TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING

VIA VIDEO CONFERENCE CALL

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

CITY OF BRYAN
BRYAN MUNICIPAL BUILDING
300 S. Texas Ave
Bryan Texas 77803

Thursday, March 12, 2026
10:00AM

Preliminary matters:

- Call to order
- Public comments

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

1. Consent Agenda Items:

   A. Consider approval of meeting minutes of the December 11, 2025 Board of Directors meeting.

2. Planning & Operating Committee report relating to the March 12, 2026 Committee meeting

3. Status report relating to mine reclamation and land matters

4. Status report relating to environmental and regulatory compliance matters

5. Status reports relating to Transmission Operations and the Five-Year Transmission Projects Plan.

6. FY26 First Quarter Budget Status Report

7. FY27 Budget Plan

8. Resolution No 2026-3-1, relating to the annual review of the Agency's Investment Policy; and resolving matters incidental and related thereto.

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

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

   B. Sale of the SP 50 Property (value of real property under Section 551.072, Government Code, and legal advice under Section 551.071, Government Code).

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

10. Resolution No. 2026-3-2, authorizing the sale of a 722.85-acre tract out of the former Gibbons Creek Lignite Mine (the “SP 50 Property"); describing the conditions and circumstances for the sale of the SP 50 Property, and the public purposes that will be achieved; and resolving matters incidental and related thereto.

11. Future Meeting Dates

12. Adjourn

TEXAS MUNICIPAL POWER AGENCY

BOARD OF DIRECTORS MEETING

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

City of Bryan
Bryan Municipal Building
Bryan, TX 77803
Thursday, December 11, 2025
10:00 AM

President Nelson called the meeting to order at 10:00 AM.

The following people were present at the meeting.

Board Members:

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

Staff:

Daniel Meadows, Lyndi Birkhead and Susie Johnson

Others:

Carl Shahady – Tiemann, Shahady & Hamala, P.C.
Gary Miller - BTU, Katherine Tapscott - BTU
Jerry Fielder – DME
Darrell Cline, Tom Hancock, and Steve Martin – GP&L
Michelle Baccheschi and Bill Shepherd – GEUS

Public Comments:

Mr. Nelson asked for comments, there were none.

1. **Consent Agenda Items:**

   A. **Consider approval of the amended meeting minutes of September 11, 2025 and November 18-19, 2025 Board of Directors Meetings.**

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

Motion carried; voting as follows:

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

2. **Planning & Operating Committee report relating to results of the Planning & Operating Committee meeting of December 10, 2025**

An update was provided by Mr. Miller.

3. **Audit and Budget Committee report relating to the Committee meeting of December 11, 2025**

An update was provided by Mr. Davis.

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

An update was provided by Mr. Meadows.

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

An update was provided by Mr. Meadows.

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

An update was provided by Mr. Meadows.

7. **Resolution No. 2025-12-1, amending the FY2026 Annual Transmission System Capital Budget by increasing the amount that is authorized to be expended on the Gibbons Creek Physical Security Enhancements Project and resolving matters incidental and related thereto.**

Mr. Ratliff moved, seconded by Mr. Register, approval of **Resolution No. 2025-12-1**

Motion carried; voting as follows:

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

8. **Resolution No. 2025-12-2, amending the FY2026 Annual Transmission System Capital Budget by increasing the amount that is authorized to be expended on the Gibbons Creek to Greens Prairie 138 kV Line Reconductor Project; and resolving matters incidental and related thereto.**

Mr. Register moved, seconded by Mr. Ratliff, approval of **Resolution No. 2025-12-2**

Motion carried; voting as follows:

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

9. **FY25 Year-end Budget Status Report**

An update was provided by Mrs. Birkhead.

10. **Resolution No. 2025-12-3, receiving the audited financial statements of the Agency for the fiscal year ended September 30, 2025.**

Mr. Ratliff moved, seconded by Mr. Jefferies, approval of **Resolution No. 2025-12-3**

Motion carried; voting as follows:

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

11. **Resolution No. 2025-12-4, approving the annual proportional share calculation of Member City ownership interests in Agency assets; and resolving matters incidental and related thereto.**

Ms. Harting moved, seconded by Mr. Cheek, approval of **Resolution No. 2025-12-4**

Motion carried; voting as follows:

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

12. **Resolution No. 2024-12-5, authorizing a distribution of transmission funds to the Member Cities; and resolving matters incidental and related thereto.**

Mr. Jefferies moved, seconded by Mr. Register, approval of **Resolution No. 2025-12-5**

Motion carried; voting as follows:

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

13. **Executive Session.**

Mr. Nelson announced that the Board would convene in executive session pursuant to Sections 551.071, 551.072, and 551.086, Government Code

The open session was recessed, and the executive session was called to order by Mr. Nelson at 10:14 am.

The open session resumed at 10:24 AM.

14. Resolution No. 2025-12-6, authorizing the sale of a 722.85-acre tract out of the former Gibbons Creek Lignite Mine (the "SP 50 Property); describing the conditions and circumstances for the sale of the SP 50 Property, and the public purposes that will be achieved; and resolving matters incidental and related thereto.

Resolution No. 2025-12-6 postponed to future meeting dates

15. Future Meeting Dates.

By general consensus of the Board, the next Board meeting is tentatively set for March 12, 2026.

16. Adjourn

By general consensus of the Board, the meeting adjourned at 10:26 AM.

March 12, 2026

AGENDA ITEM NO. 2

SUBJECT: Planning & Operating Committee report relating to the March 12, 2026 Committee meeting.

DISCUSSION: The P&O Committee Chair will present major discussion topics and actions taken at the March 12, 2026 meeting.

BACKUP MATERIAL: None

ACTION REQUESTED: None

Gary Miller
3/12/2026

March 12, 2026

AGENDA ITEM NO. 3

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

DISCUSSION:

Bond Release Status

TMPA currently has 28.2 acres of land still under bond – Seep 1A (3.8 acres) and Seep 9A (24.4 acres). On 07/30/25, TMPA applied for bond release on these remaining areas. At the request of the Railroad Commission, this was done unofficially to give the Commission Staff time to determine the procedure for approving bond release on mitigated acid seeps. Since that time, the Staff has been in internal discussions and has been reviewing procedures in other states. The Staff believes that this would be a first in the state and, as far as they can determine, a first in the nation and would therefore set a precedent and standard for other applications in the future.

On 11/19/25, TMPA held a (TEAMS) meeting with Staff to obtain an update in advance of the TMPA's 12/11/25 Board Meeting. At that meeting, Staff floated the idea of a trust fund as a replacement for bonding to provide a long-term form of financial assurance. The problem for TMPA is that there are no established procedures for that and it could take a long time to establish such procedures. On 12/8/25, TMPA sent a formal letter to the RCT stating these concerns and expressing its strong preference for proceeding under the traditional bond release framework for several reasons "grounded in existing law, long-term data, and the specific conditions present at Gibbons Creek."

Since there was no reply, TMPA held a follow-up (TEAMS) meeting with Staff on 01/13/26. At this meeting, RCT Staff conceded to TMPA's plan to follow a traditional bond release approach and submit separate applications for the two seeps in spring 2026 when vegetation has started growing again.

Seep 1A Mitigation

Vegetation at Seep 1A was becoming established as of early January 2026 (Figure 1).

Figure 1 – Seep 1A wetland treatment area (01/6/26)

Drone photography by Robert MacNabb, Railroad Commission of Texas

It has died back since after Winter Storm Fern (01/22/26-01/25/26) but is expected to recover in spring 2026. The hog fence installed in spring 2025 has been very effective in protecting the vegetation in the wetland area from livestock and wildlife (Figure 2)

Figure 2 – Seep 1A fence – with protected wetland area on the left
(View northeast, 01/6/26)

Seep 9A Mitigation

Vegetation is thriving in the upper section of the Seep 9A drainage mitigated in 2022 (Figure 3).

Figure 3 – Vegetation in upper section of Seep 9A drainage mitigated in 2022
(View north, 01/6/26)

Drone photography by Robert MacNabb, Railroad Commission of Texas

Vegetation is becoming established in the lower section of the Seep 9A drainage mitigated in 2023. The rip-rap erosion control structure at the downstream end of the drainage has been very effective in controlling erosion even during large storm events (Figure 4).

Figure 4 – Vegetation in lower section of Seep 9A mitigated in 2023
(grouted riprap erosion control structure visible at downstream end)
(View northeast, 01/6/26)

Drone photography by Robert MacNabb, Railroad Commission of Texas

Sale of Pond SP-50 Property (723 acres)

The General Manager will report on the sale of the Pond SP-50 property.

BACKUP MATERIAL: None

ACTION REQUESTED: None

Jan K. Horbaczewski
Daniel Meadows
3/2/2026

March 12, 2026

AGENDA ITEM NO. 4

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

DISCUSSION: On February 10, 2021, the sale of GCSES and Gibbons Creek Reservoir to Gibbons Creek Environmental Redevelopment Group, LLC (GCERG) was finalized. The physical work was considered complete by GCERG on August 31, 2024.

On November 14, 2025, the TCEQ approved the Coal Combustion Residuals Registration for the ash ponds, scrubber sludge pond, and Site F Landfill. In the Registration, the TCEQ determined that these CCR units are closed.

As a result, GCERG submitted a bond reduction request on November 25, 2025 in the amount of $16,753,500.

Upon review, TMPA and the Environmental Designee have considered the Ash Ponds, Scrubber Sludge Pond, and Site F Landfill as being completed within the meaning of Section 9.06(a) of the APA. On December 12, 2025, and based on that determination, TMPA communicated its willingness to sign an instrument reducing the Regulatory Performance Bond after the post-closure financial assurance, acceptable to the TCEQ and as required by the CCR Registration, is submitted to the TCEQ with copy to TMPA.

GCERG is still engaged in the process of obtaining the required post-closure financial assurance. Accordingly, as of the date of this writing, the Regulatory Closure Bond has not yet been reduced.

TMPA estimates that the remediation project is **97% complete** with only the final administrative and regulatory tasks remaining to close Site A Landfill, Site F Landfill, Scrubber Sludge Pond, and Ash Ponds.

The Escrow Balance is currently at $2.85 million, and per the APA, this balance will remain as retention until TMPA certifies that all post-closure bonds are in place. The current total security available is shown below.

Escrow Amount:	2,853,267
Regulatory Closure Bond Amount:	32,558,000
Total Security Available:	**35,411,267**

BACKUP MATERIAL: None

ACTION REQUESTED: None

Daniel Meadows
3/2/2026

March 12, 2026

AGENDA ITEM NO. 5

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

DISCUSSION: The purpose of this agenda item is to provide two routine reports to the Board.

BACKUP MATERIAL: 1) Transmission Operations Status Report
2) Five-year Transmission Project Status Report

ACTION REQUESTED: None

Daniel
Meadows
3/2/2026

TRANSMISSION OPERATIONS STATUS REPORT

Outage Summary:

During the months of November and December of 2025 and January of 2026, TMPA had seventeen planned outages on the 345kV system, fourteen planned outages on the 138kV system and one planned outage on the 69kV system. There were no unplanned outages. There were fourteen forced extensions on the 345kV system, five on the 138kV and none on the 69kV system. There were no unplanned outages on the 345kV system, none on the 138kV and none on the 69kV system.

The forced extensions are detailed below:

Twelve of the fourteen 345kV forced extensions were at Ben Davis and part of the upgrade and commissioning on the new control enclosure. (We have been and still are waiting on ONCOR to complete end-to-end testing). The remaining two 345kV forced extensions were necessary to complete the oil pump replacement on Auto Transformer #3 at Gibbons Creek.

All five of the 138kV forced extensions were at Ben Davis and part of the upgrade and commissioning on the new control enclosure.

Personnel Summary:

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

Steve Martin
Matt Carter
02/20/2026

TMPA Transmission Operations Report
2025

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2025 Total
Planned Outages													
345 Kv	4	1	5	8	2	2	4	0	2	5	4	1	**38**
138 Kv	2	1	2	13	0	6	7	9	6	3	5	2	**56**
69 Kv	0	1	0	0	0	0	0	0	0	0	0	1	**1**
Devices requested													**95**
Un-Planned Outages													
345 Kv	1	0	1	2	1	0	0	0	0	2	0	0	**7**
138 Kv	1	1	0	1	0	0	0	0	0	1	0	0	**4**
69 Kv	0	0	0	0	0	0	0	0	0	0	0	0	**0**
													11
Forced Extension Outages													
345 Kv	0	0	0	2	1	0	0	0	0	6	5	8	**22**
138 Kv	0	1	1	1	0	0	0	0	0	3	3	1	**10**
69 Kv	0	1	0	0	0	0	0	0	0	0	0	0	**1**
													33

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

TMPA Transmission Operations Report
2026

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2026 Total
Planned Outages													
345 Kv	12												**12**
138 Kv	7												**7**
69 Kv	0												**0**
Devices requested													**19**
Un-Planned Outages													
345 Kv	0												**0**
138 Kv	0												**0**
69 Kv	0												**0**
													0
Forced Extension Outages													
345 Kv	1												**1**
138 Kv	1												**1**
69 Kv	0												**0**
													2

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

Five-Year Transmission Projects Status Report as of March 2026

Project Name	Project No.	Total Approved / NOT Approved	Approved Funds Remaining as of 9/30/25 or Date of Approval (if later)	FY26	FY27	FY28	FY29	FY30
Steep Hollow to Keith Switch - Rebuild/Grounding Enhancement	T20002	$ 12,800,000	$ 3,329,418	*$ 817,000*				
				$ 817,000				
Ben Davis Breaker Replacement	T20004	$ 4,290,000	$ 2,302,076	*$ 908,631*				
				$ 1,059,233				
Pruitt 138kV Terminal Addition	T21005	$ 24,161,000	$ 22,748,940	*$ 3,500,000*	*$ 19,248,940*			
					$ 24,161,000			
Gibbons Creek Decommission Transmission Phase II	T21006	$ 5,910,000	$ -					
				$ 2,203				
Gibbons Creek Data Center Terminal Additions	T22002	$ 3,000,000	$ 3,000,000				*$ 3,000,000*	
							$ 3,000,000	
Dansby to Steep Hollow Rebuild	T22003	$ 21,500,000	$ -	*$ 1,600,000*				
				$ 1,600,000				
Greenville Interchange to Pruitt New Line & Station (Makalu)	T22004	$ 12,500,000	$ 12,342,438	*$ 2,242,438*	*$ 2,000,000*	*$ 8,100,000*		
						$ 12,500,000		
Rayburn Country 138kV POI	T22005	$ 4,062,500	$ 560,215	*$ 966,465*				
				$ 966,465				
Brazos Interconnection at Denton West Interchange	T24001	$ 3,530,400	$ 3,052,501	*$ 300,000*	*$ 1,302,501*			
					$ 2,080,400			
Shelby to Nevada Transmission Line Extension	T24003	$ 2,700,000	$ 2,700,000			*$ 2,700,000*		
						$ 2,700,000		
Industrial Substation Bypass	T24004	$ 174,900	$ 159,161	*$ 87,444*				
				$ 103,183				
Transformer Dissolved Gas Monitor	T24006	$ 108,750	$ 73,750	*$ 67,000*				
				$ 67,000				
Relay Panel Replacement Project at Denton West	T24008	$ 96,800	$ 96,800	*$ 48,400*	*$ 48,400*			
					$ 96,800			
GC Switchyard Subsurface and Surface Modifications	T25001	$ 8,300,000	$ 3,198,197	*$ 3,273,265*				
				$ 3,273,265				
GC-Zenith Ckt 18 (CNP) Protection Scheme	T25002	$ 845,000	$ 835,533	*$ 835,533*				
				$ 845,000				
GC-Greens Prairie 138 kV Reconductor	T25003	$ 5,664,000	$ 4,054,465	*$ 4,054,465*				
				$ 4,786,000				
Nevada to Royse 138kV Conductor Replacement	T25004	$ 100,000	$ 41,001	*$ 41,000*				
				$ 41,000				
Lee Street Interconnecting Lines	T25005	$ 1,950,000	$ 1,950,000		*$ 1,950,000*			
					$ 1,950,000			
GC Physical Security Enhancements	T25006	$ 3,606,400	$ 2,004,585	*$ 2,004,585*				
				$ 2,112,600				
Denton West-Roanoke (Related to Oncor Ramhorn-Dunham)		$ 15,800,000			$ 15,800,000			
Buffalo Prairie Storage (150 MW)		$ 10,200,000			$ 4,000,000	$ 6,200,000		
Little Ridge Storage (250 MW)		$ 9,500,000			$ 8,500,000	$ 1,000,000		
Buffalo Meadow Solar		$ 10,000,000			$ 3,000,000	$ 7,000,000		
Texas Cotton Solar (Jack Creek)		$ 10,000,000					$ 5,000,000	$ 5,000,000
Spencer Interchange to Pockrus T-line Reconstruction		$ 7,290,000						$ 5,690,000
TMPA Capital Spending (Approved)				**$ 20,746,225**	**$ 24,549,841**	**$ 10,800,000**	**$ 3,000,000**	**$ -**
TMPA Investments Placed In-Service (Approved)				**$ 15,672,948**	**$ 28,288,200**	**$ 15,200,000**	**$ 3,000,000**	**$ -**

TXDOT Reimbursable Projects:								
State Highway 30 Pole Relocation Project	T24009	$ 6,050,000	$ 6,050,000		$ 6,050,000			
West Loop 288-West Denton to Fort Worth T-line Relocation		$ 3,300,000	$ -		$ 1,200,000	$ 2,100,000		
West Loop 288-Masch Branch to North Denton T-line Relocation		$ 3,300,000	$ -		$ 1,200,000	$ 2,100,000		
East Loop 288 and Hwy 380 TML Reroute		$ 2,300,000	$ -		$ 1,500,000	$ 800,000		
Wixon Data Center (interconnection of BTU)		$ 10,000,000	$ -		$ 3,000,000	$ 7,000,000		

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

Projected dollars spent

Projected placed in-service

March 12, 2026

AGENDA ITEM NO. 6

SUBJECT: FY26 First Quarter Budget Status Report.

DISCUSSION: This report, along with the attachments, provides a comparison of actual cost performance to budgets (approved 6/5/25) for each business unit of TMPA as of the end of Q1, as well as year-end projections. The year-end projections are summarized as follows:

GENERATION – Projection to Year-end (in thousands)				
Cost Type	**Approved Budget**	**Projection**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$188	$131	($57)	(30.2%)
Other Revenues Excluding City Billings	($6)	($16)	($10)	(161.6%)
Total Budget Variance			**($67)**	**(36.7%)**

MINE – Projection to Year-end (in thousands)				
Cost Type	**Approved Budget**	**Projection**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$681	$665	($16)	(2.4%)
Other Revenues Excluding City Billings	($22)	($22)	$0	0.0%
Total Budget Variance			**($16)**	**(2.5%)**

TRANSMISSION – Projection to Year-end (in thousands)				
Cost Type	**Approved Budget**	**Projection**	**(Under) / Over**	**Percentage Change**
Fixed Costs - Non-Debt	$7,949	$8,026	$77	1.0%
Fixed Costs - Debt	$20,601	$20,313	($288)	(1.4%)
Other Revenues	($36,431)	($36,178)	$253	0.7%
Total Budget Variance			**$42**	**0.5%**
Debt Service Coverage	1.25X	1.74X		Exceeds requirement

A&G costs are projected to be over budget ($126K) primarily due to (a) a higher excess liability insurance premium than budgeted and (b) Debbie Evans' retirement date being delayed until the end of February.

Generation Division - Total Costs are projected to be under budget by $67K in FY26.

1. Consulting Services are $37K lower as costs related to the Environmental Designee are low due to slow progress by GCERG to complete the regulatory closure at the former plant site.

Mine Division - Total Costs are projected to be under budget by $16K in FY26.

Transmission Division - Total Costs are projected to be over budget by $42K in FY26.

1. Property Insurance is $85K lower as property insurance premiums are less than anticipated.
2. Debt Service - Bonds are $88K lower due to interest rate savings on the Series 2025 Bonds issued in July 2025.
3. Revolving Notes Interest is $200K lower as the balance of Notes outstanding is lower than anticipated.
4. Transmission System Revenue is $465K lower as the draft 2025 Average 4CP is lower than estimated.
5. Interest Income is $128K higher primarily due to the Reserve account for the Series 2025 Bonds, which was not included in the budget.
6. Other Revenue is $84K higher due primarily to the sale of scrap metal.

NOTE: There is no FY26 charge to the Member Cities for the Transmission division since revenues exceed expenses.

BACKUP MATERIAL: Attachment A: Generation FY26 Q1 Rate Sheet
Attachment B: Mine FY26 Q1 Rate Sheet
Attachment C: Transmission FY26 Q1 Rate Sheet

ACTION REQUESTED: None

Lyndi Birkhead
3/4/2026

Generation

FY26 Q1 Key Budget Driver Rate Sheet

FY26 Approved Budget Compared to YTD December Actual and to Year-end Projection

	FY26 Budget Approved 6/5/25 YTD December	FY26 Actual YTD December	(Under) Over Budget	Percentage Change	FY26 Budget Approved 6/5/25	FY26 Year-end Projection as of December	(Under) Over Budget	Percentage Change
Fixed Costs								
S02 Consulting Services	21,250	5,777	(15,473)	-72.8%	85,000	48,000	(37,000)	-43.5%
S04 Legal Services	12,500	15,636	3,136	25.1%	50,000	50,000	-	0.0%
Allocation of A&G	12,674	8,342	(4,332)	-34.2%	52,775	33,110	(19,665)	-37.3%
TOTAL FIXED COSTS	**$ 46,424**	**$ 29,755**	**$ (16,669)**	**-35.9%**	**$ 187,775**	**$ 131,110**	**$ (56,665)**	**-30.2%**
Other Revenues								
I73 Interest Income	(1,649)	(1,187)	462	28.0%	(6,187)	(6,187)	-	0.0%
Other Revenue	-	(10,000)	(10,000)	-100.0%	-	(10,000)	(10,000)	-100.0%
TOTAL OTHER REVENUES	**$ (1,649)**	**$ (11,187)**	**$ (9,538)**	**-578.6%**	**$ (6,187)**	**$ (16,187)**	**$ (10,000)**	**-161.6%**
TOTAL COSTS	**$ 44,776**	**$ 18,568**	**$ (26,208)**	**-58.5%**	**$ 181,588**	**$ 114,923**	**$ (66,665)**	**-36.7%**

	Budget Approved in FY23**	Actual Spent in FY23-25	Actual Spent in FY26 as of 12/31/25	Reserved Balance as of 12/31/25***
Site F Landfill Legal Costs*	500,000	149,026	1,530	349,445

** Expenses, up to the approved $500K, do NOT impact the FY26 budget and are NOT included in the analysis above.*

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

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

Mine

FY26 Q1 Key Budget Driver Rate Sheet

FY26 Approved Budget Compared to YTD December Actual and to Year-end Projection

	FY26 Budget Approved 6/5/25 YTD December	FY26 Actual YTD December	(Under) Over Budget	Percentage Change	FY26 Budget Approved 6/5/25	FY26 Year-end Projection as of December	(Under) Over Budget	Percentage Change
Fixed Costs								
M44 Mine Maintenance	55,750	20,648	(35,102)	-63.0%	212,000	212,000	-	0.0%
R51 Contractor Maintenance	10,000	-	(10,000)	-100.0%	40,000	40,000	-	0.0%
S02 Consulting Services	44,750	34,405	(10,345)	-23.1%	179,000	179,000	-	0.0%
S04 Legal Services	10,000	8,721	(1,279)	-12.8%	40,000	40,000	-	0.0%
Other Fixed Costs - Non-Debt	8,513	12,542	4,030	47.3%	18,813	18,813	-	0.0%
Allocation of A&G	45,986	27,749	(18,237)	-39.7%	191,481	175,232	(16,249)	-8.5%
TOTAL FIXED COSTS	**$ 174,998**	**$ 104,065**	**$ (70,933)**	**-40.5%**	**$ 681,294**	**$ 665,045**	**$ (16,249)**	**-2.4%**
Other Revenues								
I76 Interest Income	(5,982)	(3,949)	2,033	34.0%	(22,448)	(22,448)	-	0.0%
TOTAL OTHER REVENUES	**$ (5,982)**	**$ (3,949)**	**$ 2,033**	**34.0%**	**$ (22,448)**	**$ (22,448)**	**$ -**	**0.0%**
TOTAL COSTS	**$ 169,017**	**$ 100,116**	**$ (68,900)**	**-40.8%**	**$ 658,846**	**$ 642,597**	**$ (16,249)**	**-2.5%**

Transmission
FY26 Q1 Key Budget Driver Rate Sheet
FY26 Approved Budget Compared to YTD December Actual and to Year-end Projection

	FY26 Budget Approved 6/5/25 YTD December	FY26 Actual YTD December	(Under) Over Budget	Percentage Change	FY26 Budget Approved 6/5/25	FY26 Year-end Projection as of December	(Under) Over Budget	Percentage Change
Fixed Costs								
L01 Contractor Labor	216,244	172,720	(43,524)	-20.1%	666,699	666,699	-	0.0%
R06 Bank Charges	26,000	30,375	4,375	16.8%	122,000	122,000	-	0.0%
R41 Property Insurance	171,314	138,861	(32,453)	-18.9%	685,256	600,000	(85,256)	-12.4%
R51 Contractor Maintenance	336,445	672,070	335,625	99.8%	1,870,600	1,870,600	-	0.0%
S02 Consulting Services	35,000	35,237	237	0.7%	144,700	144,700	-	0.0%
S04 Legal Services	52,500	27,660	(24,840)	-47.3%	210,000	210,000	-	0.0%
Other Fixed Costs - Non-Debt	484,056	628,063	144,007	29.7%	2,015,486	2,016,486	1,000	0.0%
Allocation of A&G	536,526	619,954	83,428	15.5%	2,234,049	2,395,483	161,434	7.2%
Subtotal Fixed Costs - Non-Debt	**$ 1,858,086**	**$ 2,324,941**	**$ 466,855**	**25.1%**	**$ 7,948,790**	**$ 8,025,968**	**$ 77,178**	**1.0%**
R57-R58 Debt Service - Bonds	3,834,918	3,812,944	(21,974)	-0.6%	15,476,690	15,388,593	(88,097)	-0.6%
R55 Revolving Notes Interest	77,885	96,307	18,422	23.7%	1,100,121	900,000	(200,121)	-18.2%
R62 Debt Coverage Payment	1,005,985	1,005,985	-	0.0%	4,023,939	4,023,939	-	0.0%
Subtotal Fixed Costs - Debt	**$ 4,918,788**	**$ 4,915,235**	**$ (3,553)**	**-0.1%**	**$ 20,600,750**	**$ 20,312,532**	**$ (288,218)**	**-1.4%**
TOTAL FIXED COSTS	**$ 6,776,874**	**$ 7,240,176**	**$ 463,302**	**6.8%**	**$ 28,549,540**	**$ 28,338,500**	**$ (211,040)**	**-0.7%**
Other Revenues								
I50 Transmission System Revenue	(8,822,911)	(8,822,911)	(0)	0.0%	(35,696,819)	(35,231,915)	464,904	1.3%
I70-I75 Interest Income	(160,766)	(199,356)	(38,590)	-24.0%	(676,950)	(805,000)	(128,050)	-18.9%
Other Revenue	23,277	(91,772)	(115,050)	494.3%	(57,107)	(140,890)	(83,783)	-146.7%
TOTAL OTHER REVENUES	**$ (8,960,400)**	**$ (9,114,039)**	**$ (153,640)**	**-1.7%**	**$ (36,430,876)**	**$ (36,177,805)**	**$ 253,071**	**0.7%**
TOTAL COSTS / (REVENUES)	**$ (2,183,526)**	**$ (1,873,863)**	**$ 309,663**	**14.2%**	**$ (7,881,337)**	**$ (7,839,305)**	**$ 42,032**	**0.5%**

March 12, 2026

AGENDA ITEM NO. 7

SUBJECT: FY27 Budget Plan

DISCUSSION: The FY27 budget cycle will kick off following this meeting as we obtain direction from the P&O Committee and Board. Staff proposes the following assumptions:

- A 10-year pro forma will be provided for each business unit – Generation, Mine, and Transmission.
- Generation activities, namely environmental and compliance oversight, will continue indefinitely.
- Mine activities will continue related to the maintenance of the remaining bonded acreage, namely the acid seeps, and the pursuit of final bond release from the Railroad Commission.
- TMPA will continue to invest in our current Transmission system, as well as actively pursue transmission investments outside of our current system.
- TMPA will continue to have four full-time employees:
    - Daniel Meadows, General Manager
    - Lyndi Birkhead, CFO/Director of Finance & Support Services
    - Gwen Conlee, Accountant, and
    - Susie Johnson, Executive Administrator.

BACKUP MATERIAL: FY27 Budget Schedule

ACTION REQUESTED: None

Lyndi Birkhead
3/4/2026

FY27 BUDGET SCHEDULE

FY27 Budget Kick-off	3/12/26
RA Managers Finalize Budgets	3/26/26
Email DRAFT ONE to Senior Managers	4/01/26
Email DRAFT TWO to Senior Managers	4/08/26
Release to FWG	4/22/26
FWG Zoom Meeting	4/29/26
Proposed P&O Zoom Meeting	5/13/26
Proposed ABC Zoom Meeting	5/27/26
Board Meeting – Approve FY27 Budget	6/11/26

March 12, 2026

AGENDA ITEM NO. 8

SUBJECT: Resolution No. 2026-3-1, relating to the annual review of the Agency's Investment Policy; and resolving matters incidental and related thereto.

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

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

BACKUP MATERIAL: Exhibit A to Resolution 2026-3-1

ACTION REQUESTED: Consideration and action on Resolution No. 2026-3-1

Lyndi Birkhead
3/4/2026

RESOLUTION NO. 2026-3-1

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

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

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

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

1. That the above recitals are true and correct;

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

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

PASSED AND APPROVED THIS 12TH DAY OF MARCH 2026.

____
Andrew Nelson, President
Board of Directors
Texas Municipal Power Agency

ATTEST: ______________________________
Tom Jefferies, Secretary
Board of Directors
Texas Municipal Power Agency

TEXAS MUNICIPAL POWER AGENCY

INVESTMENT POLICY

Reviewed and Adopted:

February 8, 2018

EXHIBIT “A”
RESOLUTION NO. 2026-3-1

PREFACE

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

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

Investment shall be made with the primary objectives of:

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

INVESTMENT POLICY

TABLE OF CONTENTS

I. PURPOSE

A. Formal Adoption

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

B. Scope

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

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

Bond Fund
Construction Fund
Contingency Fund
Reserve Fund
Revenue Fund

C. Review and Amendment

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

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

D. Investment Strategy Statement

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

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

II. INVESTMENT OBJECTIVES

A. Safety of Principal

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

B. Maintenance of Adequate Liquidity

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

III. INVESTMENT POLICY

A. Authorized Investments

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

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

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

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

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

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

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

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

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

Banker's acceptances that:

a. Have stated maturities of 270 days or fewer;

b. Will be liquidated in full at maturity;

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

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

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

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

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

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

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

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

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

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

B. Protection of Principal

1. Diversification by Investment Type

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

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

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

2. Diversification by Investment Maturity

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

a. Bond Fund

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

b. Construction Fund

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

c. Contingency Fund

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

d. Reserve Fund

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

e. Revenue Fund

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

3. Liquidity

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

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

4. Depository and Repurchase Agreements

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

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

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

a. Allowable Collateral

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

(1) Collateralized Deposits

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

(2) Repurchase Agreements

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

b. Collateral Levels

(1) Collateralized Deposits

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

(2) Repurchase Agreements

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

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

Agreement Maturities of One Business Day	
All Securities	100%

c. Monitoring Collateral Adequacy

(1) Collateralized Deposits

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

(2) Repurchase Agreements

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

d. Additional Collateral and Securities

(1) Collateralized Deposits

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

(2) Repurchase Agreements

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

e. Security Substitution

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

5. Safekeeping

a. Safekeeping Agreement

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

b. Safekeeping of Deposit Collateral

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

c. Safekeeping of Repurchase Agreement Securities

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

6. Downgrade Provision for Investment Ratings

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

C. Investment Advisors and Investment Providers

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

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

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

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

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

d. Understanding of public funds; and

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

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

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

a. received and reviewed this Investment Policy, and

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

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

D. Responsibility and Controls

1. Responsibility

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

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

2. Authority to Invest

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

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

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

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

3. Prudent Investment Management

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

4. Standard of Care

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

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

5. Standards of Ethics

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

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

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

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

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

6. Internal Controls

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

7. Market Value

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

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

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

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

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

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

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

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

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

8. Reporting

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

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

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

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

d. State the maturity date of each investment security;

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

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

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

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

APPENDIX A – DESCRIPTION OF FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX B – AUTHORIZED INVESTMENT SECURITIES

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

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

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

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

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

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

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

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

APPENDIX C - INVESTMENT STRATEGY STATEMENT

PREFACE

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

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

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

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

INVESTMENT STRATEGY STATEMENT

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

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

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

Bond Fund

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

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

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

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

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

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

Construction Fund

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

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

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

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

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

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

Contingency Fund

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

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

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

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

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

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

Reserve Fund

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

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

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

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

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

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

Revenue Fund

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

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

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

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

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

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

March 12, 2026

AGENDA ITEM NO. 9

SUBJECT: Executive Session

Executive session will be held pursuant to the Open Meetings Act (Chapter 551, Government Code, legal advice under Section 551.071, Government Code, value of real property under Section 551.072, Government Code, and competitive matters under Section 551.086, Government Code) for the following items:

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

B. Sale of the SP 50 Property (value of real property under Section 551.072, Government Code, and legal advice under Section 551.071, Government Code).

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

March 12, 2026

AGENDA ITEM NO. 9A

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

DISCUSSION: At the September 2025 Board meeting, the Board authorized the General Manager to spend up to $200,000 for the purpose of investigating potential transmission projects.

TMPA Staff will present an update and detailed information on the three major planning initiatives for Board discussion:

1. Asset Purchase Agreement with Oncor that dissolves the Jointly Owned Facility Agreement and positions TMPA to be the owner of specific assets allowing participation in the Denton Area Transmission Improvements project which was submitted to the ERCOT Regional Planning Group on February 12, 2026.

2. Transmission System Upgrades and New Projects in the Gibbons Creek area to address potential large load connections.

3. Additional confidential strategic project to be discussed orally at the Board Meeting.

BACKUP MATERIAL: Material will be presented at the Board Meeting.

ACTION REQUESTED: Provide Staff with direction regarding transmission matters.

Daniel Meadows
3/2/2026

March 12, 2026

AGENDA ITEM NO. 9B

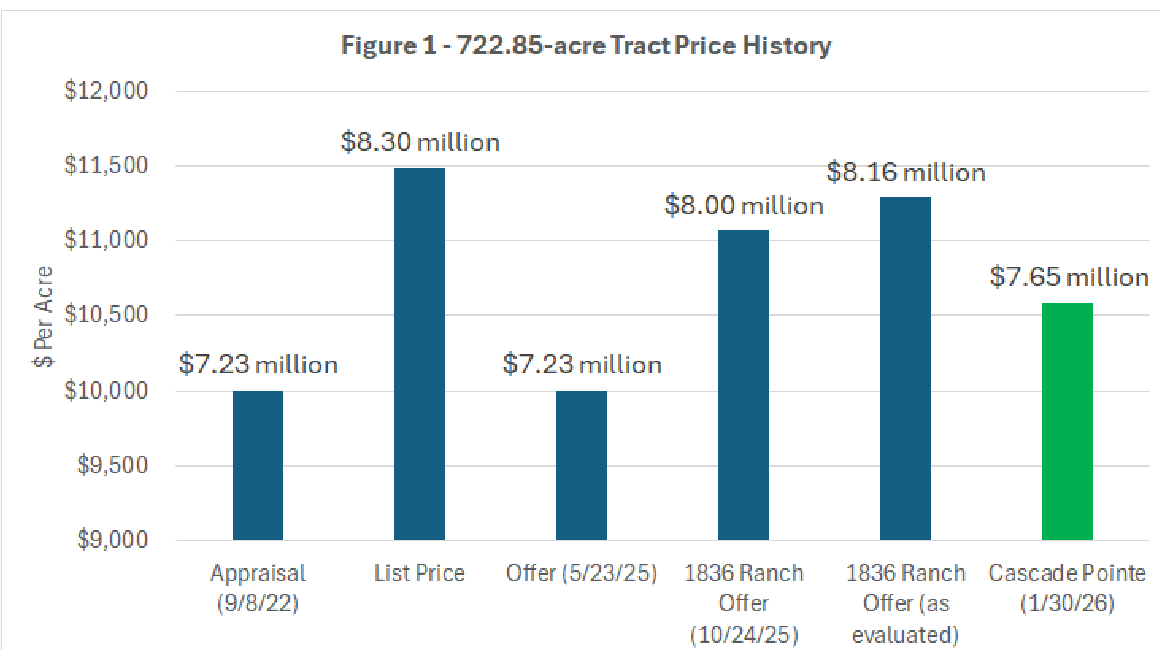
SUBJECT: Sale of the SP 50 Property (value of real property under Section 551.072, Government Code, and legal advice under Section 551.071, Government Code).

DISCUSSION: TMPA received an appraisal report, dated September 8, 2022, that appraised the 723-acre SP 50 Property at $10,000 per acre, or $7.23 million. Based on this appraisal report, the property was originally listed in 2022 at $8.3 million.

In late October 2025, 1836 Ranch offered to purchase the SP 50 Property for $8 million, and the Board authorized the sale to 1836 Ranch at the Board Meeting of November 18-19, 2025. Following the Board Meeting, a Farm & Ranch Contract with 1836 Ranch LLC was fully signed. However due to the failure of 1836 Ranch LLC to submit earnest money and failure to communicate with TMPA's brokerage team, TMPA terminated the Farm & Ranch Contract on December 2, 2025.

As of January 2026, TMPA had two pending bids, a proposal from Cascade Pointe LP (Wallace Phillips) and one from Russell Buras. Each bid proposed a purchase price of $7.5 million inclusive of minerals. In response, TMPA requested that the bidders each submit their best bid, with TMPA reserving the minerals. TMPA requested that the bidders submit a separate offer for the mineral rights for TMPA's consideration.

In response, Cascade Pointe LP bid a purchase price of $7.65 million, with TMPA reserving the minerals. Russell Buras did not submit a new bid. Figure 1 presents the price history for this property.



BACKUP MATERIAL: None.

ACTION REQUESTED: In open session, consideration and action on Resolution No. 2026-3-2.

Daniel Meadows
3/2/2026

March 12, 2026

AGENDA ITEM NO. 10

SUBJECT: Resolution No. 2026-3-2, authorizing the sale of a 722.85-acre tract out of the former Gibbons Creek Lignite Mine (the “SP 50 Property”); describing the conditions and circumstances for the sale of the SP 50 Property, and the public purposes that will be achieved; and resolving matters incidental and related thereto.

DISCUSSION: This Resolution authorizes the sale of the SP 50 Property.

On June 9, 2022, the Board authorized a contract with Republic Ranches, LLC (“Republic”) for real estate brokerage services relating to the sale of the SP 50 Property. Since then, Republic has marketed the SP 50 Property and has received a number of proposals.

As of January 2026, TMPA had two pending bids, a proposal from Cascade Pointe LP and one from Russell Buras. Each bid proposed a purchase price of $7.5 million inclusive of minerals. In response, TMPA requested that the bidders each submit their best bid, with TMPA reserving the minerals. TMPA requested that the bidders submit a separate offer for the mineral rights for TMPA’s consideration.

In response, Cascade Pointe LP bid a purchase price of $7.65 million, with TMPA reserving the minerals. Russell Buras did not submit a new bid.

The attached Resolution authorizes a sale of the SP 50 Property to Cascade Pointe LP. The Resolution describes the conditions and circumstances for the sale, and the public purposes that will be achieved, as required by law.

BACKUP MATERIAL: None.

ACTION REQUESTED: Consideration and action on Resolution No. 2026-3-2.

RESOLUTION NO. 2026-3-2

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE TEXAS MUNICIPAL POWER AGENCY ("AGENCY") AUTHORIZING THE SALE OF A 722.85-ACRE TRACT OUT OF THE FORMER GIBBONS CREEK LIGNITE MINE (THE "SP 50 PROPERTY"); DESCRIBING THE CONDITIONS AND CIRCUMSTANCES FOR THE SALE OF THE SP 50 PROPERTY, AND THE PUBLIC PURPOSES THAT WILL BE ACHIEVED; AND RESOLVING MATTERS INCIDENTAL AND RELATED THERETO.

WHEREAS, as authorized by Section 163.073, Utilities Code, the Member Cities have, by the adoption of concurrent ordinances, elected for the Agency to be governed by Subchapter C-1, Utilities Code, effective April 30, 2016;

WHEREAS, Section 163.080 of Subchapter C-1 authorizes the Agency to "sell, lease, convey, or otherwise dispose of any right, interest, or property of the agency, including its electric facilities", and including property that "was purchased by the agency for mining purposes";

WHEREAS, the Board desires to authorize the sale of the SP 50 Property, and;

WHEREAS, pursuant to Section 3.2.4 of the Joint Operating Agreement, as amended, the Board hereby determines that the sale of the SP 50 Property, as authorized by this Resolution, is for not less than the fair market value of the SP 50 Property;

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

1. That the above recitals are true and correct;

2. That the Board authorizes the General Manager, or a person acting at his direction, to execute and close a contract for the sale of the SP 50 Property;

3. That the contract shall substantially comply with the conditions set forth in Exhibit "A", attached to this Resolution;

4. That, for purposes of Section 272.001(k), Local Government Code: (i) the conditions and circumstances for the sale are as set forth in Exhibit "A" and (ii) the public purposes that will be achieved include the production of revenue from the sale of surplus property that is no longer needed for Agency operations, and the avoided costs of land maintenance;

5. That the General Manager, or a person acting at his direction, may take such actions and execute such documents as are necessary, desirable, or required to consummate and complete the transactions contemplated by this Resolution; and

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

PASSED AND APPROVED THIS 12TH DAY OF MARCH, 2026.

Andrew Nelson, President
Board of Directors
Texas Municipal Power Agency

ATTEST:

Tom Jefferies, Secretary
Board of Directors
Texas Municipal Power Agency

EXHIBIT "A"

CONDITIONS AND CIRCUMSTANCES OF THE SALE

A.
CIRCUMSTANCES OF THE SALE

The SP 50 Property was purchased by the Agency in 1986, and SP 50 was constructed thereon, in support of the planned expansion of the Gibbons Creek Lignite Mine east of FM 244 (the "East Move"). Due to the conversion of the Agency's fuel source from lignite to Powder River Basin Coal in 1996, the East Move never occurred, and the SP 50 Property was no longer needed except for mine reclamation operations. The SP 50 Property was released from mine reclamation bonding by the Railroad Commission of Texas in 2022. Consequently, the SP 50 Property is no longer needed for Agency operations.

B.
CONDITIONS OF THE SALE

The SP 50 Property consists of approximately 722.85 acres.

The purchaser is "Cascade Pointe LP, and/or Assigns".

The sales contract will be the Farm and Ranch Contract form promulgated by the Texas Real Estate Commission, including addenda and exhibits.

The sales price will be $7.65 million.

The earnest money will be $100,000.

In consideration of a $2,500 option fee, the purchaser will have an option to terminate the Farm and Ranch Contract within 60 days after the Effective Date of the Contract. If the option to terminate is not exercised, the option fee will be credited to the sales price at closing.

The conveyance will be by special warranty deed. The deed will contain:

- A reservation by the Agency of the mineral estate.

- A waiver by the Agency of the surface rights to develop the mineral estate, except for the existing drill site.

- A provision that the SP 50 Property is being conveyed on an "AS-IS" basis.

March 12, 2026

AGENDA ITEM NO. 11

SUBJECT: Future Meeting Dates

DISCUSSION: The date for the next regularly scheduled Board Committee meeting is June 11, 2026 via Zoom.

TENTATIVE	September 10, 2026 in Greenville
MEETING	December 10, 2026
DATES:	March 11, 2027

Daniel Meadows
3/12/2026