TEXAS MUNICIPAL POWER AGENCY

AUDIT AND BUDGET COMMITTEE MEETING

MAY 27, 2026

TEXAS MUNICIPAL POWER AGENCY

AUDIT & BUDGET COMMITTEE MEETING

VIA VIDEO CONFERENCE CALL

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

DENTON MUNICIPAL ELECTRIC
1659 SPENCER ROAD
DENTON, TEXAS 76205

Wednesday, May 27, 2026
10:00 AM

AGENDA

Preliminary matters:

- Call to order
- Public comments

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

1. Consider approval of the minutes of the December 11, 2025 Audit and Budget Committee meeting.

2. Discuss the Agency's proposed FY27 Budget Package.

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

4. Consider approval of the engagement letters with Forvis Mazars for Fiscal Year 2026.

5. Discuss future meeting dates and topics.

6. Adjourn

IN REGARD TO ITEMS SCHEDULED ON THIS AGENDA FOR DISCUSSION AND/OR ACTION IN THE OPEN PORTION OF THE MEETING, THE COMMITTEE MAY, IN ITS DISCRETION, ADDRESS ONE OR MORE OF SUCH ITEMS IN EXECUTIVE SESSION IF AND TO THE EXTENT PERMITTED BY THE TEXAS OPEN MEETINGS ACT.

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

May 27, 2026

AGENDA ITEM NO. 1

SUBJECT: Consider approval of the minutes of the December 11, 2025 Audit and Budget Committee meeting.

BACKUP MATERIAL: Minutes of the December 11, 2025 Audit and Budget Committee meeting.

ACTION REQUESTED: Consideration and approval of minutes.

Lyndi Birkhead
5/20/26

TEXAS MUNICIPAL POWER AGENCY

AUDIT AND BUDGET COMMITTEE MEETING MINUTES

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

1659 SPENCER ROAD, BUILDING A
DENTON, TX 76205

THURSDAY – DECEMBER 11, 2025
8:30 AM

Mr. Davis called the meeting to order at 8:31 AM.

The following people were present at the meeting:

Committee Members:
Jesse Davis – City of Denton (Chair)
Jamie Ratliff – City of Garland
Kean Register – City of Bryan
Summer Spurlock – City of Greenville

Staff:
Lyndi Birkhead
Susie Johnson
Daniel Meadows

Others:
Josh Findlay – Forvis Mazars
Rachel Ormsby – Forvis Mazars

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

1. **Consider approval of the minutes of the May 21, 2025 Audit and Budget Committee meeting.**

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

Davis - Aye	Ratliff - Aye
Register - Aye	Spurlock - Aye

2. **Consider appointment of a Vice-Chair for the Committee.**

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

Davis - Aye	Ratliff - Aye
Register - Aye	Spurlock - Aye

3. **Review the Agency's Financial Statements.**

Ms. Birkhead explained that the FY25 financial audit went very smoothly, and she introduced Rachel Ormsby, Partner at Forvis Mazars and Josh Findlay, Director at Forvis Mazars.

Mr. Findlay reiterated that the audit went very well, and he thanked the TMPA accounting team for their efforts. He then introduced Ms. Ormsby. She stated that Forvis Mazars issued a clean, unmodified opinion. She stated that the team did not identify any significant deficiencies, material weaknesses, or control deficiencies. She also highlighted that TMPA is up to date with all GASB standards.

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

Davis - Aye	Ratliff - Aye
Register - Aye	Spurlock - Aye

4. **Receive reports on the Cities of Garland and Denton transmission billing audits.**

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

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

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

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

Davis - Aye	Ratliff - Aye
Register - Aye	Spurlock - Aye

6. **Receive Annual Ethics Program update.**

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

7. Discuss future meeting dates and topics.

Ms. Birkhead explained that the next Audit & Budget Committee meeting will be held in May primarily to discuss the FY27 Budget Package. All members agreed.

8. Adjourn

Mr. Davis adjourned the meeting at 8:44 AM.

Lyndi Birkhead, Director of Finance

May 27, 2026

AGENDA ITEM NO. 2

SUBJECT: Discuss the Agency's proposed FY27 Budget Package

DISCUSSION: Staff has prepared the FY27 Budget Package for the Committee's review and comment. Please refer to the attached FY27 Budget Package for further information. The package was reviewed with the Financial Working Group on 4/29 and the P&O Committee on 5/14. Their comments/changes have been incorporated.

BACKUP MATERIAL: FY27 Budget Package

ACTION REQUESTED: Review and approval to take the FY27 Budget forward to the Board.

Lyndi Birkhead
5/20/26

TEXAS MUNICIPAL POWER AGENCY

FY27 BUDGET PACKAGE

For Years FY27-36

Prepared by

TMPA Staff

May 2026

TEXAS MUNICIPAL POWER AGENCY
FY27 BUDGET PACKAGE

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TEXAS MUNICIPAL POWER AGENCY
FY27 BUDGET PACKAGE

EXECUTIVE SUMMARY & KEY BUDGET ASSUMPTIONS

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

Staff prepared the attached budgets based on discussions at the March 2026 P&O and Board meetings. Below is more detail on each business unit of TMPA:

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

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

- Mine – The majority of the mine land was sold in December 2021. The sale of the SP-50 property (723 acres) closed on May 11, 2026. All mine areas, with the exception of the acid seeps (28 acres), have received full bond release from the Railroad Commission of Texas. Continued work on the acid seep area is handled by the Agency's General Manager, in coordination with consulting by Jan Horbaczewski as needed.

- A&G – The A&G staff consists of the General Manager, CFO/Director of Finance & Support Services, Accountant, and Executive Administrator/Document Control Specialist.

GENERATION

GENERATION STRATEGY & KEY BUDGET ASSUMPTIONS

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

Key Budget Assumptions

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

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

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

TEXAS MUNICIPAL POWER AGENCY

Comparison to FY26's Approved Budget - Generation

	FY26 Approved Budget	FY27 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
S02 Consulting Services	85,000	45,000	(40,000)	-47.1%	1
S04 Legal Services	50,000	62,000	12,000	24.0%	
Allocation of A&G	52,775	39,777	(12,998)	-24.6%	
TOTAL FIXED COSTS	**$ 187,775**	**$ 146,777**	**$ (40,998)**	**-21.8%**	
OTHER REVENUES					
Interest Income	(6,187)	(6,181)	6	0.1%	
TOTAL OTHER REVENUES	**$ (6,187)**	**$ (6,181)**	**$ 6**	**0.1%**	
TOTAL COSTS	**$ 181,588**	**$ 140,596**	**$ (40,992)**	**-22.6%**	

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

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY26's Approved Budget – Generation

Fixed Costs

1) Consulting Services decreased as the environmental designee will shift focus to post-closure monitoring. These services will decrease further in future years.

TEXAS MUNICIPAL POWER AGENCY
FY27-36 Generation Budget Pro Forma

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY27-36 Total
FIXED COSTS											
S02 Consulting Services	45,000	25,625	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,221	300,083
S04 Legal Services	62,000	25,625	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,221	317,083
Allocation of A&G	39,777	19,725	20,479	20,927	22,538	23,321	23,614	24,788	25,465	25,983	246,617
TOTAL FIXED COSTS	**$ 146,777**	**$ 70,975**	**$ 73,011**	**$ 74,771**	**$ 77,728**	**$ 79,891**	**$ 81,598**	**$ 84,222**	**$ 86,385**	**$ 88,425**	**$ 863,783**
OTHER REVENUES											
Interest Income	(6,181)	(2,827)	(2,948)	(3,040)	(3,398)	(3,609)	(3,765)	(4,029)	(4,239)	(4,387)	(38,421)
TOTAL OTHER REVENUES	**$ (6,181)**	**$ (2,827)**	**$ (2,948)**	**$ (3,040)**	**$ (3,398)**	**$ (3,609)**	**$ (3,765)**	**$ (4,029)**	**$ (4,239)**	**$ (4,387)**	**$ (38,421)**
TOTAL COSTS	**$ 140,596**	**$ 68,149**	**$ 70,063**	**$ 71,732**	**$ 74,329**	**$ 76,282**	**$ 77,833**	**$ 80,193**	**$ 82,146**	**$ 84,039**	**$ 825,362**
Monthly Charge	**$ 11,716**	**$ 5,679**	**$ 5,839**	**$ 5,978**	**$ 6,194**	**$ 6,357**	**$ 6,486**	**$ 6,683**	**$ 6,845**	**$ 7,003**	

TRANSMISSION

TRANSMISSION STRATEGY & KEY BUDGET ASSUMPTIONS

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

Key Budget Assumptions

1) Identified the Transmission Capital Plan needed for safe, compliant, and reliable operations.
2) TMPA currently has a Note Program with Truist Bank for $60M in capacity ($23.8M currently outstanding) with the purpose of funding the Transmission Capital Plan. TMPA is considering entering into a new, similar Note program with increased capacity.
3) For budgeting purposes, a fix-out of a portion of the Notes into long-term bonds is assumed in FY27 and then in each year FY29-31. Fix-outs become necessary when a significant amount of short-term, Note-funded assets are placed in service and/or when the Agency is nearing capacity of the Notes.

TEXAS MUNICIPAL POWER AGENCY

Comparison to FY26's Approved Budget - Transmission

	FY26 Approved Budget	FY27 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
L01 Contractor Labor	666,699	621,936	(44,763)	-6.7%	1
R06 Bank Charges	122,000	215,000	93,000	76.2%	2
R41 Insurance Premiums	685,257	622,109	(63,148)	-9.2%	3
R51 Contractor Maintenance	1,870,600	2,199,300	328,700	17.6%	4
S02 Consulting Services	144,700	79,700	(65,000)	-44.9%	5
S04 Legal Services	210,000	255,000	45,000	21.4%	6
Other Fixed Costs	2,015,486	2,072,995	57,509	2.9%	
Allocation of A&G	2,234,049	2,255,025	20,976	0.9%	
Subtotal Fixed Costs - Non-Debt	**$ 7,948,791**	**$ 8,321,065**	**$ 372,274**	4.7%	
R57-R58 Debt Service - Bonds	15,476,690	16,993,004	1,516,314	9.8%	7
R55 Interest on Short-term Notes	1,100,121	1,584,107	483,986	44.0%	8
I62 Debt Coverage Payment (DCP)	4,023,939	4,418,181	394,242	9.8%	7
Subtotal Fixed Costs - Debt	**$ 20,600,750**	**$ 22,995,292**	**$ 2,394,542**	11.6%	
TOTAL FIXED COSTS	**$ 28,549,541**	**$ 31,316,357**	**$ 2,766,816**	**9.7%**	
OTHER REVENUES					
I50 Transmission System Revenue	(35,696,819)	$ (36,435,548)	(738,729)	-2.1%	
Interest Income	(676,950)	$ (858,426)	(181,476)	-26.8%	9
Other Revenue	(57,107)	(66,042)	(8,935)	-15.6%	
TOTAL OTHER REVENUES	**$ (36,430,876)**	**$ (37,360,016)**	**$ (929,140)**	**-2.6%**	
TOTAL COSTS / (REVENUE)	**$ (7,881,335)**	**$ (6,043,659)**	**$ 1,837,676**	**23.3%**	

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

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY26's Approved Budget – Transmission

Fixed Costs – Non-Debt

1) Contractor Labor decreased as no temporary labor was budgeted in FY27.

2) Bank Charges increased as TMPA is considering a new, short-term Note program with increased capacity.

3) Insurance Premiums decreased as property rates have dropped over the last year and continue to do so into 2026.

4) Contractor Maintenance increased primarily due to increased vegetation control and right-of-way gate clearing.

5) Consulting Services decreased as TMPA now has a better understanding of our consulting needs as we pursue transmission investments beyond upgrading/maintaining our current system.

6) Legal Services increased as TMPA is considering a new, short-term Note program with increased capacity.

Fixed Costs – Debt

7) Debt Service – Bonds increased as a bond issuance is expected in FY27. There was no bond issuance budgeted in FY26.

8) Interest on Short-term Notes increased as our investment level is projected to increase over the next several years.

Other Revenues

9) Interest Income increased as the balances in our bond and reserve accounts are projected to increase due to raised investment levels.

TEXAS MUNICIPAL POWER AGENCY
FY27-36 Transmission Budget Pro Forma

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY27-36 Total
FIXED COSTS											
L01 Contractor Labor	621,936	637,485	653,422	669,758	686,501	703,664	721,256	739,287	757,769	776,713	6,967,791
R06 Bank Charges	215,000	177,838	182,284	231,532	191,512	196,299	249,334	206,237	211,392	268,505	2,129,933
R41 Insurance Premiums	622,109	637,662	653,604	669,944	686,693	703,859	721,456	739,492	757,979	776,929	6,969,727
R51 Contractor Maintenance	2,199,300	2,254,283	2,310,640	2,368,406	2,427,616	2,488,306	2,550,514	2,614,277	2,679,633	2,746,624	24,639,598
S02 Consulting Services	79,700	81,693	83,735	85,828	87,974	90,173	92,428	94,738	97,107	99,534	892,910
S04 Legal Services	255,000	215,250	220,631	274,608	231,801	237,596	295,722	249,623	255,864	318,461	2,554,556
Other Fixed Costs	2,072,995	2,124,819	2,177,940	2,232,388	2,288,198	2,345,403	2,404,038	2,464,139	2,525,743	2,588,886	23,224,550
Allocation of A&G	2,255,025	2,358,957	2,449,048	2,538,950	2,695,336	2,788,945	2,864,882	2,964,401	3,045,424	3,152,390	27,113,358
Subtotal Fixed Costs - Non-Debt	**$ 8,321,065**	**$ 8,487,987**	**$ 8,731,303**	**$ 9,071,414**	**$ 9,295,632**	**$ 9,554,246**	**$ 9,899,629**	**$ 10,072,194**	**$ 10,330,911**	**$ 10,728,043**	**$ 94,492,423**
R57-R58 Debt Service - Bonds	16,993,004	18,642,386	20,918,873	25,739,462	30,107,583	31,762,619	31,763,600	31,759,072	31,761,973	31,759,684	271,208,256
R55 Interest on Short-term Notes	1,584,107	2,428,274	2,620,103	1,567,349	510,764	334,987	630,868	667,934	705,001	742,067	11,791,452
I62 Debt Coverage Payment (DCP)	4,418,181	4,847,020	5,438,907	6,692,260	7,827,972	8,258,281	8,258,536	8,257,359	8,258,113	8,257,518	70,514,147
Subtotal Fixed Costs - Debt	**$ 22,995,292**	**$ 25,917,680**	**$ 28,977,883**	**$ 33,999,071**	**$ 38,446,319**	**$ 40,355,887**	**$ 40,653,004**	**$ 40,684,365**	**$ 40,725,087**	**$ 40,759,269**	**$ 353,513,855**
TOTAL FIXED COSTS	**$ 31,316,357**	**$ 34,405,666**	**$ 37,709,186**	**$ 43,070,484**	**$ 47,741,951**	**$ 49,910,133**	**$ 50,552,633**	**$ 50,756,559**	**$ 51,055,998**	**$ 51,487,312**	**$ 448,006,279**
OTHER REVENUES											
Transmission System Revenue	(36,435,548)	(39,822,941)	(45,515,902)	(48,411,606)	(53,763,551)	(61,785,880)	(64,149,172)	(64,149,172)	(64,149,172)	(64,149,172)	(542,332,115)
Interest Income	(858,426)	(767,800)	(833,518)	(869,702)	(940,354)	(998,544)	(1,056,788)	(1,114,924)	(1,173,115)	(1,231,368)	(9,844,540)
Other Revenue	(66,042)	(67,693)	(69,386)	(71,120)	(72,898)	(74,721)	(76,589)	(78,503)	(80,466)	(82,477)	(739,895)
TOTAL OTHER REVENUES	**$ (37,360,016)**	**$ (40,658,434)**	**$ (46,418,806)**	**$ (49,352,427)**	**$ (54,776,803)**	**$ (62,859,145)**	**$ (65,282,550)**	**$ (65,342,600)**	**$ (65,402,753)**	**$ (65,463,017)**	**$ (552,916,550)**
TOTAL COSTS / (REVENUE)	**$ (6,043,659)**	**$ (6,252,768)**	**$ (8,709,620)**	**$ (6,281,943)**	**$ (7,034,852)**	**$ (12,949,012)**	**$ (14,729,916)**	**$ (14,586,041)**	**$ (14,346,755)**	**$ (13,975,705)**	**$ (104,910,272)**
Monthly Charge	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	

TEXAS MUNICIPAL POWER AGENCY
FY27-36 Transmission Capital Plan

Project Name: DEBT-FUNDED PROJECTS	Project No.	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	10-YEAR TOTALS
Pruitt 138kV Terminal Addition	T21005	19,248,940										19,248,940
Gibbons Creek Data Center Terminal Additions	T22002			3,000,000								3,000,000
Greenville Interchange to Pruitt New Line & Station (Makalu)	T22004	2,000,000	8,100,000									10,100,000
Brazos Interconnection at Denton West Interchange	T24001	1,302,501										1,302,501
Shelby to Nevada Transmission Line Extension	T24003		2,700,000									2,700,000
Relay Panel Replacement Project at Denton West	T24008	48,400										48,400
Lee Street Interconnecting Lines	T25005	1,950,000										1,950,000
Denton West-Roanoke (Related to Oncor Ramhorn-Dunham)		15,800,000										15,800,000
Denton Area Transmission Improvements		16,746,128	14,688,288	24,097,892	34,017,036	18,332,132	3,340,963					111,222,439
Buffalo Prairie Storage (150 MW)		4,000,000	6,200,000									10,200,000
Little Ridge Storage (250 MW)		8,500,000	1,000,000									9,500,000
Buffalo Meadow Solar		3,000,000	7,000,000									10,000,000
Texas Cotton Solar (Jack Creek)				5,000,000	5,000,000							10,000,000
Spencer Interchange to Pockrus T-line Reconstruction					5,690,000	1,600,000						7,290,000
TOTAL DEBT FUNDING REQUIREMENT		**$72,595,969**	**$39,688,288**	**$32,097,892**	**$44,707,036**	**$19,932,132**	**$ 3,340,963**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 212,362,280**

Project Name: CONTRIBUTED CAPITAL PROJECTS	Project No.	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	10-YEAR TOTALS
State Highway 30 Pole Relocation Project	T24009	6,050,000										6,050,000
Wixon Creek Data Center (interconnection with BTU)		3,000,000	7,000,000									10,000,000
West Loop 288-West Denton to Fort Worth T-line Relocation		1,200,000	2,100,000									3,300,000
West Loop 288-Masch Branch to North Denton T-line Relocation		1,200,000	2,100,000									3,300,000
East Loop 288 and Hwy 380 TML Reroute		1,500,000	800,000									2,300,000
TOTAL CONTRIBUTED CAPITAL PROJECTS		**$12,950,000**	**$12,000,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 24,950,000**

**Does not yet have Board approval*

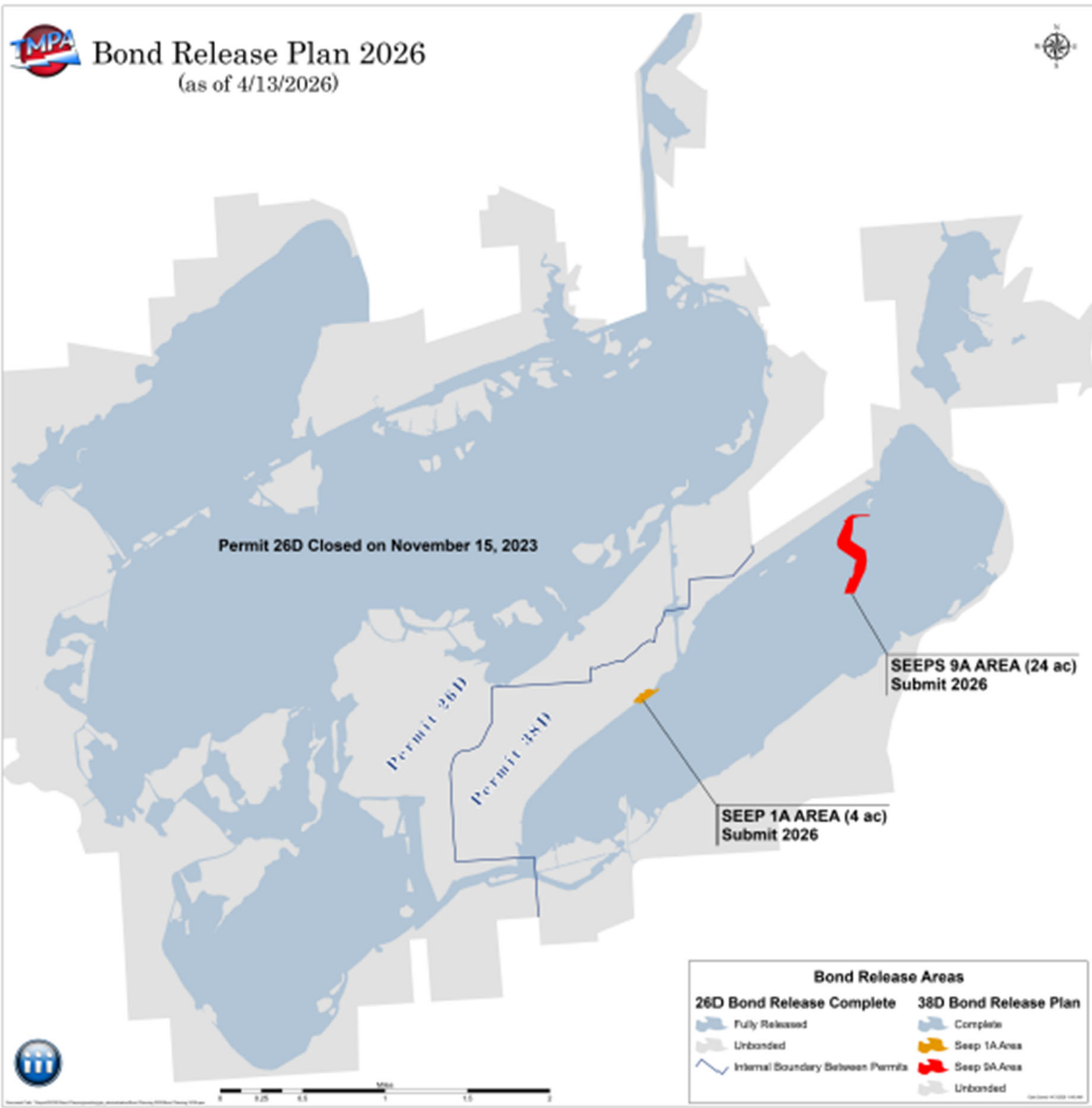
MINE

MINE STRATEGY & KEY BUDGET ASSUMPTIONS

Bond Release

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

Figure 1 – Plan for Final Bond Release



On 7/30/25, TMPA informally submitted a bond release application for the remaining areas – the Seep 1A area (4 acres), depicted in orange on the map and the Seep 9A area (24 acres), depicted in red.

The submittal was made informally to give the Commission time to develop a procedure since this will be the first bond release of mitigated acid seeps in Texas and, apparently, in the nation.

This informal submittal was followed by a series of meetings with Commission Staff to clarify details. TMPA now plans to submit a formal application in late spring / early summer 2026 after vegetation has sufficiently greened up.

Table 1 – Plan and Status of Final Bond Release (as of 3/26/26)

Bond Release applications	TMPA property (acres)	Leased property (acres)	Total (acres)	Status
Total Released in Permits 26D and 38D	7,177 acres (99.0% of former TMPA property)	1,608 acres (100% of leased property)	8,785 acres (99.2% of total)	Released
38D – Seep 9A (24 acres) + Seep 1A (4 acres)	**28**	**0**	**28**	**Submit in May 2026**
TOTAL (both permits)	**7,205 (TMPA property)**	**1,608 (Leased property)**	**8,813 (Total bonded)**	

Land Ownership

A contract was approved by the TMPA Board on 3/12/2026 for the sale of the SP-50 property. The sale of the property closed on 5/11/2026. The FY27 Budget assumes all costs related to SP-50 are no longer needed.

Budget for the Mine Business Unit

With the closure of Permit 26D in November 2023, TMPA is only concerned with the remaining 28 acres of bonded land in Permit 38D, consisting of Seeps 1A and 9A.

TMPA is preparing to apply for final bond release on the last 28 acres, but the Railroad Commission has been hesitant to give TMPA clear direction regarding the release of the acid seeps. The FY27 Mine budget pro forma provides a budget through FY30 assuming all regulatory requirements have been satisfied, and all bonding has been released. However, there is a possibility that part of this acreage may be subject to monitoring for an extended period. While unlikely, the Railroad Commission could impose requirements for further field work that is not covered in the FY27 budget. If so, a budget amendment or capital project may be necessary.

The FY27 budget covers potential expenses associated with sampling of seeps, groundwater monitoring wells, and wastewater discharges from Pond SP-20, monthly Railroad Commission inspections, annual mine reclamation bonding renewals, annual mine permit fees, and associated reporting. The budget continues to reflect the reduced workload for the mine reclamation contractor. The mine reclamation contractor started working in FY25 with a reduced labor force to manage only essential activities such as erosion repair and vegetation maintenance in the remaining bonded areas.

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

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

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY26's Approved Budget - Mine

	FY26 Approved Budget	FY27 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
M44 Mine Maintenance	212,000	126,000	(86,000)	-40.6%	1
R51 Contractor Maintenance	40,000	20,000	(20,000)	-50.0%	
S02 Consulting Services	179,000	154,000	(25,000)	-14.0%	2
S04 Legal Services	40,000	30,000	(10,000)	-25.0%	
Other Fixed Costs	18,813	16,417	(2,396)	-12.7%	
Allocation of A&G	191,481	128,779	(62,702)	-32.7%	
TOTAL FIXED COSTS	**$ 681,294**	**$ 475,196**	**$ (206,098)**	**-30.3%**	
OTHER REVENUES					
Interest Income	(22,448)	(20,010)	2,438	10.9%	
TOTAL OTHER REVENUES	**$ (22,448)**	**$ (20,010)**	**$ 2,438**	**10.9%**	
TOTAL COSTS	**$ 658,846**	**$ 455,186**	**$ (203,660)**	**-30.9%**	

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

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY26's Approved Budget – Mine

Fixed Costs

1) Mine Maintenance decreased now that the acid seeps remediation work is complete. The remaining costs cover the maintenance and upkeep of the seeps until final bond release is obtained.

2) Consulting Services have decreased primarily due to the sale of SP-50 on May 11, 2026. The sale was approved by the TMPA Board in March 2026.

TEXAS MUNICIPAL POWER AGENCY
FY27-36 Mine Budget Pro Forma

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY27-36 Total
FIXED COSTS											
M44 Mine Maintenance	126,000	128,125	78,797	80,766	-	-	-	-	-	-	413,688
R51 Contractor Maintenance	20,000	20,500	10,506	10,769	-	-	-	-	-	-	61,775
S02 Consulting Services	154,000	98,400	90,354	82,919	-	-	-	-	-	-	425,673
S04 Legal Services	30,000	30,750	31,518	32,306	-	-	-	-	-	-	124,574
Other Fixed Costs	16,417	15,802	16,197	16,602	-	-	-	-	-	-	65,018
Allocation of A&G	128,779	112,993	88,638	86,813	-	-	-	-	-	-	417,223
TOTAL FIXED COSTS	**$ 475,196**	**$ 406,570**	**$ 316,010**	**$ 310,175**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,507,951**
OTHER REVENUES*											
Interest Income	(20,010)	(16,192)	(12,758)	(12,610)	-	-	-	-	-	-	(61,569)
TOTAL OTHER REVENUES*	**$ (20,010)**	**$ (16,192)**	**$ (12,758)**	**$ (12,610)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (61,569)**
TOTAL COSTS	**$ 455,186**	**$ 390,378**	**$ 303,252**	**$ 297,565**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,446,381**
Monthly Charge	**$ 37,932**	**$ 32,532**	**$ 25,271**	**$ 24,797**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	

SUPPLEMENTAL INFORMATION

TEXAS MUNICIPAL POWER AGENCY
Comparison to FY26's Approved Budget - A&G

	FY26 Approved Budget	FY27 Projection	(Under) Over Budget	% Change	Explanation Reference*
FIXED COSTS					
L01 Labor & Benefits	1,067,107	1,017,839	(49,268)	-4.6%	
R06 Bank Charges	1,750	2,000	250	14.3%	
R41 Insurance Premiums	577,140	644,992	67,852	11.8%	1
S02 Consulting Services	316,975	309,466	(7,509)	-2.4%	
S04 Legal Services	42,375	42,375	-	0.0%	
Other Fixed Costs	472,959	406,909	(66,050)	-14.0%	2
TOTAL FIXED COSTS	**$ 2,478,306**	**$ 2,423,581**	**$ (54,725)**	**-2.2%**	
TOTAL COSTS	**$ 2,478,306**	**$ 2,423,581**	**$ (54,725)**	**-2.2%**	

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

<u>Fixed Costs</u>

1) Insurance Premiums increased primarily due to standard market increases to excess liability rates based on prior year exposures.

2) Other Fixed Costs decreased as server replacements were budgeted in FY26.

TEXAS MUNICIPAL POWER AGENCY
FY27-36 A&G Budget Pro Forma

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY27-36 Total
FIXED COSTS											
L01 Labor & Benefits	1,017,839	1,053,463	1,090,334	1,128,496	1,167,993	1,208,873	1,251,184	1,294,975	1,340,299	1,387,210	11,940,665
R06 Bank Charges	2,000	2,051	2,101	2,153	2,208	2,263	2,320	2,377	2,437	2,497	22,407
R41 Insurance Premiums	644,992	661,117	677,645	694,585	711,949	729,749	747,993	766,693	785,860	805,508	7,226,091
S02 Consulting Services	309,466	329,610	331,817	353,489	356,355	379,716	383,365	408,591	413,160	440,455	3,706,024
S04 Legal Services	42,375	43,434	44,520	45,633	46,774	47,943	49,141	50,370	51,630	52,920	474,740
Other Fixed Costs	406,909	402,000	411,747	422,335	432,595	443,722	454,493	466,183	477,503	489,784	4,407,271
TOTAL FIXED COSTS	**$ 2,423,581**	**$ 2,491,675**	**$ 2,558,164**	**$ 2,646,691**	**$ 2,717,874**	**$ 2,812,266**	**$ 2,888,496**	**$ 2,989,189**	**$ 3,070,889**	**$ 3,178,374**	**$ 27,777,198**
TOTAL COSTS	**$ 2,423,581**	**$ 2,491,675**	**$ 2,558,164**	**$ 2,646,691**	**$ 2,717,874**	**$ 2,812,266**	**$ 2,888,496**	**$ 2,989,189**	**$ 3,070,889**	**$ 3,178,374**	**$ 27,777,198**

May 27, 2026

AGENDA ITEM NO. 3

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

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

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

BACKUP MATERIAL: GASB Update Memo

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

Lyndi Birkhead
5/20/26

TEXAS MUNICIPAL POWER AGENCY

M E M O R A N D U M

To: Audit and Budget Committee Date: April 6, 2026

From: Lyndi Birkhead, Director of Finance & Support Services

Subject: GASB Update

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

- **Statement No. 103** *"Financial Reporting Model Improvements"*
- **Statement No. 104** *"Disclosure of Certain Capital Assets"*

Current Standards

In April 2024, GASB issued Statement No. 103, "*Financial Reporting Model Improvements". *This statement improves the financial reporting model by standardizing the presentation for various matters within governmental financial statements. The purpose is to eliminate diversity in practice and improve comparability. Impacted areas include management's discussion and analysis, unusual or infrequent items, the definitions and presentation of operating and nonoperating revenues and expenses in enterprise funds, presentation of major component units, presentation of budgetary comparison information, and financial trends information within the statistical section of separately issued financial reports. The effective date for the Agency would be for the fiscal year ended September 30, 2026, but it is not expected to have any impact on the Agency.

In September 2024, GASB issued Statement No. 104, "*Disclosure of Certain Capital Assets".* This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. The purpose is to provide users of government financial statements with essential information about certain types of capital assets. Impacted areas include lease assets, intangible right-to-use assets, subscription assets, intangible assets other than those three types, and capital assets held for sale. The effective date for the Agency would be for the fiscal year ended September 30, 2026, but it is not expected to have any impact on the Agency.

Future Standards

In December 2025, GASB issued Statement No. 105, "*Subsequent Events".* This statement improves the financial reporting requirements for subsequent events, thereby enhancing consistency in the application and better meeting the information needs of financial statement users. The statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The application of this Statement becomes effective for the Agency in fiscal year 2027. The Agency will assess the impact of this statement in fiscal year 2027.

May 27, 2026

AGENDA ITEM NO. 4

SUBJECT: Consider approval of the engagement letters with Forvis Mazars for Fiscal Year 2026

DISCUSSION: The current agreement with Forvis Mazars requires that annual engagement letters be prepared outlining the scope of services to be provided. Attached are the engagement letters for FY26.

BACKUP MATERIAL: Forvis Mazars Draft Engagement Letters

ACTION REQUESTED: Direct Staff to execute the engagement letters.

Lyndi Birkhead
5/20/26

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

April 20, 2026

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

We appreciate your selection of **Forvis Mazars, LLP** ("Forvis Mazars") as your service provider and are pleased to confirm the arrangements of the engagement in this letter agreement (this letter agreement and the attachments hereto are collectively referred to as the "Agreement"). Within the requirements of our professional standards and any duties owed to the public, regulatory, or other authorities, our goal is to provide you an **Unmatched Client Experience®**.

The Agreement shall include the following, each incorporated fully by this reference:

- Scope of Services
- Terms and Conditions Addendum

Summary Scope of Services

As described in the attached **Scope of Services,** Forvis Mazars' services will include the following:

Texas Municipal Power Agency

- Audit Services for the year ended September 30, 2026

You agree to be ultimately responsible for the results of nonattest services, including assuming all management responsibility, overseeing the services by a management-level individual(s) who possesses suitable skill, knowledge, and/or experience, and evaluating the adequacy and results of the services, as well as the business decisions you make following the services or any other services Forvis Mazars may provide.

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

Engagement Fees

The fee for our services will be $48,500.

Pricing under this Agreement for this engagement and the fee structure are based upon the expectation that invoices will be paid promptly. Payment of all Forvis Mazars' invoices is due upon receipt.

The timely completion of services and the fees thereon depend on the assistance you provide to Forvis Mazars in accumulating information and responding to inquiries Forvis Mazars submits to you. Inaccuracies or delays in providing this information or the responses may result in additional billings, untimely filings, or inability to meet deadlines.

Contract Agreement

Please sign and return this Agreement to indicate your acknowledgment of, and agreement with, the arrangements for the completion of the services subject to this Agreement including each party's respective responsibilities.

Forvis Mazars, LLP

Forvis Mazars, LLP

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

CJS BY ________________________________
Lyndi Birkhead, Director of Finance
and Support Services

DATE ________________________________

Scope of Services – Audit Services

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

Texas Municipal Power Agency as of and for the year ended September 30, 2026

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

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

Forvis Mazars will also provide you with the following nonattest services:

- Preparing a draft of the financial statements and related notes

Rachel Ormsby, Partner, will oversee and coordinate the engagement. Josh Findlay, Director, is responsible for supervising the engagement team and authorizing the signing of reports.

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

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

The following apply for the audit services described above:

Forvis Mazars' Responsibilities

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

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

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

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

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

Limitations & Fraud

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

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

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

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

Opinion

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

If Forvis Mazars discovers conditions that may prohibit Forvis Mazars from issuing a standard report, Forvis Mazars will notify you. In such circumstances, further arrangements may be necessary to continue the engagement.

Your Responsibilities

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

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

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

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

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

Required Supplementary Information

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

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

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

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

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

Supplementary Information

With regard to any supplementary information that Forvis Mazars is engaged to report on:

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

Such information is:

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

Written Confirmations Required

As part of the audit process, Forvis Mazars will request from management and, if applicable, those charged with governance written confirmation acknowledging certain responsibilities outlined in this Agreement and confirming:

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

Forvis Mazars, LLP ─ Terms and Conditions Addendum

GENERAL

1. **Overview.** This Terms and Conditions Addendum ("Terms and Conditions") sets forth the standard terms and conditions applicable to Forvis Mazars, LLP ("Forvis Mazars") providing services (collectively the "Services") to the specific client ("You" or "Client"). Capitalized terms not otherwise defined in these Terms and Conditions shall be defined as set forth in the Agreement.

BILLING, PAYMENT, & TERMINATION

2. **Billing and Payment Terms.** Forvis Mazars will bill Client for fees and costs as outlined in the Agreement. Unless otherwise provided in the Agreement, payment is due upon receipt. Interest will be charged on any unpaid balance after 45 days in accordance with the Texas Prompt Payment Act. All fees, charges, and other amounts payable to Forvis Mazars hereunder do not include any sales, use, excise, value-added, or other applicable taxes, tariffs, or duties, payment of which shall be the Client's sole responsibility. Fees also do not include any applicable taxes based on Forvis Mazars' net income or taxes arising from the employment or independent contractor relationship between Forvis Mazars and Forvis Mazars' personnel.

   Forvis Mazars reserves the right to suspend or terminate work under the Agreement for nonpayment of fees. If the Services are suspended or terminated for nonpayment of fees, Client acknowledges and agrees that Forvis Mazars will not be responsible for Client's failure to meet any deadlines or for any penalties or interest that may be assessed against Client resulting from failure to meet such deadlines.

   Client agrees that the fees incurred to complete the Services may increase if Forvis Mazars' duties or responsibilities are increased by the rulemaking of any regulatory body or any new accounting or auditing standards. The fees do not include any time for post-engagement consultation with Client's personnel or third parties, consent letters and related procedures for the use of the reports generated as part of the Services, in offering documents, inquiries from regulators, or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

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

4. **Termination.** Either party may terminate the Agreement at any time for any reason. If the Agreement is terminated, Client agrees to pay Forvis Mazars for time expended through the date of termination. In addition, Client will be billed costs and fees for services from other professionals, if any, as well as the Administrative Fee. Unless terminated sooner in accordance with the Agreement, the Agreement shall terminate upon the completion of the Services.

DISPUTES & DISCLAIMERS

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

6. **Indemnification.** Client agrees to indemnify Forvis Mazars from any and all claims which arise from knowing misrepresentation to Forvis Mazars or the intentional withholding or concealment of information from Forvis Mazars by Your management. This provision shall not apply if enforcement is disallowed by applicable law or professional standards.

7. **Limitation of Liability.** Client agrees that Forvis Mazars' liability, if any, and Forvis Mazars agrees that Client's liability, if any, arising out of or related to the Agreement shall be limited to the amount of the fees paid by Client for the Services. This limitation shall not apply to the extent it is finally, judicially determined that the liability resulted from the intentional or willful misconduct of a party or if enforcement of this provision is disallowed by applicable law or professional standards.

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

9. **Choice of Law.** Client acknowledges and agrees that any dispute arising out of or related to this Agreement shall be governed by the laws of the State of Texas, without regard to its conflict of laws principles.

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

11. **Severability.** If any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, and each such term and provision of this Agreement shall be fully valid and enforceable permitted by law.

12. **Assignment.** Client acknowledges and agrees that the terms and conditions of this Agreement shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

13. **Disclaimer of Legal or Investment Advice.** The Services do not constitute legal or investment advice. Client should seek the advice of legal counsel in such matters. Client acknowledges the applicable laws, regulations, and regulators' enforcement activities related to the Services may change over time.

RECORDS, WORKPAPERS, DELIVERABLES, & PROPRIETARY INFORMATION

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

15. **Forvis Mazars Workpapers.** Forvis Mazars' Workpapers and documentation retained in any form of media for this engagement are the property of Forvis Mazars. "Workpapers" are papers or records of the procedures applied, tests performed, information obtained, and conclusions reached in the work, including programs or documents for professional services, analyses, memoranda, correspondence, checklists, and other supporting documentation for the work so specified, retained in any form of media.

16. **Subpoenas or Other Legal Process.** Client acknowledges Forvis Mazars can be compelled to provide information under legal process. In addition, Forvis Mazars may be requested by regulatory or enforcement bodies (including any State Board) to make certain Client information or Workpapers available to them pursuant to authority granted by law or regulation. Unless Forvis Mazars is prohibited from doing so by law or regulation, Forvis Mazars will inform Client of any such legal process or request. Client agrees that Forvis Mazars has no legal responsibility to Client to withhold the requested information in the event Forvis Mazars determines, upon written advice of counsel, that Forvis Mazars is obligated to provide such documents or information. In the event Forvis Mazars is required to respond to any subpoena, court order, government regulatory inquiry legal process, or request for the production of documents and/or testimony relative to information Forvis Mazars obtained or prepared incident to this Agreement, in a matter in which Forvis Mazars is not a party, Client agrees to compensate Forvis Mazars for reasonable time expended in connection with such response at normal and customary hourly rates. Furthermore, Client will reimburse Forvis Mazars for all reasonable out-of-pocket expenses incurred in such response.

17. **Use and Disclosure of Work Product and Drafts.** Client agrees to not modify any deliverables or drafts prepared by Forvis Mazars for internal use or for distribution to third parties. Client also understands that Forvis Mazars may on occasion send Client documents marked as draft and understands that those are for the Client's review purpose only, should not be distributed in any way, and should be destroyed as soon as possible.

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

18. **Forvis Mazars Proprietary Information.** Client acknowledges that Forvis Mazars' pre-existing proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the Services Forvis Mazars performs. Excluding Work Product, any new forms, software, documents, or intellectual property Forvis Mazars develops during completion of the Services for Client's use shall belong to Forvis Mazars, and Client shall have the limited right to use the Work Product solely within Client's business. Excluding the Work Product, all reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which Forvis Mazars makes available to Client are confidential and proprietary. Neither Client, nor any of Client's agents, will copy, electronically store, reproduce, or make any such documents available to anyone other than Client's personnel, to the extent allowed by law, including the Texas Public Information Act. This provision will apply to all materials whether in digital, "hard copy" format, or other medium.

REGULATORY

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

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

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

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

22. **Not a Fiduciary.** Client acknowledges and agrees that Forvis Mazars is not in a fiduciary relationship with Client, and Forvis Mazars has no fiduciary responsibilities to Client in the performance of the Services.

TECHNOLOGY

23. **Electronic Sites.** Client agrees to notify Forvis Mazars if Client desires to place any of the Work Product, including, if applicable, any reports on Client's financial statements, along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. Client acknowledges and agrees that Forvis Mazars has no responsibility to review information contained in/on electronic sites.

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

25. **Electronic Data Communication and Storage.** In the interest of facilitating the Services, Forvis Mazars may send data over the internet, temporarily store electronic data via computer software applications hosted remotely on the internet, or utilize cloud-based storage. Client acknowledges and agrees that Client's confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, Forvis Mazars will employ industry recognized measures designed to maintain data security. Forvis Mazars will use reasonable efforts to keep such communications and electronic data secure in accordance with any obligations under applicable laws, regulations, and professional standards.

    Client acknowledges and agrees that Forvis Mazars has no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed to keep such data secured. Client agrees to Forvis Mazars' use of these electronic devices and applications during the completion of the Services.

OTHER MATTERS

26. **Cooperation.** Client agrees to cooperate with Forvis Mazars in the performance of completing the Services, including the reasonable and timely access to Client's facilities, data, information, and personnel. Client shall be responsible for the performance and actions of Client's employees and agents.

27. **Service Providers.** Forvis Mazars may from time to time utilize affiliates, subsidiaries, and third-party service providers. Forvis Mazars may need to disclose confidential information about Client to such entities to comply with regulatory requirements, to check conflicts, to provide financial accounting and other administrative support services, for quality and risk management services, or in order to complete the Services. Forvis Mazars agrees to maintain and maintains internal policies, procedures, and safeguards to protect the confidentiality and security of Client's information. Forvis Mazars will be responsible to You for maintaining the confidentiality of the Client information.

28. **Independent Contractor.** When providing services to Client, Forvis Mazars will be functioning as an independent contractor; and in no event will Forvis Mazars or any Forvis Mazars employees be an officer of Client. This Agreement does not create a relationship of joint venturers, partners, employer and/or employee, principal and/or agent, or any similar relationship giving rise to a fiduciary duty to Client. Decisions regarding management of Client's business remain the sole responsibility of Client at all times. Neither Client nor Forvis Mazars shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

29. **Hiring of Forvis Mazars Personnel.** Forvis Mazars asks that Client respect the employment relationship that Forvis Mazars personnel have with the firm and to refrain from any employment offers to Forvis Mazars personnel. However, if Client finds it necessary to make an offer of employment and if it is accepted, during the term of this engagement and for a period of 18 months after Forvis Mazars stops providing Services, Client agrees that Forvis Mazars will be paid a one-time employment fee equal to 100% of the employee's highest annual salary. This fee will be payable prior to Forvis Mazars personnel commencing employment with Client. Provided, however, Client shall not be in violation of the nonsolicitation covenant set forth herein with respect to any position Client advertises in the form of a general solicitation not delivered to or focused upon any single individual. The provisions of this paragraph shall equally apply to Forvis Mazars in relation to offers of employment to, and the employment of, Client's personnel.

30. **Use of Party Names.** Any time either party intends to reference the other party's name in any manner in any published materials, including on an electronic site, the referencing party agrees to provide the other party with draft materials for review and written approval before publishing or posting such information. For purposes of this approval, email approval is deemed sufficient by both parties.

31. **Network.** Forvis Mazars Global Limited ("the Network") is a leading global professional services network consisting of independent members Forvis Mazars, LLP in the U.S. and Forvis Mazars Group, a Belgium integrated partnership with member firms operating in over 100 countries. The Network is a United Kingdom company limited by guarantee and does not provide any services to clients.

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

33. **Force Majeure.** Excluding incurred fees, neither party shall be held responsible for any failure to fulfill its obligations under this Agreement if such failure was caused by circumstances beyond its control, including, without limitation, fire or other casualty, act of God, act of terrorism, strike or labor dispute, war or other violence, explosion, flood or other natural catastrophe, epidemic or pandemic, or any law, order, or requirement of any governmental agency or authority affecting either party, including without limitation orders incident to any such epidemic or pandemic, lockdown orders, stay-at-home orders, and curfews.

34. **Data Usage.** Notwithstanding anything herein to the contrary, Client's information and data may be utilized for internal purposes applying various technologies, including but not limited to large language models or generative artificial intelligence. To the extent necessary, Forvis Mazars will utilize confidentiality and similar standards for such applications as it utilizes for similar work on Forvis Mazars' own work and processes. Forvis Mazars shall not sell or resell information obtained from Client.

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

April 13, 2026

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

We appreciate your selection of **Forvis Mazars, LLP** (Forvis Mazars) as your service provider and are pleased to confirm the arrangements of the engagement in this letter agreement (this letter agreement and the attachments hereto are collectively referred to as the "Agreement"). Within the requirements of our professional standards and any duties owed to the public, regulatory, or other authorities, our goal is to provide you an **Unmatched Client Experience®**.

The Agreement shall include the following, each incorporated fully by this reference:

- Scope of Services
- Terms and Conditions Addendum

Summary Scope of Services

As described in the attached **Scope of Services,** Forvis Mazars' services will include the following:

TEXAS MUNICIPAL POWER AGENCY EMPLOYEE'S PENSION PLAN
- Audit Services for the year ended September 30, 2026

You agree to be ultimately responsible for the results of nonattest services, including assuming all management responsibility, overseeing the services by a management-level individual(s) who possesses suitable skill, knowledge, and/or experience, and evaluating the adequacy and results of the services, as well as the business decisions you make following the services or any other services Forvis Mazars may provide.

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

Engagement Fees

The fee for our services will be $13,200.

Pricing under this Agreement for this engagement and the fee structure are based upon the expectation that invoices will be paid promptly. Payment of all Forvis Mazars' invoices is due upon receipt.

The timely completion of services and the fees thereon depend on the assistance you provide to Forvis Mazars in accumulating information and responding to inquiries Forvis Mazars submits to you. Inaccuracies or delays in providing this information or the responses may result in additional billings, untimely filings, or inability to meet deadlines.

Agreement

Please sign and return this Agreement to indicate your acknowledgment of, and agreement with, the arrangements for the completion of the services subject to this Agreement including each party's respective responsibilities.

Forvis Mazars, LLP

Forvis Mazars, LLP

Acknowledged and agreed to as it relates to the entire Agreement, including the **Scope of Services** and **Terms and Conditions Addendum**, on behalf of TEXAS MUNICIPAL POWER AGENCY EMPLOYEE'S PENSION PLAN.

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

DATE ______________________________

AM: 1204634

Scope of Services – Audit Services

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

TEXAS MUNICIPAL POWER AGENCY EMPLOYEE'S PENSION PLAN as of and for the year ended September 30, 2026

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

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

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

Forvis Mazars will also provide you with the following nonattest services:

- Preparing a draft of the financial statements and related notes

Rachel Ormsby, Partner, will oversee and coordinate the engagement. Josh Findlay, Director, is responsible for supervising the engagement team and authorizing the signing of reports.

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

Entity Name	**Party Name**
TEXAS MUNICIPAL POWER AGENCY EMPLOYEE'S PENSION PLAN	Board of Directors

The following apply for the audit services described above:

Forvis Mazars' Responsibilities

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

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

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

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

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

Limitations & Fraud

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

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

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

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

Opinion

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

If Forvis Mazars discovers conditions that may prohibit Forvis Mazars from issuing a standard report, Forvis Mazars will notify you. In such circumstances, further arrangements may be necessary to continue the engagement.

Your Responsibilities

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

- **Audit Support** – to provide Forvis Mazars with:
  - Unrestricted access to persons within the entity or within components of the entity (including management, those charged with governance, and component auditors) from whom Forvis Mazars determines it necessary to obtain audit evidence
  - Information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including access to information relevant to disclosures

- Information about events occurring or facts discovered subsequent to the date of the financial statements, of which management may become aware, that may affect the financial statements
- Information about any known or suspected fraud affecting the entity involving management, employees with significant role in internal control, and others where fraud could have a material effect on the financials
- Identification and provision of report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented
- Additional information that may be requested for the purpose of the audit

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

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

Written Confirmations Required

As part of the audit process, Forvis Mazars will request from management and, if applicable, those charged with governance written confirmation acknowledging certain responsibilities outlined in this Agreement and confirming:

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

Terms and Conditions Addendum

GENERAL

1. **Overview.** This Terms and Conditions Addendum ("Terms and Conditions") sets forth the standard terms and conditions applicable to Forvis Mazars, LLP ("Forvis Mazars") providing services (collectively the "Services") to the specific client ("You" or "Client"). Capitalized terms not otherwise defined in these Terms and Conditions shall be defined as set forth in the Agreement.

BILLING, PAYMENT, & TERMINATION

2. **Billing and Payment Terms.** Forvis Mazars will bill Client for fees and costs as outlined in the Agreement. Unless otherwise provided in the Agreement, payment is due upon receipt. Interest will be charged on any unpaid balance after 45 days In accordance with the Texas Prompt Payment Act. All fees, charges, and other amounts payable to Forvis Mazars hereunder do not include any sales, use, excise, value-added, or other applicable taxes, tariffs, or duties, payment of which shall be the Client's sole responsibility. Fees also do not include any applicable taxes based on Forvis Mazars' net income or taxes arising from the employment or independent contractor relationship between Forvis Mazars and Forvis Mazars' personnel.

   Forvis Mazars reserves the right to suspend or terminate work under the Agreement for nonpayment of fees. If the Services are suspended or terminated for nonpayment of fees, Client acknowledges and agrees that Forvis Mazars will not be responsible for Client's failure to meet any deadlines or for any penalties or interest that may be assessed against Client resulting from failure to meet such deadlines.

   Client agrees that the fees incurred to complete the Services may increase if Forvis Mazars' duties or responsibilities are increased by the rulemaking of any regulatory body or any new accounting or auditing standards. The fees do not include any time for post-engagement consultation with Client's personnel or third parties, consent letters and related procedures for the use of the reports generated as part of the Services, in offering documents, inquiries from regulators, or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

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

4. **Termination.** Either party may terminate the Agreement at any time for any reason. If the Agreement is terminated, Client agrees to pay Forvis Mazars for time expended through the date of termination. In addition, Client will be billed costs and fees for services from other professionals, if any, incurred in the performance of this Agreement. Unless terminated sooner in accordance with the Agreement, the Agreement shall terminate upon the completion of the Services.

DISPUTES & DISCLAIMERS

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

6. **Indemnification.** Client agrees to indemnify Forvis Mazars from any and all claims which arise from knowing misrepresentation to Forvis Mazars or the intentional withholding or concealment of information from Forvis Mazars by Your management. This provision shall not apply if enforcement is disallowed by applicable law or professional standards.

7. **Limitation of Liability.** Client agrees that Forvis Mazars' liability, if any, and Forvis Mazars agrees that Client's liability, if any, arising out of or related to the Agreement shall be limited to the amount of the fees paid by Client for the Services. This limitation shall not apply to the extent it is finally, judicially determined that the liability resulted from the intentional or willful misconduct of a party or if enforcement of this provision is disallowed by applicable law or professional standards.

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

9. **Choice of Law.** Client acknowledges and agrees that any dispute arising out of or related to this Agreement shall be governed by the laws of the State of Texas, without regard to its conflict of laws principles.

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

11. **Severability.** If any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the

remainder of this Agreement shall not be affected, and each such term and provision of this Agreement shall be fully valid and enforceable permitted by law.

12. **Assignment.** Client acknowledges and agrees that the terms and conditions of this Agreement shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

13. **Disclaimer of Legal or Investment Advice.** The Services do not constitute legal or investment advice. Client should seek the advice of legal counsel in such matters. Client acknowledges the applicable laws, regulations, and regulators' enforcement activities related to the Services may change over time.

RECORDS, WORKPAPERS, DELIVERABLES, & PROPRIETARY INFORMATION

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

15. **Forvis Mazars Workpapers.** Forvis Mazars' Workpapers and documentation retained in any form of media for this engagement are the property of Forvis Mazars. "Workpapers" are papers or records of the procedures applied, tests performed, information obtained, and conclusions reached in the work, including programs or documents for professional services, analyses, memoranda, correspondence, checklists, and other supporting documentation for the work so specified, retained in any form of media.

16. **Subpoenas or Other Legal Process.** Client acknowledges Forvis Mazars can be compelled to provide information under legal process. In addition, Forvis Mazars may be requested by regulatory or enforcement bodies (including any State Board) to make certain Client information or Workpapers available to them pursuant to authority granted by law or regulation. Unless Forvis Mazars is prohibited from doing so by law or regulation, Forvis Mazars will inform Client of any such legal process or request. Client agrees that Forvis Mazars has no legal responsibility to Client to withhold the requested information in the event Forvis Mazars determines, upon the written advice of counsel, that Forvis Mazars is obligated to provide such documents or information. In the event Forvis Mazars is required to respond to any subpoena, court order, government regulatory inquiry legal process, or request for the production of documents and/or testimony relative to information Forvis Mazars obtained or prepared incident to this Agreement, in a matter in which Forvis Mazars is not a party, Client agrees to compensate Forvis Mazars for reasonable time expended in connection with such response at normal and customary hourly rates. Furthermore, Client will reimburse Forvis Mazars for all reasonable out-of-pocket expenses incurred in such response.

17. **Use and Disclosure of Work Product and Drafts.** Client agrees to not modify any deliverables or drafts prepared by Forvis Mazars for internal use or for distribution to third parties. Client also understands that Forvis Mazars may on occasion send Client documents marked as draft and understands that those are for the Client's review purpose only, should not be distributed in any way, and should be destroyed as soon as possible.

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

18. **Forvis Mazars Proprietary Information.** Client acknowledges that Forvis Mazars' pre-existing proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the Services Forvis Mazars performs. Excluding Work Product, any new forms, software, documents, or intellectual property Forvis Mazars develops during completion of the Services for Client's use shall belong to Forvis Mazars, and Client shall have the limited right to use the Work Product solely within Client's business. Excluding the Work Product, all reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which Forvis Mazars makes available to Client are confidential and proprietary. Neither Client, nor any of Client's agents, will copy, electronically store, reproduce, or make any such documents available to anyone other than Client's personnel, to the extent allowed by law, including the Texas Public Information Act. This provision will apply to all materials whether in digital, "hard copy" format, or other medium.

REGULATORY

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

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

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

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

22. **Not a Fiduciary.** Client acknowledges and agrees that Forvis Mazars is not in a fiduciary relationship with Client, and Forvis Mazars has no fiduciary responsibilities to Client in the performance of the Services.

TECHNOLOGY

23. **Electronic Sites.** Client agrees to notify Forvis Mazars if Client desires to place any of the Work Product, including, if applicable, any reports on Client's financial statements, along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. Client acknowledges and agrees that Forvis Mazars has no responsibility to review information contained in/on electronic sites.

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

25. **Electronic Data Communication and Storage.** In the interest of facilitating the Services, Forvis Mazars may send data over the internet, temporarily store electronic data via computer software applications hosted remotely on the internet, or utilize cloud-based storage. Client acknowledges and agrees that Client's confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, Forvis Mazars will employ industry recognized measures designed to maintain data security. Forvis Mazars will use reasonable efforts to keep such communications and electronic data secure in accordance with any obligations under applicable laws, regulations, and professional standards.

    Client acknowledges and agrees that Forvis Mazars has no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed to keep such data secured. Client agrees to Forvis Mazars' use of these electronic devices and applications during the completion of the Services.

OTHER MATTERS

26. **Cooperation.** Client agrees to cooperate with Forvis Mazars in the performance of completing the Services, including the reasonable and timely access to Client's facilities, data, information, and personnel. Client shall be responsible for the performance and actions of Client's employees and agents.

27. **Service Providers.** Forvis Mazars may from time to time utilize affiliates, subsidiaries, and third-party service providers. Forvis Mazars may need to disclose confidential information about Client to such entities to comply with regulatory requirements, to check conflicts, to provide financial accounting and other administrative support services, for quality and risk management services, or in order to complete the Services. Forvis Mazars agrees to maintain and maintains internal policies, procedures, and safeguards to protect the confidentiality and security of Client's information. Forvis Mazars will be responsible to You for maintaining the confidentiality of the Client information.

28. **Independent Contractor.** When providing services to Client, Forvis Mazars will be functioning as an independent contractor; and in no event will Forvis Mazars or any Forvis Mazars employees be an officer of Client. This Agreement does not create a relationship of joint venturers, partners, employer and/or employee, principal and/or agent, or any similar relationship giving rise to a fiduciary duty to Client. Decisions regarding management of Client's business remain the sole responsibility of Client at all times. Neither Client nor Forvis Mazars shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

29. **Hiring of Forvis Mazars Personnel.** Forvis Mazars asks that Client respect the employment relationship that Forvis Mazars personnel have with the firm and to refrain from any employment offers to Forvis Mazars personnel. However, if Client finds it necessary to make an offer of employment and if it is accepted, during the term of this engagement and for a period of 18 months after Forvis Mazars stops providing Services, Client agrees that Forvis Mazars will be paid a one-time employment fee equal to 100% of the employee's highest annual salary. This fee will be payable prior to Forvis Mazars personnel commencing employment with Client. Provided,

however, Client shall not be in violation of the nonsolicitation covenant set forth herein with respect to any position Client advertises in the form of a general solicitation not delivered to or focused upon any single individual. The provisions of this paragraph shall apply equally to Forvis Mazars in relation to offers of employment to, and the employment of, Client's personnel.

30. **Use of Party Names.** Any time either party intends to reference the other party's name in any manner in any published materials, including on an electronic site, the referencing party agrees to provide the other party with draft materials for review and written approval before publishing or posting such information. For purposes of this approval, email approval is deemed sufficient by both parties.

31. **Network.** Forvis Mazars Global Limited ("the Network") is a leading global professional services network consisting of independent members Forvis Mazars, LLP in the U.S. and Forvis Mazars Group, a Belgium integrated partnership with member firms operating in over 100 countries. The Network is a United Kingdom company limited by guarantee and does not provide any services to clients.

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

33. **Force Majeure.** Excluding incurred fees, neither party shall be held responsible for any failure to fulfill its obligations under this Agreement if such failure was caused by circumstances beyond its control, including, without limitation, fire or other casualty, act of God, act of terrorism, strike or labor dispute, war or other violence, explosion, flood or other natural catastrophe, epidemic or pandemic, or any law, order, or requirement of any governmental agency or authority affecting either party, including without limitation orders incident to any such epidemic or pandemic, lockdown orders, stay-at-home orders, and curfews.

34. **Data Usage.** Notwithstanding anything herein to the contrary, Client's information and data may be utilized for internal purposes applying various technologies, including but not limited to large language models or generative artificial intelligence. To the extent necessary, Forvis Mazars will utilize confidentiality and similar standards for such applications as it utilizes for similar work on Forvis Mazars' own work and processes. Forvis Mazars shall not sell or resell information obtained from Client.

May 27, 2026

AGENDA ITEM NO. 5

SUBJECT: Discuss future meeting dates and topics.

DISCUSSION: The next regular Audit and Budget Committee meeting is scheduled for the morning of December 10, 2026, prior to the December Board meeting. The planned agenda items for this meeting are:

- Review the FY26 audited financial statements
- Annual review of audit services commissioned by the Committee
- Receive Annual Ethics Program update

BACKUP MATERIAL: None.

ACTION REQUESTED: None.

Lyndi Birkhead
5/20/26