06 Bank Charges	1,750	1,794	1,838	1,884	1,932	1,980	2,030	2,080	2,132	2,185	19,605
R27 Maintenance Agreements	5,670	5,812	5,957	6,106	6,259	6,415	6,575	6,740	6,909	7,081	63,524
R41 Insurance Premiums	577,140	591,570	606,358	621,516	637,054	652,981	669,305	686,038	703,189	720,770	6,465,921
S02 Consulting Services	316,975	315,676	333,021	331,655	349,881	348,447	367,593	366,085	386,202	384,618	3,500,153
S04 Legal Services	42,375	43,434	44,520	45,633	46,774	47,943	49,141	50,370	51,630	52,920	474,740
Other Fixed Costs	467,289	395,286	406,892	417,066	427,495	438,181	541,913	460,361	471,871	483,670	4,510,023
TOTAL FIXED COSTS	**$ 2,478,306**	**$ 2,407,603**	**$ 2,494,778**	**$ 2,563,900**	**$ 2,655,037**	**$ 2,729,014**	**$ 2,918,947**	**$ 2,905,360**	**$ 3,008,966**	**$ 3,093,758**	**$ 27,255,669**
TOTAL COSTS	**$ 2,478,306**	**$ 2,407,603**	**$ 2,494,778**	**$ 2,563,900**	**$ 2,655,037**	**$ 2,729,014**	**$ 2,918,947**	**$ 2,905,360**	**$ 3,008,966**	**$ 3,093,758**	**$ 27,255,669**

May 21, 2025

AGENDA ITEM NO. 3

SUBJECT: Review new accounting standards and their impact on the Agency

DISCUSSION: This agenda item is provided each year to keep the Committee advised of new accounting standards issued by the Governmental Accounting Standards Board (GASB) and their impact on the Agency, if any.

The GASB Update memo, which is provided as backup material, lists and summarizes the new accountings standards issued by GASB which are effective in the current fiscal year. Additionally, the memo highlights future significant standards.

BACKUP MATERIAL: GASB Update Memo

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

Lyndi Birkhead
5/14/25

TEXAS MUNICIPAL POWER AGENCY

M E M O R A N D U M

To: Audit and Budget Committee Date: April 2, 2025

From: Lyndi Birkhead, Director of Finance & Support Services

Subject: GASB Update

Staff prepares this memo annually to provide the Committee with information on new accounting standards and their impact on the Agency. Currently, the Governmental Accounting Standards Board (GASB), which is the independent organization that establishes and improves standards of accounting and financial reporting for state and local governmental entities like the Agency, has the following standards that will be adopted in the current fiscal year:

- **Statement No. 101** *"Compensated Absences"*
- **Statement No. 102** *"Certain Risk Disclosures"*

<u>Current Standards</u>

In June 2022, GASB issued Statement No. 101, "*Compensated Absences."* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The effective date for the Agency would be for the fiscal year ended September 30, 2025, but it is not expected to have any impact on the Agency.

In December 2023, GASB issued Statement No. 102, "*Certain Risk Disclosures."* This statement requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The statement includes four nonauthoritative examples of concentrations and constraints, including a financial resource provider, collective bargaining, mandated spending, and an employer concentration. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

The effective date for the Agency would be for the fiscal year ended September 30, 2025, but it is not expected to have any impact on the Agency.

Future Standards

In April 2024, GASB issued Statement No. 103, "*Financial Reporting Model Improvements."* This statement improves the financial reporting model by standardizing the presentation for various matters within governmental financial statements. The purpose is to eliminate diversity in practice and improve comparability. Impacted areas include management's discussion and analysis, unusual or infrequent items, the definitions and presentation of operating and nonoperating revenues and expenses in enterprise funds, presentation of major component units, presentation of budgetary comparison information, and financial trends information within the statistical section of separately issued financial reports. The application of this Statement becomes effective for the Agency in fiscal year 2026. Earlier application is encouraged. Changes are required to be made retroactively to the earliest period presented. The Agency will assess the impact of this statement in fiscal year 2026.

In September 2024, GASB issued Statement No. 104, "*Disclosure of Certain Capital Assets".* This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. The purpose is to provide users of government financial statements with essential information about certain types of capital assets. Impacted areas include lease assets, intangible right-to-use assets, subscription assets, intangible assets other than those three types, and capital assets held for sale. The application of this Statement becomes effective for the Agency in fiscal year 2026. The Agency will assess the impact of this statement in fiscal year 2026.

May 21, 2025

AGENDA ITEM NO. 4

SUBJECT: Consider approval of the engagement letters with Forvis Mazars for Fiscal Year 2025

DISCUSSION: The current agreement with Forvis Mazars requires that annual engagement letters be prepared outlining the scope of services to be provided. Attached are the engagement letters for FY25.

BACKUP MATERIAL: Forvis Mazars Draft Engagement Letters

ACTION REQUESTED: Direct Staff to execute the engagement letters.

Lyndi Birkhead
5/14/25

Forvis Mazars, LLP
14221 Dallas Parkway, Suite 400
Dallas, TX 75254
P 972.702.8262 | F 972.702.0673
forvismazars.us

April 16, 2025

Members of the Board
Mrs. Lyndi Birkhead, Director of Finance and Support Services
Texas Municipal Power Agency
P.O. Box 7000
Bryan, Texas 77805

We appreciate your selection of **Forvis Mazars, LLP** as your service provider and are pleased to confirm the arrangements of our engagement in this contract. Within the requirements of our professional standards and any duties owed to the public, regulatory, or other authorities, our goal is to provide you an **Unmatched Client Experience.**

In addition to the terms set forth in this contract, including the detailed **Scope of Services,** our engagement is governed by the following, incorporated fully by this reference:

- Terms and Conditions Addendum

Summary Scope of Services

As described in the attached **Scope of Services,** our services will include the following:

Texas Municipal Power Agency

- Audit Services for the year ended September 30, 2025

You agree to assume full responsibility for the substantive outcomes of the contracted services and for any other services we may provide, including any findings that may result.

You also acknowledge these services are adequate for your purposes, and you will establish and monitor the performance of these services to ensure they meet management's objectives. All decisions involving management responsibilities related to these services will be made by you, and you accept full responsibility for such decisions.

We understand you have designated a management-level individual(s) to be responsible and accountable for overseeing the performance of nonattest services, and you have determined this individual is qualified to conduct such oversight.

As required by Chapter 2271, Texas Government Code, we represent that we do not boycott Israel and will not boycott Israel through the term of this engagement. For purposes of this representation, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

Engagement Fees

The fee for our services will be $46,500.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. Payment of our invoices is due upon receipt.

Our timely completion of services and the fees thereon depends on the assistance you provide us in accumulating information and responding to our inquiries. Inaccuracies or delays in providing this information or the responses may result in additional billings, untimely filings, or inability to meet other deadlines.

Contract Agreement

Please sign and return this contract to indicate your acknowledgment of, and agreement with, the arrangements for our services including our respective responsibilities.

Forvis Mazars, LLP

Forvis Mazars, LLP

Acknowledged and agreed to as it relates to the entire contract, including the **Scope of Services** and **Terms and Conditions Addendum**, on behalf of **Texas Municipal Power Agency**.

CJS BY ______________________________
Mrs. Lyndi Birkhead, Director of Finance and Support Services

DATE ______________________________

Scope of Services – Audit Services

We will audit the basic financials statements and related disclosures, which collectively comprise the basic financial statements for the following entity:

Texas Municipal Power Agency as of and for the year ended September 30, 2025

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

We will also express an opinion on whether the combining statement of revenues and expenses and changes in net position ("supplementary information") is fairly stated, in all material respects, in relation to the financial statements as a whole.

We will also provide you with the following nonattest services:

- Preparing a draft of the financial statements and related notes

Josh Findlay, Director, is responsible for supervising the engagement and authorizing the signing of the report or reports.

We will issue a written report(s) upon completion of our audit(s), addressed to the following parties:

Entity Name	Party Name
Texas Municipal Power Agency	Audit and Budget Committee

The following apply for the audit services described above:

Our Responsibilities

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). We will exercise professional judgment and maintain professional skepticism throughout the audit.

We will identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We will obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We will also conclude, based on audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Limitations & Fraud

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit that is planned and conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our understanding of internal control is not for the purpose of expressing an opinion on the effectiveness of your internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate contract to be signed by you and Forvis Mazars.

Opinion

Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph(s) to our auditor's report, or if necessary, decline to express an opinion or withdraw from the engagement.

If we discover conditions that may prohibit us from issuing a standard report, we will notify you. In such circumstances, further arrangements may be necessary to continue our engagement.

Your Responsibilities

Management and, if applicable, those charged with governance acknowledge and understand their responsibility for the accuracy and completeness of all information provided and for the following:

- **Audit Support** – to provide us with:
    - Unrestricted access to persons within the entity or within components of the entity (including management, those charged with governance, and component auditors) from whom we determine it necessary to obtain audit evidence
    - Information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including access to information relevant to disclosures
    - Information about events occurring or facts discovered subsequent to the date of the financial statements, of which management may become aware, that may affect the financial statements
    - Information about any known or suspected fraud affecting the entity involving management, employees with significant role in internal control, and others where fraud could have a material effect on the financials

- Identification and provision of report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented
- Additional information that we may request for the purpose of the audit

- **Internal Control and Compliance –** for the:
  - Design, implementation, and maintenance of internal control relevant to compliance with laws and regulations and the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
  - Alignment of internal control to ensure that appropriate goals and objectives are met; that management and financial information is reliable and properly reported; and that compliance with and identification of the laws, regulations, contracts, grants, or agreements (including any federal award programs) applicable to the entity's activities is achieved
  - Remedy, through timely and appropriate steps, of fraud and noncompliance with provisions of laws, regulations, contracts, or other agreements reported by the auditor
  - Establishment and maintenance of processes to track the status and address findings and recommendations of auditors

- **Accounting and Reporting** – for the:
  - Maintenance of adequate records, selection and application of accounting principles, and the safeguard of assets
  - Adjustment of the financial statements to correct material misstatements and confirmation to us in the representation letter that the effects of any uncorrected misstatements aggregated by us are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
  - Preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (or other basis if indicated in the contract)
  - Inclusion of the auditors' report in any document containing financial statements that indicates that such financial statements have been audited by us
  - Distribution of audit reports to any necessary parties

The results of our tests of compliance and internal control over financial reporting performed in connection with our audit of the financial statements may not fully meet the reasonable needs of report users. Management is responsible for obtaining audits, examinations, agreed-upon procedures, or other engagements that satisfy relevant legal, regulatory, or contractual requirements or fully meet other reasonable user needs.

Required Supplementary Information

Accounting principles generally accepted in the United States of America provide for certain required supplementary information ("RSI") to accompany the basic financial statements. We understand the following RSI will accompany the basic financial statements:

1. Management's Discussion and Analysis ("MD&A")
2. Other Postemployment Benefit information

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management is responsible for the fair presentation of the RSI. As part of our engagement, we will apply certain limited procedures to the RSI in GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

With regard to any supplementary information that we are engaged to report on:

- Management is responsible for its preparation in accordance with applicable criteria
- Management will provide certain written representations regarding the supplementary information at the conclusion of our engagement
- Management will include our report on this supplementary information in any document that contains this supplementary information and indicates we have reported on the supplementary information
- Management will make the supplementary information readily available to intended users if it is not presented with the audited financial statements

Such information is:

- Presented for the purpose of additional analysis of the financial statements
- Not a required part of the financial statements
- The responsibility of management
- Subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with GAAS.

Written Confirmations Required

As part of our audit process, we will request from management and, if applicable, those charged with governance written confirmation acknowledging certain responsibilities outlined in this contract and confirming:

- The availability of this information
- Certain representations made during the audit for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Forvis Mazars, LLP Terms and Conditions Addendum

GENERAL

1. **Overview.** This addendum describes **Forvis Mazars, LLP's** standard terms and conditions ("Terms and Conditions") applicable to Our provision of services to the Client ("You"). The Terms and Conditions are a part of the contract between You and Forvis Mazars, LLP. For the purposes of the Terms and Conditions, any reference to "Firm," "We," "Us," or "Our" is a reference to Forvis Mazars, LLP ("Forvis Mazars"), and any reference to "You" or "Your" is a reference to the party or parties that have engaged Us to provide services and the party or parties ultimately responsible for payment of Our fees and costs.

BILLING, PAYMENT, & TERMINATION

2. **Billing and Payment Terms.** We will bill You for Our professional fees and costs as outlined in Our contract. Unless otherwise provided in Our contract, payment is due upon receipt of Our billing statement. Interest will be charged on any unpaid balance after 30 days at the rate of 10 percent per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10 percent. All fees, charges, and other amounts payable to Forvis Mazars hereunder do not include any sales, use, excise, value-added, or other applicable taxes, tariffs, or duties, payment of which shall be Your sole responsibility, and do not include any applicable taxes based on Forvis Mazars' net income or taxes arising from the employment or independent contractor relationship between Forvis Mazars and Forvis Mazars' personnel.

   We reserve the right to suspend or terminate Our work for this engagement or any other engagement for nonpayment of fees. If Our work is suspended or terminated, You agree that We will not be responsible for Your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against You resulting from Your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of Our services.

   Our fees may increase if Our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards. Our engagement fees do not include any time for post-engagement consultation with Your personnel or third parties, consent letters and related procedures for the use of Our reports in offering documents, inquiries from regulators, or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

3. **Billing Records.** If these services are determined to be within the scope and authority of Section 1861(v)(1)(I) of the Social Security Act, We agree to make available to the Secretary of Health and Human Services, or to the U.S. Comptroller General, or any of their duly authorized representatives, such of Our books, documents, and records that are necessary to certify the nature and extent of Our services, until the expiration of four (4) years after the furnishing of these services. This contract allows access to contracts of a similar nature between subcontractors and related organizations of the subcontractor, and to their books, documents, and records.

4. **Termination.** Either party may terminate these services in good faith at any time for any reason, including Your failure to comply with the terms of Our contract or as We determine professional standards require. Both parties must agree, in writing, to any future modifications or extensions. If services are terminated, You agree to pay Forvis Mazars for time expended to date. In addition, You will be billed costs and fees for services from other professionals, if any, as well as an administrative fee of five (5) percent to cover certain technology and administrative costs associated with Our services. Unless terminated sooner in accordance with its terms, this engagement shall terminate upon the completion of Forvis Mazars' services hereunder.

DISPUTES & DISCLAIMERS

5. **Mediation.** Any dispute arising out of or related to this engagement will, prior to resorting to litigation, be submitted for nonbinding mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The mediator will be selected by agreement of the parties. The mediation proceeding shall be confidential. Each party will bear its own costs in the mediation, but the fees and expenses of the mediator will be shared equally.

6. **Indemnification.** Unless disallowed by law or applicable professional standards, You agree to hold Forvis Mazars harmless from any and all claims which arise from knowing misrepresentations to Forvis Mazars, or the intentional withholding or concealment of information from Forvis Mazars by Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. You also agree to indemnify Forvis Mazars for any claims made against Forvis Mazars by third parties, which arise from any wrongful actions of Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. The provisions of this paragraph shall apply regardless of the nature of the claim.

7. **Statute of Limitations.** You agree that any claim or legal action arising out of or related to this contract and the services provided hereunder shall be commenced no more than one (1) year from the date of delivery of the work product to You or the termination of the services described herein (whichever is earlier), regardless of any statute of limitations prescribing a longer period of time for commencing such a claim under law. This time limitation shall apply regardless of whether Forvis Mazars performs other or subsequent services for You. A claim is understood to be a demand for money or services, demand for mediation, or the service of suit based on a breach of this contract or the acts or omissions of Forvis Mazars in performing the services provided herein. This provision shall not apply if enforcement is disallowed by applicable law or professional standards.

8. **Limitation of Liability.** You agree that Forvis Mazars' liability, if any, arising out of or related to this contract and the services provided hereunder, shall be limited to the amount of the fees paid by You for services rendered under this contract. This limitation shall not apply to the extent it is finally, judicially determined that the liability resulted from the intentional or willful misconduct of Forvis Mazars or if enforcement of this provision is disallowed by applicable law or professional standards.

9. **Waiver of Certain Damages.** In no event shall Forvis Mazars be liable to You or a third party for any indirect, special, consequential, punitive, or exemplary damages, including but not limited to lost profits, loss of revenue, interruption, loss of use, damage to goodwill or reputation, regardless of whether You were advised of the possibility of such damages, regardless of whether such damages were reasonably foreseeable, and regardless of whether such damages arise under a theory of contract, tort, strict liability, or otherwise.

10. **Choice of Law.** You acknowledge and agree that any dispute arising out of or related to this contract shall be governed by the laws of the State of Texas, without regard to its conflict of laws principles.

11. **WAIVER OF JURY TRIAL. THE PARTIES HEREBY AGREE NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVE ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT, OR ANY CLAIM, COUNTERCLAIM, OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY THE PARTIES, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE.**

12. **Severability.** In the event that any term or provision of this agreement shall be held to be invalid, void, or unenforceable, then the remainder of this agreement shall not be affected, and each such term and provision of this agreement shall be valid and enforceable to the fullest extent permitted by law.

13. **Assignment.** You acknowledge and agree that the terms and conditions of this contract shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

14. **Disclaimer of Legal or Investment Advice.** Our services do not constitute legal or investment advice. You should seek the advice of legal counsel in such matters. Regulatory authorities may interpret circumstances differently than We do. In addition, the applicable laws, regulations, and regulators' enforcement activities may change over time.

RECORDS, WORKPAPERS, DELIVERABLES, & PROPRIETARY INFORMATION

15. **Maintenance of Records.** You agree to assume full responsibility for maintaining Your original data and records and that Forvis Mazars has no responsibility to maintain this information. You agree You will not rely on Forvis Mazars to provide hosting, electronic security, or backup services, *e.g.*, business continuity or disaster recovery services, to You unless separately engaged to do so. You understand that Your access to data, records, and information from Forvis Mazars' servers, *i.e.*, Forvis Mazars portals used to exchange information, can be terminated at any time and You will not rely on using this to host Your data and records.

16. **Forvis Mazars Workpapers.** Our workpapers and documentation retained in any form of media for this engagement are the property of Forvis Mazars. We can be compelled to provide information under legal process. In addition, We may be requested by regulatory or enforcement bodies (including any State Board) to make certain workpapers available to them pursuant to authority granted by law or regulation. Unless We are prohibited from doing so by law or regulation, Forvis Mazars will inform You of any such legal process or request. You agree We have no legal responsibility to You in the event We determine We are obligated to provide such documents or information.

17. **Subpoenas or Other Legal Process.** In the event Forvis Mazars is required to respond to any such subpoena, court order, or any government regulatory inquiry or other legal process relating to You or Your management for the production of documents and/or testimony relative to information We obtained or prepared incident to this or any other engagement in a matter in which Forvis Mazars is not a party, You shall compensate Forvis Mazars for all time We expend in connection with such response at normal and customary hourly rates and to reimburse Us for all out-of-pocket expenses incurred in regard to such response.

18. **Use of Deliverables and Drafts.** You agree You will not modify any deliverables or drafts prepared by Us for internal use or for distribution to third parties. You also understand that We may on occasion send You documents marked as draft and understand that those are for Your review purpose only, should not be distributed in any way, and should be destroyed as soon as possible.

    Our report on any financial statements must be associated only with the financial statements that were the subject of Our engagement. You may make copies of Our report, but only if the entire financial statements (exactly as attached to Our report, including related footnotes) and any supplementary information, as appropriate, are reproduced and distributed with Our report. You agree not to reproduce or associate Our report with any other financial statements, or portions thereof, that are not the subject of Our engagement.

19. **Proprietary Information.** You acknowledge that proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the services We perform and were developed prior to Our association with You. Any new forms, software, documents, or intellectual property We develop during this engagement for Your use shall belong to Us, and You shall have the limited right to use them solely within Your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which We make available to You are confidential and proprietary to Us. Neither You, nor any of Your agents, will copy, electronically store, reproduce, or make any such documents available to anyone other than Your personnel to the extent allowed by law, including the Texas Public Information Act. This provision will apply to all materials whether in digital, "hard copy" format, or other medium.

REGULATORY

20. **U.S. Securities and Exchange Commission ("SEC") and other Regulatory Bodies.** Where We are providing services either for (a) an entity that is registered with the SEC, (b) an affiliate of such registrant, or (c) an entity or affiliate that is subject to rules, regulations, or standards beyond those of the American Institute of Certified Public Accountants ("AICPA"), any term of this contract that would be prohibited by or impair Our independence under applicable law or regulation shall not apply to the extent necessary only to avoid such prohibition or impairment.

21. **Offering Document.** You may wish to include Our report(s) on financial statements in an exempt offering document. You agree that any report, including any auditor's report, or reference to Our firm, will not be included in any such offering document without notifying Us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor's report in the exempt offering document, will be a separate engagement.

    Any exempt offering document issued by You with which We are not involved will clearly indicate that We are not involved by including a disclosure such as, "Forvis Mazars, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Forvis Mazars, LLP also has not performed any procedures relating to this offering document."

22. **Forvis Mazars Not a Municipal Advisor.** Forvis Mazars is not acting as Your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, Forvis Mazars is not recommending any action to You and does not owe You a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such matters with internal or external advisors and experts You deem appropriate before acting on any such information or material provided by Forvis Mazars.

23. **Forvis Mazars Not a Fiduciary.** In providing Our attest services, We are required by law and our professional standards to maintain our independence from You. We take this mandate very seriously and thus guard against impermissible relationships which may impair the very independence which You and the users of Our report require. As such, You should not place upon Us special confidence that in the performance of Our attest services We will act solely in Your interest. Therefore, You acknowledge and agree We are not in a fiduciary relationship with You and We have no fiduciary responsibilities to You in the performance of Our services described herein.

TECHNOLOGY

24. **Electronic Sites.** You agree to notify Us if You desire to place Our report(s), including, if applicable, any reports on Your financial statements, along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that We have no responsibility to review information contained in electronic sites.

25. **Electronic Signatures and Counterparts.** This contract and other documents to be delivered pursuant to this contract may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement or document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this contract are intended to authenticate this writing and to have the same force and effect as manual signatures. Delivery of a copy of this contract or any other document contemplated hereby, bearing an original manual or electronic signature by facsimile transmission (including a facsimile delivered via the internet), by electronic mail in "portable document format" (".pdf") or similar format intended to preserve the original graphic and pictorial appearance of a document, or through the use of electronic signature software, will have the same effect as physical delivery of the paper document bearing an original signature.

26. **Electronic Data Communication and Storage.** In the interest of facilitating Our services to You, We may send data over the internet, temporarily store electronic data via computer software applications hosted remotely on the internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, We employ measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with Our obligations under applicable laws, regulations, and professional standards.

    You recognize and accept that We have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by Us. You consent to Our use of these electronic devices and applications during this engagement.

OTHER MATTERS

27. **Cooperation.** You agree to cooperate with Forvis Mazars in the performance of Forvis Mazars' services to You, including the provision to Forvis Mazars of reasonable facilities and timely access to Your data, information, and personnel. You shall be responsible for the performance of Your employees and agents.

28. **Third-Party Service Providers.** Forvis Mazars may from time to time utilize third-party service providers, including but not limited to domestic software processors or legal counsel, or disclose confidential information about You to third-party service providers in serving Your account. Forvis Mazars maintains, however, internal policies, procedures, and safeguards to protect the confidentiality and security of Your information. In addition, Forvis Mazars will secure confidentiality agreements with all service providers to maintain the confidentiality of Your information. If We are unable to secure an appropriate confidentiality agreement, You will be asked to consent prior to Forvis Mazars sharing Your confidential information with the third-party service provider.

29. **Independent Contractor.** When providing services to You, We will be functioning as an independent contractor; and in no event will We or any of Our employees be an officer of You, nor will Our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to You. Decisions regarding management of Your business remain the responsibility of Your personnel at all times. Neither You nor Forvis Mazars shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

30. **Hiring of Forvis Mazars Personnel.** We ask that You respect the employment relationship that Our personnel have with Our firm and to refrain from any employment offers to Forvis Mazars personnel. However, if You find it necessary to make an offer of employment and if it is accepted, during the term of this engagement and for a period of 18 months after Forvis Mazars stops providing services, You agree that We will be paid a one-time employment fee equal to 100 percent of the employee's highest annual salary. This fee will be payable prior to Our personnel commencing employment with You. Provided, however, You shall not be in violation of the nonsolicitation covenant set forth herein with respect to any position You advertise in the form of a general solicitation not delivered to or focused upon any single individual.

31. **Use of Forvis Mazars Name.** Any time You intend to reference Forvis Mazars' firm name in any manner in any published materials, including on an electronic site, You agree to provide Us with draft materials for review and approval before publishing or posting such information.

32. **Network.** Forvis Mazars, LLP is a Delaware limited liability partnership and an independent member of Forvis Mazars Global Ltd., a leading global professional services network. Forvis Mazars Global Ltd. is a United Kingdom company limited by guarantee and does not provide any services to clients.

33. **Entire Agreement.** The contract, including this Terms and Conditions Addendum , the Professional Services Agreement, dated January 7, 2025, and any other attachments or addenda, encompasses the entire agreement between You and Forvis Mazars and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this contract must be made in writing and signed by both You and Forvis Mazars.

34. **Force Majeure.** We shall not be held responsible for any failure to fulfill Our obligations if such failure was caused by circumstances beyond Our control, including, without limitation, fire or other casualty, act of God, act of terrorism, strike or labor dispute, war or other violence, explosion, flood or other natural catastrophe, epidemic or pandemic, or any law, order, or requirement of any governmental agency or authority affecting either party, including without limitation orders incident to any such epidemic or pandemic, lockdown orders, stay-at-home orders, and curfews .

Forvis Mazars, LLP
14221 Dallas Parkway, Suite 400
Dallas, TX 75254
P 972.702.8262 | F 972.702.0673
forvismazars.us

April 14, 2025

Members of the Board
Mrs. Lyndi Birkhead, Director of Finance and Support Services
Texas Municipal Power Agency
P.O. Box 7000
Bryan, Texas 77805

We appreciate your selection of **Forvis Mazars, LLP** as your service provider and are pleased to confirm the arrangements of our engagement in this contract. Within the requirements of our professional standards and any duties owed to the public, regulatory, or other authorities, our goal is to provide you an **Unmatched Client Experience.**

In addition to the terms set forth in this contract, including the detailed **Scope of Services,** our engagement is governed by the following, incorporated fully by this reference:

- Terms and Conditions Addendum

Summary Scope of Services

As described in the attached **Scope of Services,** our services will include the following:

Texas Municipal Power Agency Employee's Pension Plan

- Audit Services for the year ended September 30, 2025

You agree to assume full responsibility for the substantive outcomes of the contracted services and for any other services we may provide, including any findings that may result.

You also acknowledge these services are adequate for your purposes, and you will establish and monitor the performance of these services to ensure they meet management's objectives. All decisions involving management responsibilities related to these services will be made by you, and you accept full responsibility for such decisions.

We understand you have designated a management-level individual(s) to be responsible and accountable for overseeing the performance of nonattest services, and you have determined this individual is qualified to conduct such oversight.

Engagement Fees

The fee for our services will be $12,610.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. Payment of our invoices is due upon receipt.

Our timely completion of services and the fees thereon depends on the assistance you provide us in accumulating information and responding to our inquiries. Inaccuracies or delays in providing this information or the responses may result in additional billings, untimely filings, or inability to meet other deadlines.

Contract Agreement

Please sign and return this contract to indicate your acknowledgment of, and agreement with, the arrangements for our services including our respective responsibilities.

Forvis Mazars, LLP

Forvis Mazars, LLP

Acknowledged and agreed to as it relates to the entire contract, including the **Scope of Services** and **Terms and Conditions Addendum,** on behalf of Texas Municipal Power Agency.

SGS BY ______________________________________
Mrs. Lyndi Birkhead, Director of Finance and Support Services

DATE ________________________________

Scope of Services – Audit Services

We will audit the following financial statements and related disclosures for the following plan:

Texas Municipal Power Agency Employee's Pension Plan as of and for the year ended September 30, 2025

- Statement of fiduciary net position and the related statement of changes in fiduciary net position and the related notes to the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion about whether the Plan's financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

We understand that management has determined that the Plan and the trust established under the Plan are qualified under the appropriate section of the Internal Revenue Code and intends to continue them as a qualified plan and trust.

We will also provide you with the following nonattest services:

- Preparing a draft of the financial statements and related notes

Josh Findlay, Director is responsible for supervising the engagement and authorizing the signing of the report or reports.

We will issue a written report(s) upon completion of our audit(s), addressed to the following parties:

Entity Name	Party Name
Texas Municipal Power Agency Employee's Pension Plan	Board of Directors

The following apply for the audit services described above:

Our Responsibilities

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). We will exercise professional judgment and maintain professional skepticism throughout the audit.

We will identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We will obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We will also conclude, based on audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Limitations & Fraud

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit that is planned and conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our understanding of internal control is not for the purpose of expressing an opinion on the effectiveness of your internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate contract to be signed by you and Forvis Mazars, LLP.

Opinion

Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph(s) to our auditor's report, or if necessary, decline to express an opinion or withdraw from the engagement.

If we discover conditions that may prohibit us from issuing a standard report, we will notify you. In such circumstances, further arrangements may be necessary to continue our engagement.

Your Responsibilities

Management and, if applicable, those charged with governance acknowledge and understand their responsibility for the accuracy and completeness of all information provided and for the following:

- **Audit Support** – to provide us with:
  - Unrestricted access to persons within the entity or within components of the entity (including management, those charged with governance, and component auditors) from whom we determine it necessary to obtain audit evidence
  - Information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including access to information relevant to disclosures
  - Information about events occurring or facts discovered subsequent to the date of the financial statements, of which management may become aware, that may affect the financial statements
  - Information about any known or suspected fraud affecting the entity involving management, employees with significant role in internal control, and others where fraud could have a material effect on the financials

  - Identification and provision of report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented
  - Additional information that we may request for the purpose of the audit

- **Internal Control and Compliance** – for the:
  - Design, implementation, and maintenance of internal control relevant to compliance with laws and regulations and the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
  - Alignment of internal control to ensure that appropriate goals and objectives are met, that management and financial information is reliable and properly reported and that compliance with and identification of the laws, regulations, contracts, grants, or agreements (including any federal award programs) applicable to the entity's activities is achieved
  - Remedy, through timely and appropriate steps, of fraud and noncompliance with provisions of laws, regulations, contracts, or other agreements reported by the auditor
  - Establishment and maintenance of processes to track the status and address findings and recommendations of auditors

- **Accounting and Reporting** – for the:
  - Maintenance of adequate records, selection and application of accounting principles, and the safeguard of assets
  - Adjustment of the financial statements to correct material misstatements and confirmation to us in the representation letter that the effects of any uncorrected misstatements aggregated by us are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
  - Preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (or other basis if indicated in the contract)
  - Inclusion of the auditors' report in any document containing financial statements that indicates that such financial statements have been audited by us
  - Distribution of audit reports to any necessary parties

The results of our tests of compliance and internal control over financial reporting performed in connection with our audit of the financial statements may not fully meet the reasonable needs of report users. Management is responsible for obtaining audits, examinations, agreed-upon procedures, or other engagements that satisfy relevant legal, regulatory, or contractual requirements or fully meet other reasonable user needs.

Written Confirmations Required

As part of our audit process, we will request from management and, if applicable, those charged with governance written confirmation acknowledging certain responsibilities outlined in this contract and confirming:

- The availability of this information
- Certain representations made during the audit for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

Preserving Future Independence

Our performance of certain nonattest services may not be permitted under the SEC and PCAOB independence rules, to which we are not currently subject. Accordingly, if we perform services that are not permitted under those rules, you would not be permitted to use our reports in a registration statement or other document requiring compliance with those rules.

You agree to inform us promptly if you are considering any future public offering of securities, use of our reports to comply with the Investment Advisers Act custody rule, or other action that would necessitate our future compliance with the independence rules of the SEC and PCAOB.

Should you wish to include our audit report on the financial statements described above in a registration statement with the SEC or similar filing, we would consider our consent to the inclusion of our report in such registration statement at that time. However, independence rules of the SEC are different than independence rules under which this engagement will be conducted. Should we be in violation of any such independence rules, such as from providing certain nonattest services to either you, your affiliates, or your executive officers, and are not considered independent under SEC rules, you would not be able to include our audit report in a future SEC or similar filing. In such situations, a reaudit of your financial statements would be necessary. The cost of this reaudit would be your responsibility. Accordingly, should you anticipate a registration of your securities in a public offering within the three-year period immediately following the date covered by our audit, we can discuss with you those services that we presently provide and possible changes in such services that may be made in order to comply with the independence rules of the SEC.

Forvis Mazars, LLP Terms and Conditions Addendum

GENERAL

1. **Overview.** This addendum describes **Forvis Mazars, LLP's** standard terms and conditions ("Terms and Conditions") applicable to Our provision of services to the Client ("You"). The Terms and Conditions are a part of the contract between You and Forvis Mazars, LLP. For the purposes of the Terms and Conditions, any reference to "Firm," "We," "Us," or "Our" is a reference to Forvis Mazars, LLP ("Forvis Mazars"), and any reference to "You" or "Your" is a reference to the party or parties that have engaged Us to provide services and the party or parties ultimately responsible for payment of Our fees and costs.

BILLING, PAYMENT, & TERMINATION

2. **Billing and Payment Terms.** We will bill You for Our professional fees and costs as outlined in Our contract. Unless otherwise provided in Our contract, payment is due upon receipt of Our billing statement. Interest will be charged on any unpaid balance after 30 days at the rate of 10 percent per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10 percent. All fees, charges, and other amounts payable to Forvis Mazars hereunder do not include any sales, use, excise, value-added, or other applicable taxes, tariffs, or duties, payment of which shall be Your sole responsibility, and do not include any applicable taxes based on Forvis Mazars' net income or taxes arising from the employment or independent contractor relationship between Forvis Mazars and Forvis Mazars' personnel.

   We reserve the right to suspend or terminate Our work for this engagement or any other engagement for nonpayment of fees. If Our work is suspended or terminated, You agree that We will not be responsible for Your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against You resulting from Your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of Our services.

   Our fees may increase if Our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards. Our engagement fees do not include any time for post-engagement consultation with Your personnel or third parties, consent letters and related procedures for the use of Our reports in offering documents, inquiries from regulators, or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

3. **Billing Records.** If these services are determined to be within the scope and authority of Section 1861(v)(1)(I) of the Social Security Act, We agree to make available to the Secretary of Health and Human Services, or to the U.S. Comptroller General, or any of their duly authorized representatives, such of Our books, documents, and records that are necessary to certify the nature and extent of Our services, until the expiration of four (4) years after the furnishing of these services. This contract allows access to contracts of a similar nature between subcontractors and related organizations of the subcontractor, and to their books, documents, and records.

4. **Termination.** Either party may terminate these services in good faith at any time for any reason, including Your failure to comply with the terms of Our contract or as We determine professional standards require. Both parties must agree, in writing, to any future modifications or extensions. If services are terminated, You agree to pay Forvis Mazars for time expended to date. In addition, You will be billed costs and fees for services from other professionals, if any, as well as an administrative fee of five (5) percent to cover certain technology and administrative costs associated with Our services. Unless terminated sooner in accordance with its terms, this engagement shall terminate upon the completion of Forvis Mazars' services hereunder.

DISPUTES & DISCLAIMERS

5. **Mediation.** Any dispute arising out of or related to this engagement will, prior to resorting to litigation, be submitted for nonbinding mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The mediator will be selected by agreement of the parties. The mediation proceeding shall be confidential. Each party will bear its own costs in the mediation, but the fees and expenses of the mediator will be shared equally.

6. **Indemnification.** Unless disallowed by law or applicable professional standards, You agree to hold Forvis Mazars harmless from any and all claims which arise from knowing misrepresentations to Forvis Mazars, or the intentional withholding or concealment of information from Forvis Mazars by Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. You also agree to indemnify Forvis Mazars for any claims made against Forvis Mazars by third parties, which arise from any wrongful actions of Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. The provisions of this paragraph shall apply regardless of the nature of the claim.

7. **Statute of Limitations.** You agree that any claim or legal action arising out of or related to this contract and the services provided hereunder shall be commenced no more than one (1) year from the date of delivery of the work product to You or the termination of the services described herein (whichever is earlier), regardless of any statute of limitations prescribing a longer period of time for commencing such a claim under law. This time limitation shall apply regardless of whether Forvis Mazars performs other or subsequent services for You. A claim is understood to be a demand for money or services, demand for mediation, or the service of suit based on a breach of this contract or the acts or omissions of Forvis Mazars in performing the services provided herein. This provision shall not apply if enforcement is disallowed by applicable law or professional standards.

8. **Limitation of Liability.** You agree that Forvis Mazars' liability, if any, arising out of or related to this contract and the services provided hereunder, shall be limited to the amount of the fees paid by You for services rendered under this contract. This limitation shall not apply to the extent it is finally, judicially determined that the liability resulted from the intentional or willful misconduct of Forvis Mazars or if enforcement of this provision is disallowed by applicable law or professional standards.

9. **Waiver of Certain Damages.** In no event shall Forvis Mazars be liable to You or a third party for any indirect, special, consequential, punitive, or exemplary damages, including but not limited to lost profits, loss of revenue, interruption, loss of use, damage to goodwill or reputation, regardless of whether You were advised of the possibility of such damages, regardless of whether such damages were reasonably foreseeable, and regardless of whether such damages arise under a theory of contract, tort, strict liability, or otherwise.

10. **Choice of Law.** You acknowledge and agree that any dispute arising out of or related to this contract shall be governed by the laws of the State of Texas, without regard to its conflict of laws principles.

11. **WAIVER OF JURY TRIAL. THE PARTIES HEREBY AGREE NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVE ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT, OR ANY CLAIM, COUNTERCLAIM, OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY THE PARTIES, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE.**

12. **Severability.** In the event that any term or provision of this agreement shall be held to be invalid, void, or unenforceable, then the remainder of this agreement shall not be affected, and each such term and provision of this agreement shall be valid and enforceable to the fullest extent permitted by law.

13. **Assignment.** You acknowledge and agree that the terms and conditions of this contract shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

14. **Disclaimer of Legal or Investment Advice.** Our services do not constitute legal or investment advice. You should seek the advice of legal counsel in such matters. Regulatory authorities may interpret circumstances differently than We do. In addition, the applicable laws, regulations, and regulators' enforcement activities may change over time.

RECORDS, WORKPAPERS, DELIVERABLES, & PROPRIETARY INFORMATION

15. **Maintenance of Records.** You agree to assume full responsibility for maintaining Your original data and records and that Forvis Mazars has no responsibility to maintain this information. You agree You will not rely on Forvis Mazars to provide hosting, electronic security, or backup services, *e.g.*, business continuity or disaster recovery services, to You unless separately engaged to do so. You understand that Your access to data, records, and information from Forvis Mazars' servers, *i.e.*, Forvis Mazars portals used to exchange information, can be terminated at any time and You will not rely on using this to host Your data and records.

16. **Forvis Mazars Workpapers.** Our workpapers and documentation retained in any form of media for this engagement are the property of Forvis Mazars. We can be compelled to provide information under legal process. In addition, We may be requested by regulatory or enforcement bodies (including any State Board) to make certain workpapers available to them pursuant to authority granted by law or regulation. Unless We are prohibited from doing so by law or regulation, Forvis Mazars will inform You of any such legal process or request. You agree We have no legal responsibility to You in the event We determine We are obligated to provide such documents or information.

17. **Subpoenas or Other Legal Process.** In the event Forvis Mazars is required to respond to any such subpoena, court order, or any government regulatory inquiry or other legal process relating to You or Your management for the production of documents and/or testimony relative to information We obtained or prepared incident to this or any other engagement in a matter in which Forvis Mazars is not a party, You shall compensate Forvis Mazars for all time We expend in connection with such response at normal and customary hourly rates and to reimburse Us for all out-of-pocket expenses incurred in regard to such response.

18. **Use of Deliverables and Drafts.** You agree You will not modify any deliverables or drafts prepared by Us for internal use or for distribution to third parties. You also understand that We may on occasion send You documents marked as draft and understand that those are for Your review purpose only, should not be distributed in any way, and should be destroyed as soon as possible.

    Our report on any financial statements must be associated only with the financial statements that were the subject of Our engagement. You may make copies of Our report, but only if the entire financial statements (exactly as attached to Our report, including related footnotes) and any supplementary information, as appropriate, are reproduced and distributed with Our report. You agree not to reproduce or associate Our report with any other financial statements, or portions thereof, that are not the subject of Our engagement.

19. **Proprietary Information.** You acknowledge that proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the services We perform and were developed prior to Our association with You. Any new forms, software, documents, or intellectual property We develop during this engagement for Your use shall belong to Us, and You shall have the limited right to use them solely within Your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which We make available to You are confidential and proprietary to Us. Neither You, nor any of Your agents, will copy, electronically store, reproduce, or make any such documents available to anyone other than Your

Personnel to the extent allowed by law, including the Texas Public Information Act. This provision will apply to all materials whether in digital, "hard copy" format, or other medium.

REGULATORY

20. **U.S. Securities and Exchange Commission ("SEC") and other Regulatory Bodies.** Where We are providing services either for (a) an entity that is registered with the SEC, (b) an affiliate of such registrant, or (c) an entity or affiliate that is subject to rules, regulations, or standards beyond those of the American Institute of Certified Public Accountants ("AICPA"), any term of this contract that would be prohibited by or impair Our independence under applicable law or regulation shall not apply to the extent necessary only to avoid such prohibition or impairment.

21. **Offering Document.** You may wish to include Our report(s) on financial statements in an exempt offering document. You agree that any report, including any auditor's report, or reference to Our firm, will not be included in any such offering document without notifying Us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor's report in the exempt offering document, will be a separate engagement.

    Any exempt offering document issued by You with which We are not involved will clearly indicate that We are not involved by including a disclosure such as, "Forvis Mazars, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Forvis Mazars, LLP also has not performed any procedures relating to this offering document."

22. **Forvis Mazars Not a Municipal Advisor.** Forvis Mazars is not acting as Your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, Forvis Mazars is not recommending any action to You and does not owe You a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such matters with internal or external advisors and experts You deem appropriate before acting on any such information or material provided by Forvis Mazars.

23. **Forvis Mazars Not a Fiduciary.** In providing Our attest services, We are required by law and our professional standards to maintain our independence from You. We take this mandate very seriously and thus guard against impermissible relationships which may impair the very independence which You and the users of Our report require. As such, You should not place upon Us special confidence that in the performance of Our attest services We will act solely in Your interest. Therefore, You acknowledge and agree We are not in a fiduciary relationship with You and We have no fiduciary responsibilities to You in the performance of Our services described herein.

TECHNOLOGY

24. **Electronic Sites.** You agree to notify Us if You desire to place Our report(s), including any reports on Your financial statements, along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that We have no responsibility to review information contained in electronic sites.

25. **Electronic Signatures and Counterparts.** This contract and other documents to be delivered pursuant to this contract may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement or document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this contract are intended to authenticate this writing and to have the same force and effect as manual signatures. Delivery of a copy of this contract or any other document contemplated hereby, bearing an original manual or electronic signature by facsimile transmission (including a facsimile delivered via the internet), by electronic mail in "portable document format" (".pdf") or similar format intended to preserve the original graphic and pictorial appearance of a document, or through the use of electronic signature software, will have the same effect as physical delivery of the paper document bearing an original signature.

26. **Electronic Data Communication and Storage.** In the interest of facilitating Our services to You, We may send data over the internet, temporarily store electronic data via computer software applications hosted remotely on the internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, We employ measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with Our obligations under applicable laws, regulations, and professional standards.

    You recognize and accept that We have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by Us. You consent to Our use of these electronic devices and applications during this engagement.

OTHER MATTERS

27. **Cooperation.** You agree to cooperate with Forvis Mazars in the performance of Forvis Mazars' services to You, including the provision to Forvis Mazars of reasonable facilities and timely access to Your data, information, and personnel. You shall be responsible for the performance of Your employees and agents.

28. **Third-Party Service Providers.** Forvis Mazars may from time to time utilize third-party service providers, including but not limited to domestic software processors or legal counsel, or disclose confidential information about You to third-party service providers in serving Your account. Forvis Mazars maintains, however, internal policies, procedures, and safeguards to protect the confidentiality and security of Your information. In addition, Forvis Mazars will secure confidentiality agreements with all service providers to maintain the confidentiality of Your information. If We are unable to

secure an appropriate confidentiality agreement, You will be asked to consent prior to Forvis Mazars sharing Your confidential information with the third-party service provider.

29. **Independent Contractor.** When providing services to You, We will be functioning as an independent contractor; and in no event will We or any of Our employees be an officer of You, nor will Our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to You. Decisions regarding management of Your business remain the responsibility of Your personnel at all times. Neither You nor Forvis Mazars shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

30. **Hiring of Forvis Mazars Personnel.** We ask that You respect the employment relationship that Our personnel have with Our firm and to refrain from any employment offers to Forvis Mazars personnel. However, if You find it necessary to make an offer of employment and if it is accepted, during the term of this engagement and for a period of 18 months after Forvis Mazars stops providing services, You agree that We will be paid a one-time employment fee equal to 100 percent of the employee's highest annual salary. This fee will be payable prior to Our personnel commencing employment with You. Provided, however, You shall not be in violation of the nonsolicitation covenant set forth herein with respect to any position You advertise in the form of a general solicitation not delivered to or focused upon any single individual.

31. **Use of Forvis Mazars Name.** Any time You intend to reference Forvis Mazars' firm name in any manner in any published materials, including on an electronic site, You agree to provide Us with draft materials for review and approval before publishing or posting such information.

32. **Network.** Forvis Mazars, LLP is a Delaware limited liability partnership and an independent member of Forvis Mazars Global Ltd., a leading global professional services network. Forvis Mazars Global Ltd. is a United Kingdom company limited by guarantee and does not provide any services to clients.

33. **Entire Agreement.** The contract, including this Terms and Conditions Addendum, the Professional Services Agreement dated January 7, 2025, and any other attachments or addenda, encompasses the entire agreement between You and Forvis Mazars and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this contract must be made in writing and signed by both You and Forvis Mazars.

34. **Force Majeure.** We shall not be held responsible for any failure to fulfill Our obligations if such failure was caused by circumstances beyond Our control, including, without limitation, fire or other casualty, act of God, act of terrorism, strike or labor dispute, war or other violence, explosion, flood or other natural catastrophe, epidemic or pandemic, or any law, order, or requirement of any governmental agency or authority affecting either party, including without limitation orders incident to any such epidemic or pandemic, lockdown orders, stay-at-home orders, and curfews.

May 21, 2025

AGENDA ITEM NO. 5

SUBJECT: Discuss future meeting dates and topics.

DISCUSSION: The next regular Audit and Budget Committee meeting is scheduled for the morning of December 11, 2025, prior to the December Board meeting. The planned agenda items for this meeting are:

- Review the FY25 audited financial statements
- Annual review of audit services commissioned by the Committee
- Receive Annual Ethics Program update

BACKUP MATERIAL: None.

ACTION REQUESTED: None.

Lyndi Birkhead
5/14/25