

**CITY OF SHERMAN
CITY COUNCIL REGULAR MEETING AGENDA
MUNICIPAL BALLROOM
405 N. RUSK ST
SHERMAN, TEXAS
TUESDAY, SEPTEMBER 3, 2024
5:00 PM**

- A.1. CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN**
- A.2. PLEDGE OF ALLEGIANCE AND INVOCATION LED BY COUNCIL MEMBER JOSH STEVENSON**
- A.3. APPROVE MINUTES OF THE REGULAR CITY COUNCIL MEETING OF AUGUST 19, 2024.**

Citizen Comments

B.1. CITIZEN COMMENTS

During this meeting, the City Council welcomes public comment only on agenda items listed under the Open Meeting portion of the agenda, in accordance with Texas Government Code Section 551.007. For items not listed on the agenda, those matters may be discussed with City staff during regular business hours, or with the Mayor or any Council member by contacting them at times other than at City Council meetings.

Consent Agenda

C.1. CONSENT AGENDA

Asterisked (*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately

Special Presentations

D.1. SPECIAL PRESENTATION

To Present Life Saving Awards to Patrol Officer Chad Johnson, Patrol Officer Kendall Foster, and Patrol Officer Albert Torres

Public Hearing

E.1. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6766

Declaring as Elected the Unopposed Candidates for the Office of Mayor and City Council Members for At-Large, Place 1 and At-Large, Place 2; Finding that All Necessary and Required Legal Conditions have been Satisfied; Providing that the November 5, 2024 Regular Municipal Election for City Council Shall Not be Held; Providing for Posting of this Ordinance on Election Day, November 5, 2024

E.2. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6767

Repealing Ordinance No. 5562 and Adopting this Ordinance to Grant to Atmos Energy Corporation, a Texas and Virginia Corporation, Its Successors and Assigns, a Non-Exclusive Franchise to Construct, Maintain and Operate Gas Pipelines and Equipment in the City of Sherman, Grayson County, Texas, for the Transportation, Delivery, Sale, and Distribution of Gas In, Out of and Through said City for all Purposes; Providing for the Payment of a Fee or Charge for the Use of Rights-of-Way; and Providing that Such Fee Shall be in Lieu of Other Fees and Charges, Except AD Valorem Taxes

E.3. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6768

Any item on this posted agenda may be discussed in Executive Session provided it is within one of the permitted categories under Chapter 551 of the Texas Government Code

Approving a Negotiated Settlement between the Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division, Regarding the Company's 2024 Rate Review Mechanism Filing; Declaring Existing Rates to be Unreasonable; Adopting Tariffs that Reflect Rate Adjustments Consistent with the Negotiated Settlement; Finding the Rates to be Set by the Attached Settlement Tariffs to be Just and Reasonable and in the Public Interest; Approving an Attachment Establishing a Benchmark for Pensions and Retiree Medical Benefits; Requiring the Company to Reimburse ACSC's Reasonable Ratemaking Expenses; Adopting a Savings Clause. Declaring an Effective Date; Requiring Delivery of this Ordinance to the Company and the ACSC's Legal Council.

E.4. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6769

Amending the Code of Ordinances of the City of Sherman, Texas, Chapter 13 (Utilities), Article 13.06 (Solid Waste); Establishing Requirements for Commercial Solid Waste and Recycling Container Enclosures; Modifying Certain Fees and Other Regulations Relating to Solid Waste Collection and Removal; Providing a Penalty Clause with a Maximum Fine of \$2,000, Savings/Repealing Clause, Severability Clause and an Effective Date; Providing for the Publication of the Caption Hereof

E.5. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6770

Amending the Code of Ordinances of the City of Sherman, Texas, Chapter 13 (Utilities), Article 13.09 (Service Fees); Modifying Certain Fees and Other Regulations Related to Laboratory Testing Fees, Industrial Pretreatment Program Administrative Fees, and Fats, Oil and Grease Program Administrative Fees; Providing a Penalty Clause with a Maximum Fine of \$2,000, Saving/Repealing Clause, Severability Clause and an Effective Date; Providing for the Publication of the Caption Hereof

E.6. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6771

Consider all Matters Relating to the Greater Texoma Utility Authority Contract Revenue Bonds, Series 2024A (City of Sherman Project); and Approving the Issuance thereof and the Facilities to be Constructed or Acquired by such Authority

E.7. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6772

Approving the 2024-25 Annual Service and Assessment Plan Update for the Bel Air Village Public Improvement District

Close Public Hearing and Consider Adoption of Ordinances

F.1. CLOSE PUBLIC HEARING

Consider Adoption of Ordinances 6766, 6767, 6768, 6769, 6770, 6771 & 6772.

Resolutions

G.1. RESOLUTION NO. 7350

Authorizing Execution of an Interlocal Agreement Between the City of Sherman and the North Texas Municipal Water District

G.2. RESOLUTION NO. 7351

Authorizing Execution of a Professional Services Agreement with Freese and Nichols, Inc. for the Eastside Lift Station and Regional Sewer

G.3. * RESOLUTION NO. 7352

Authorizing the City Manager or His Designee to Execute a Special Warranty Deed for the Purchase and Execute Contract Documents for The Purchase and Acquisition of Real Property from Tamie Lee Pedraza Located at 1402 West Center Street, being .5481 Acres in the Elizabeth Jones Survey, Abstract 625

G.4. * RESOLUTION NO. 7353

Authorizing Execution of an Agreement with John C. Dannel Funeral Home Under the City of Sherman's Downtown Building Improvement Grant Program for Renovations at 302 S Walnut Street

G.5. * RESOLUTION NO. 7354

Adopting an Investment Policy for the City of Sherman

Other Business

H.1. OTHER BUSINESS

Appoint a Special Districts Subcommittee

COUNCIL COMMENTS

EXECUTIVE SESSION

In accordance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, the City Council may hold an Executive Session if the discussion of any of the items identified in this agenda, or any of the items identified below, concern one or more of the following:

J.1. TEX. GOV'T CODE § 551.071

Seeking the advice of its attorney about pending or contemplated litigation, settlement offers or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

- a) Receive legal advice regarding application for a specific use permit for an electric power substation or generation including ground-mounted solar and wind at 1512 Interurban Parkway

J.2. TEX. GOV'T CODE § 551.072

Deliberating the purchase, exchange, lease or value of real property if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

J.3. TEX. GOV'T CODE § 551.073

Deliberating a negotiated contract for a prospective gift or donation to the City if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

J.4. TEX. GOV'T CODE § 551.074

Deliberating the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing

- a) Texoma Community Center Board of Trustees (1)
- b) Sherman Housing Authority (3)
- c) Civil Service Commission (1)

J.5. TEX. GOV'T CODE § 551.076

Deliberating the deployment, or specific occasions for implementation, of security personnel or devices or a security audit.

Any item on this posted agenda may be discussed in Executive Session provided it is within one of the permitted categories under Chapter 551 of the Texas Government Code

J.6. TEX. GOV'T CODE § 551.08

Discussing or deliberating commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay or expand in or near the City and with which the City is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect.

J.7. TEX. GOV'T CODE § 551.089

Deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementation of security personnel, critical infrastructure or security devices.

The Council reconvenes into General Session

COUNCIL CALENDAR

L.1. COUNCIL CALENDAR

2024 and 2025 Council Calendars

CERTIFICATION

I, the undersigned authority, do hereby certify that the above Notice of Regular Meeting of the City Council of the City of Sherman is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice on the bulletin board at City Hall, 317 S. Travis of said City of Sherman, Texas, a place convenient to the public, and said notice was posted on Friday, August 30, 2024 at 4:59 p.m., and said time of posting was 72 hours before said meeting was convened or called to order.

Dated this 30th day of August 2024. City of Sherman, Texas

City Clerk

The above agenda schedule represents an estimate of the order for the indicated items and is subject to change at any time. All agenda items are subject to final action by the City Council.

An unscheduled closed executive session may be held if the discussion of any of the above agenda items concerns the purchase, exchange, lease or value of real property; the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; the deployment or use of security personnel or equipment; or requires consultations with the City Attorney.

At the discretion of the City Council, non-agenda items under the headings of "Citizens Requests", "Media Questions", and "Council Concerns" may be presented to the Council for informational purposes; however, by law, the Council shall not discuss, deliberate, or vote upon such matters except that a statement of specific factual information, a recitation of existing policy, and deliberations concerning the placing of the subject on a subsequent agenda may take place.

The City Attorney has approved the Executive Session items on this agenda

PERSONS WITH DISABILITIES, WHO PLAN TO ATTEND THIS MEETING AND WHO MAY NEED ASSISTANCE, ARE REQUESTED TO CONTACT LINDA ASHBY AT (903) 892-7204, TWO (2) WORKING DAYS PRIOR TO THE MEETING SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.

<u>Mayor</u>	<u>Deputy Mayor</u>	<u>Council Members</u>	
David Plyler	Shawn C. Teamann	Henry Marroquin, Council-At-Large, PL #1 Juston Dobbs, Council-At-Large, PL #2	Josh Stevenson, Council – District #2 Pamela L. Howeth, Council – District #3

Any item on this posted agenda may be discussed in Executive Session provided it is within one of the permitted categories under Chapter 551 of the Texas Government Code

Shawn C. Teamann, Council – District #1

Daron Holland, Council – District #4

STATE OF TEXAS §
 August 19, 2024
COUNTY OF GRAYSON §

BE IT REMEMBERED THAT A Regular Meeting of the City Council of the City of Sherman, Grayson County, Texas was begun and held in the Municipal Ballroom on August 19, 2024.

MEMBERS PRESENT: MAYOR DAVID PLYLER.
 COUNCIL MEMBERS DOBBS, HOLLAND, HOWETH, MARROQUIN,
 STEVENSON.

MEMBERS ABSENT: DEPUTY MAYOR SHAWN TEAMANN.

CALL TO ORDER

Mayor Plyler called the meeting to order at 5:00 p.m. The Pledge of Allegiance and Invocation were led by Council Member Pam Howeth.

CALL TO ORDER

APPROVE MINUTES

The Council reviewed the Minutes of the Regular City Council Meeting of August 5, 2024. Council Member Howeth moved to approve the Minutes, as presented; Second by Council Member Dobbs; All present voted AYE.
MOTION CARRIED.

APPROVE MINUTES

CITIZEN'S COMMENTS

There were no citizen's comments.

CITIZEN'S COMMENTS

CONSENT AGENDA

Asterisked (*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately.

CONSENT AGENDA

The Council reviewed the Consent Agenda. Council Member Howeth moved to approve the Consent Agenda, as presented. Second by Council Member Holland. All present voted AYE.

Mayor Plyler called for a public hearing:

**CITY OF SHERMAN'S CAPITAL IMPROVEMENT PROGRAM (CIP)
COVERING THE PERIOD FROM OCTOBER 1, 2024 THROUGH
SEPTEMBER 30, 2029**

**CAPITAL
IMPROVEMENT
PROGRAM**

Mary Lawrence, Chief Financial Officer, said the City's Charter requires a Five-Year Capital Improvement Plan, in conjunction with the Budget. This is the public hearing required prior to adoption. The first year of the CIP is funded, as part of the Budget.

The other four years of the plan are for planning purposes and will be moved around as development takes place. The plan doesn't obligate the City to any of these projects. The CIP will be considered for adoption by Resolution, later in the agenda.

No citizens appeared before the City Council to discuss the Capital Improvement Program.

Mayor Plyler introduced Ordinance No. 6759 and called for a public hearing:

ORD 6759
ANNUAL BUDGET

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ADOPTING A BUDGET AND PROVIDING FOR THE APPROPRIATION OF FUNDS FOR OPERATING AND CAPITAL EXPENDITURES FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2024, AND ENDING SEPTEMBER 30, 2025; DECLARING THAT THIS BUDGET WILL RAISE MORE TOTAL PROPERTY TAXES THAN LAST YEAR'S BUDGET BY \$13,381,000 AND 48%, AND OF THAT AMOUNT \$11,389,000 IS TAX REVENUE TO BE RAISED FROM NEW PROPERTY ADDED TO THE TAX ROLL THIS YEAR; PROVIDING A SAVINGS/REPEALING CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF.

Ms. Lawrence said this is the final public hearing on the FY 2025 Budget. The tax rate is unchanged from last year, and the utility rates are similar to what was previously presented. She also addressed the Solid Waste rate increase.

A Certificate of Obligation issue of about \$26 million is also included in the budget, mainly for street projects, related to development.

No citizens appeared before the City Council to discuss Ordinance No. 6759.

Mayor Plyler introduced Ordinance No. 6760 and called for a public hearing:

ORD 6760
AD VALOREM TAXES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, PROVIDING FOR THE LEVY OF AD VALOREM TAXES FOR THE CITY OF SHERMAN, TEXAS, FOR THE TAX YEAR 2024; DISTRIBUTING THE SAME AMONG THE VARIOUS FUNDS; PROVIDING FOR A PENALTY AND INTEREST FOR FAILURE TO PAY THE TAXES LEVIED WITHIN THE TIME PROVIDED BY LAW; PROVIDING FOR A LIEN ON ALL REAL AND PERSONAL PROPERTY TO SECURE PAYMENT OF TAXES DUE THEREON; PROVIDING A PENALTY CLAUSE, SAVINGS/ REPEALING CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Ms. Lawrence said this is the final public hearing on the proposed tax rate, which is the same as it was in FY 2024. The rate will generate approximately \$41 million in revenue. The vote should be a record vote with specific wording required by law.

No citizens appeared before the City Council to discuss Ordinance No. 6760.

Mayor Plyler introduced Ordinance No. 6761 and called for a public hearing:

ORD 6761
ZONE CHANGE
(4300 BLOCK
COX ST)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, TO REZONE A TRACT OF LAND CONSISTING OF 0.632 ACRES BEING LOT 1 AND A PART OF LOT 2, BLOCK 31, HILLTOP ESTATES, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, LOCATED IN THE 4300

BLOCK COX STREET, HERETOFORE ZONED R-6 (SINGLE FAMILY RESIDENTIAL) DISTRICT; REZONING AND PLACING THE TRACT IN THE R-5 (SINGLE FAMILY RESIDENTIAL) DISTRICT ZONING CLASSIFICATION, MARIO TOBAR, TOBAR PROPERTIES (OWNER) AND HELVEY-WAGNER SURVEYING, INC (SURVEYOR) PROVIDING FOR A PENALTY NOT TO EXCEED \$2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Rob Rae, Director of Development Services, said this is a zone change, where the owner would like to develop four lots. The Planning and Zoning Commission and the staff recommend approval.

No citizens appeared before the City Council to discuss Ordinance No. 6761.

Mayor Plyler asked that the captions of Ordinance Nos. 6762 and 6763 be read together.

ORD 6762
ZONE CHANGE
(4200 BLOCK N.
LOY LAKE RD)

Mayor Plyler introduced Ordinance No. 6762 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, TO REZONE A TRACT OF LAND CONSISTING OF 0.9499 ACRES BEING LOT 7, BLOCK 1, SHERMAN TOWN CENTER, SECTION TWO, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, LOCATED IN THE 4200 BLOCK NORTH LOY LAKE ROAD, HERETOFORE ZONED C-1 (RETAIL BUSINESS) DISTRICT/75 & 82 OVERLAY DISTRICT; REZONING AND PLACING THE TRACT IN THE C-2 (GENERAL COMMERCIAL) DISTRICT/75 & 82 OVERLAY DISTRICT ZONING CLASSIFICATION, A-S 71 SHERMAN-PHASE III, L.P. (OWNER), KELSEY KREHER, HFA (REPRESENTATIVE) AND QUIDDITY (SURVEYOR) PROVIDING FOR A PENALTY NOT TO EXCEED \$2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Mayor Plyler introduced Ordinance No. 6763 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, AND GRANTING A SPECIFIC USE PERMIT TO ALLOW AUTOMOBILE REPAIR, BODY WORK, OR PAINTING IN A C-2 (GENERAL COMMERCIAL) DISTRICT/75 & 82 OVERLAY DISTRICT, LOCATED IN THE 4200 BLOCK NORTH LOY LAKE ROAD, CONSISTING OF 0.9499 ACRES BEING LOT 7, BLOCK 1, SHERMAN TOWN CENTER, SECTION TWO, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS A-S 71 SHERMAN-PHASE III, L.P. (OWNER), KELSEY KREHER, HFA (REPRESENTATIVE) AND QUIDDITY (SURVEYOR) PRESCRIBING CONDITIONS TO THE SPECIFIC USE PERMIT; PROVIDING A PENALTY NOT TO EXCEED \$2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

ORD 6763
SUP FOR AUTO
REPAIR, BODY
WORK, PAINTING
(4200 BLOCK
N. LOY LAKE RD)

Mr. Rae said there are two items, one for a zone change and the other for a Specific Use Permit, to allow automobile repair. The applicant is requesting only minor automobile repair in conjunction with their oil change business.

The staff recommendation for the SUP is to limit it to minor repair only and to limit it to the applicant, Valvoline. The Planning and Zoning Commission recommended approval.

No citizens appeared before the City Council to discuss Ordinance Nos. 6762 and 6763.

Mayor Plyler introduced Ordinance No. 6764 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, AND GRANTING A SPECIFIC USE PERMIT TO ALLOW AN AUTOMOBILE, MOTORCYCLE, BOAT, OR TRAILER SALES, NEW OR USED, AUTOMOBILE REPAIR, BODY WORK, OR PAINTING AND AUTOMOBILE LAUNDRY, CARWASH IN A C-2 (GENERAL COMMERCIAL) DISTRICT/75 & 82 OVERLAY DISTRICT, LOCATED AT 2525 TEXOMA PARKWAY, CONSISTING OF 9.995 ACRES BEING LOT 1 IN BLOCK 1 OF BOB UTTER ADDITION, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS BOB UTTER (OWNER), DAVID PRYOR (REPRESENTATIVE) AND UNDERWOOD DRAFTING & SURVEYING (SURVEYOR) PRESCRIBING CONDITIONS TO THE SPECIFIC USE PERMIT; PROVIDING A PENALTY NOT TO EXCEED \$2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

ORD 6764
SUP FOR AUTO,
MOTORCYCLE, BOAT
TRAILER SALES, AUTO
REPAIR, BODY WORK,
PAINTING, CAR WASH
(2525 TEXOMA PKWY)

Mr. Rae said Bob Utter Ford applied for the SUP to construct a new car wash at their present facility. Since their current sales business did not have an SUP, they applied for an SUP to cover all the items that they do at their facility.

The Planning and Zoning Commission and the staff recommend approval of the Specific Use Permit.

No citizens appeared before the City Council to discuss Ordinance No. 6764.

Mayor Plyler introduced Ordinance No. 6765 and said:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, AND GRANTING A SPECIFIC USE PERMIT TO ALLOW AN ELECTRIC POWER SUBSTATION OR GENERATING INCLUDING GROUND-MOUNTED SOLAR AND WIND IN A R-6 (SINGLE FAMILY RESIDENTIAL) DISTRICT, LOCATED AT 1512 INTERURBAN PARKWAY, CONSISTING OF 45.107 ACRES BEING A PART OF THE ELIZABETH JONES SURVEY, ABSTRACT 628, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS CEDAR RIDGE DEVELOPMENT (OWNER), HOLLEY ENERGY SOLUTIONS, LLC

ORD 6765
SUP FOR ELECTRIC
POWER SUBSTATION
(1512 INTERURBAN
PKWY)

(REPRESENTATIVE) AND UNDERWOOD DRAFTING & SURVEYING, INC. (SURVEYOR) PRESCRIBING CONDITIONS TO THE SPECIFIC USE PERMIT; PROVIDING A PENALTY NOT TO EXCEED \$2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

Mayor Plyler said the applicant of Ordinance No. 6765 has asked that it be tabled until the September 6, 2024 Council Meeting.

The Public Hearing was closed.

Ordinance 6759

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ADOPTING A BUDGET AND PROVIDING FOR THE APPROPRIATION OF FUNDS FOR OPERATING AND CAPITAL EXPENDITURES FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2024, AND ENDING SEPTEMBER 30, 2025; DECLARING THAT THIS BUDGET WILL RAISE MORE TOTAL PROPERTY TAXES THAN LAST YEAR'S BUDGET BY \$13,381,000 AND 48%, AND OF THAT AMOUNT \$11,389,000 IS TAX REVENUE TO BE RAISED FROM NEW PROPERTY ADDED TO THE TAX ROLL THIS YEAR; PROVIDING A SAVINGS/REPEALING CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF.

ORD 6759
ANNUAL BUDGET

ACTION TAKEN.

Motion by Council Member Stevenson to approve Ordinance No. 6759, as presented. Second by Council Member Dobbs.
VOTING AYE: Dobbs, Holland, Howeth, Marroquin, Stevenson.
VOTING NAY: None.
MOTION CARRIED.

Ordinance 6760

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, PROVIDING FOR THE LEVY OF AD VALOREM TAXES FOR THE CITY OF SHERMAN, TEXAS, FOR THE TAX YEAR 2024; DISTRIBUTING THE SAME AMONG THE VARIOUS FUNDS; PROVIDING FOR A PENALTY AND INTEREST FOR FAILURE TO PAY THE TAXES LEVIED WITHIN THE TIME PROVIDED BY LAW; PROVIDING FOR A LIEN ON ALL REAL AND PERSONAL PROPERTY TO SECURE PAYMENT OF TAXES DUE THEREON; PROVIDING A PENALTY CLAUSE, SAVINGS/ REPEALING CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

ORD 6760
AD VALOREM TAXES

ACTION TAKEN.

Motion by Council Member Stevenson that the property tax be increased by the adoption of a tax rate of \$0.508000 per \$100, which is effectively a 6% increase in the tax rate, as presented.
Second by Council Member Howeth.
VOTING AYE: Plyler Dobbs, Holland, Howeth, Marroquin, Stevenson.
VOTING NAY: None.
MOTION CARRIED.

Ordinance 6761

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, TO REZONE A TRACT OF LAND CONSISTING OF 0.632 ACRES BEING LOT 1 AND A PART OF LOT 2, BLOCK 31, HILLTOP ESTATES, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, LOCATED IN THE 4300 BLOCK COX STREET, HERETOFORE ZONED R-6 (SINGLE FAMILY RESIDENTIAL) DISTRICT; REZONING AND PLACING THE TRACT IN THE R-5 (SINGLE FAMILY RESIDENTIAL) DISTRICT ZONING CLASSIFICATION, MARIO TOBAR, TOBAR PROPERTIES (OWNER) AND HELVEY-WAGNER SURVEYING, INC (SURVEYOR) PROVIDING FOR A PENALTY NOT TO EXCEED \$2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

ORD 6761
ZONE CHANGE
(4300 BLOCK
COX ST)

Ordinance 6762

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, TO REZONE A TRACT OF LAND CONSISTING OF 0.9499 ACRES BEING LOT 7, BLOCK 1, SHERMAN TOWN CENTER, SECTION TWO, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, LOCATED IN THE 4200 BLOCK NORTH LOY LAKE ROAD, HERETOFORE ZONED C-1 (RETAIL BUSINESS) DISTRICT/75 & 82 OVERLAY DISTRICT; REZONING AND PLACING THE TRACT IN THE C-2 (GENERAL COMMERCIAL) DISTRICT/75 & 82 OVERLAY DISTRICT ZONING CLASSIFICATION, A-S 71 SHERMAN-PHASE III, L.P. (OWNER), KELSEY KREHER, HFA (REPRESENTATIVE) AND QUIDDITY (SURVEYOR) PROVIDING FOR A PENALTY NOT TO EXCEED \$2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

ORD 6762
ZONE CHANGE
(4200 BLOCK N.
LOY LAKE RD)

Ordinance 6763

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, AND GRANTING A SPECIFIC USE PERMIT TO ALLOW AUTOMOBILE REPAIR, BODY WORK, OR PAINTING IN A C-2 (GENERAL COMMERCIAL) DISTRICT/75 & 82 OVERLAY DISTRICT, LOCATED IN THE 4200 BLOCK NORTH LOY LAKE ROAD, CONSISTING OF 0.9499 ACRES BEING LOT 7, BLOCK 1, SHERMAN TOWN CENTER, SECTION TWO, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS A-S 71 SHERMAN-PHASE III, L.P. (OWNER), KELSEY KREHER, HFA (REPRESENTATIVE) AND QUIDDITY (SURVEYOR) PRESCRIBING CONDITIONS TO THE SPECIFIC USE PERMIT; PROVIDING A PENALTY NOT TO EXCEED \$2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

ORD 6763
SUP FOR AUTO
REPAIR, BODY
WORK, PAINTING
(4200 BLOCK
N. LOY LAKE RD)

Council Member Stevenson asked if that was appropriate for the type of retail at that location.

Robby Hefton, City Manager, said there is already a Discount Tire Center located at Town Center, that would be a similar type of auto service, and would be compatible with those uses.

Council Member Dobbs asked if they were doing minor repairs, could they “back up” cars in the parking lot. Mr. Rae said the ordinance requires three stacking spaces in front of each service bay. No cars will be stored there. The allowed repairs would be very minor and “short time” repairs.

Council Member Marroquin asked about the traffic on Loy Lake Road into the business. Mr. Rae said the service bays don’t face Loy Lake Road.

Ordinance 6764

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, AND GRANTING A SPECIFIC USE PERMIT TO ALLOW AN AUTOMOBILE, MOTORCYCLE, BOAT, OR TRAILER SALES, NEW OR USED, AUTOMOBILE REPAIR, BODY WORK, OR PAINTING AND AUTOMOBILE LAUNDRY, CARWASH IN A C-2 (GENERAL COMMERCIAL) DISTRICT/75 & 82 OVERLAY DISTRICT, LOCATED AT 2525 TEXOMA PARKWAY, CONSISTING OF 9.995 ACRES BEING LOT 1 IN BLOCK 1 OF BOB UTTER ADDITION, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS BOB UTTER (OWNER), DAVID PRYOR (REPRESENTATIVE) AND UNDERWOOD DRAFTING & SURVEYING (SURVEYOR) PRESCRIBING CONDITIONS TO THE SPECIFIC USE PERMIT; PROVIDING A PENALTY NOT TO EXCEED \$2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

ORD 6764

SUP FOR AUTO,
MOTORCYCLE, BOAT
TRAILER SALES, AUTO
REPAIR, BODY WORK,
PAINTING, CAR WASH
(2525 TEXOMA PKWY)

ACTION TAKEN.

Motion by Council Member Stevenson to approve Ordinance Nos. 6761, 6762, 6763, and 6764, as presented. Second by Council Member Dobbs.

VOTING AYE: Dobbs, Holland, Howeth, Marroquin, Stevenson.

VOTING NAY: None.

MOTION CARRIED.

Ordinance 6765

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SHERMAN'S ZONING ORDINANCE/CODE OF ORDINANCES CHAPTER 14, AND GRANTING A SPECIFIC USE PERMIT TO ALLOW AN ELECTRIC POWER SUBSTATION OR GENERATING INCLUDING GROUND-MOUNTED SOLAR AND WIND IN A R-6 (SINGLE FAMILY RESIDENTIAL) DISTRICT, LOCATED AT 1512 INTERURBAN PARKWAY, CONSISTING OF 45.107 ACRES BEING A PART OF THE ELIZABETH JONES SURVEY, ABSTRACT 628, CITY OF SHERMAN, GRAYSON COUNTY, TEXAS CEDAR RIDGE DEVELOPMENT (OWNER), HOLLEY ENERGY SOLUTIONS, LLC (REPRESENTATIVE) AND UNDERWOOD DRAFTING & SURVEYING, INC. (SURVEYOR) PRESCRIBING CONDITIONS TO THE SPECIFIC USE PERMIT; PROVIDING A PENALTY NOT TO EXCEED \$2,000.00; PROVIDING A REPEALING/SAVINGS CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE.

ORD 6765

SUP FOR ELECTRIC
POWER SUBSTATION
(1512 INTERURBAN
PKWY)
(TABLED)

ACTION TAKEN.

Motion by Council Member Dobbs to Table Ordinance No. 6765, as requested by the applicant, for consideration at the September 3, 2024 Council Meeting. Second by Council Member Howeth.

VOTING AYE: Dobbs, Holland, Howeth, Marroquin, Stevenson.

VOTING NAY: None.

MOTION CARRIED TO TABLE.

RESOLUTION NO. 7346 -- APPROVING AND ADOPTING A FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM FOR THE CITY OF SHERMAN, TEXAS

RES 7346
CIP PROGRAM

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPROVING AND ADOPTING A FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM FOR THE CITY OF SHERMAN, TEXAS.

Ms. Lawrence said this Resolution would adopt the Five-Year Capital Improvement Plan that was discussed in Public Hearing.

ACTION TAKEN.

Motion by Council Member Stevenson to approve Resolution No. 7346, as presented. Second by Council Member Dobbs.

VOTING AYE: Dobbs, Holland, Howeth, Marroquin, Stevenson.

VOTING NAY: None.

MOTION CARRIED.

RESOLUTION NO. 7347 -- AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH TEGRITY CONTRACTORS, INC. FOR THE SHERMAN CITY HALL REMODEL PROJECT

RES 7347
CITY HALL
REMODEL PROJECT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH THE TEGRITY CONTRACTORS, INC. FOR THE SHERMAN CITY HALL REMODEL PROJECT.

Aaron Babcock, Architect, with Hidell & Associates Consultants, said they received six bids on the City Hall Remodel Project, and qualified five as responsive bidders. Tegrity Contractors, Inc. received the highest score, and were also the lowest responsible bidder. Construction should begin within two weeks and should be completed in approximately seven months, by March or April 2025.

ACTION TAKEN.

Motion by Council Member Dobbs to approve Resolution No. 7347, as presented. Second by Council Member Stevenson.

VOTING AYE: Dobbs, Holland, Howeth, Marroquin, Stevenson.

VOTING NAY: None.

MOTION CARRIED.

RESOLUTION NO. 7348 -- AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH WESTWOOD PROFESSIONAL SERVICES, INC. FOR THE McGEE STREET BRIDGE REHABILITATION PROJECT

RES 7348
McGEE STREET
BRIDGE REHAB
PROJECT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH WESTWOOD PROFESSIONAL SERVICES, INC. FOR THE McGEE STREET BRIDGE REHABILITATION.
CONSENT AGENDA.

RESOLUTION NO. 7349 -- APPROVING THE GREATER TEXOMA UTILITY AUTHORITY'S INTENTION TO AWARD THE LAKE TEXOMA PUMP STATION EXPANSION PROJECT TO ARCHER WESTERN CONSTRUCTION, LLC

RES 7349
LAKE TEXOMA
PUMP STATION
EXPANSION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPROVING THE GREATER TEXOMA UTILITY AUTHORITY'S INTENTION TO AWARD THE LAKE TEXOMA PUMP STATION EXPANSION PROJECT TO ARCHER WESTERN CONSTRUCTION, LLC.
CONSENT AGENDA.

OTHER BUSINESS

PROVIDING FOR THE RATIFICATION OF THE PROPERTY TAX INCREASE

PROPERTY TAX

Ms. Lawrence said this item is required by law. If the City's property tax revenue is more in the next year than it is in the current year, the law requires that a separate vote be held on the property tax increase, besides the vote on the budget.

ACTION TAKEN.

Motion by Council Member Stevenson to ratify the Property Tax Increase in the FY 2024-2025 Budget, as presented. Second by Council Member Holland.

VOTING AYE: Dobbs, Holland, Howeth, Marroquin, Stevenson.

VOTING NAY: None.

MOTION CARRIED.

COUNCIL COMMENTS

COUNCIL COMMENTS

- The Hispanic Heritage Festival will be held on the Municipal grounds on September 14, 2024, from 11:00 am until 8:00 pm. (Henry Marroquin)
- Thanked the staff for beginning construction on Cherry Street. (Pam Howeth)

ANNOUNCEMENTS

ANNOUNCEMENTS

Mayor Plyler announced the following:

- The Sherman Mayor's Round Table will be held in the Municipal Ballroom on September 17, 2024, at 9:00 am.

EXECUTIVE SESSION – IN ACCORDANCE WITH CHAPTER 551, GOVT. CODE, V.T.C.S., (OPEN MEETINGS LAW)

EXECUTIVE SESSION

THE CITY COUNCIL WILL NOW HOLD AN EXECUTIVE SESSION PURSUANT TO THE PROVISIONS OF THE OPEN MEETINGS LAW, CHAPTER 551, GOVERNMENT CODE, VERNONS TEXAS CODES ANNOTATED, IN ACCORDANCE WITH THE AUTHORITY CONTAINED IN THE FOLLOWING SECTIONS.

TEX. GOV'T CODE § 551.071 --

SEEKING THE ADVICE OF ITS ATTORNEY ABOUT PENDING OR CONTEMPLATED LITIGATION, SETTLEMENT OFFERS OR ANY MATTER IN WHICH THE DUTY OF THE ATTORNEY TO THE CITY COUNCIL UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT OF THE STATE BAR OF TEXAS CLEARLY CONFLICTS WITH THE TEXAS OPEN MEETINGS ACT

TEX. GOV'T CODE § 551.072 --

DELIBERATING THE PURCHASE, EXCHANGE, LEASE OR VALUE OF REAL PROPERTY IF DELIBERATION IN AN OPEN MEETING WOULD HAVE A DETRIMENTAL EFFECT ON THE POSITION OF THE CITY IN NEGOTIATIONS WITH A THIRD PERSON

TEX. GOV'T CODE § 551.073 --

DELIBERATING A NEGOTIATED CONTRACT FOR A PROSPECTIVE GIFT OR DONATION TO THE CITY IF DELIBERATION IN AN OPEN MEETING WOULD HAVE A DETRIMENTAL EFFECT ON THE POSITION OF THE CITY IN NEGOTIATIONS WITH A THIRD PERSON

TEX. GOV'T CODE § 551.074 --

DELIBERATING THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE OR DISMISSAL OF A PUBLIC OFFICER OR EMPLOYEE; OR TO HEAR A COMPLAINT OR CHARGE AGAINST AN OFFICER OR EMPLOYEE UNLESS THE OFFICER OR EMPLOYEE WHO IS THE SUBJECT OF THE DELIBERATION OR HEARING REQUESTS A PUBLIC HEARING

TEX. GOV'T CODE § 551.076 --

DELIBERATING THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION, OF SECURITY PERSONNEL OR DEVICES OR A SECURITY AUDIT

TEX. GOV'T CODE § 551.087 --

DISCUSSING OR DELIBERATING COMMERCIAL OR FINANCIAL INFORMATION THAT THE CITY HAS RECEIVED FROM A BUSINESS PROSPECT THAT THE CITY SEEKS TO HAVE LOCATE, STAY OR EXPAND IN OR NEAR THE CITY AND WITH WHICH THE CITY IS CONDUCTING ECONOMIC DEVELOPMENT NEGOTIATIONS; OR DELIBERATING THE OFFER OF A FINANCIAL OR OTHER INCENTIVE TO A BUSINESS PROSPECT

A) Hospital Project

TEXAS GOV'T CODE § 551.089 --

DELIBERATING SECURITY ASSESSMENTS OR DEPLOYMENTS RELATING TO INFORMATION RESOURCES TECHNOLOGY, NETWORK SECURITY INFORMATION, OR THE DEPLOYMENT OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL, CRITICAL INFRASTRUCTURE OR SECURITY DEVICES

On Motion duly made and carried, the Open Meeting recessed and reconvened in Executive Session at 5:21 p.m.

COUNCIL MINUTES – AUGUST 19, 2024

On Motion duly made and carried, the Executive Session recessed at 5:49 p.m. and reconvened in Open Meeting.

OPEN MEETING

Reconvene into Open Meeting and take action, if any, on items discussed in Executive Session.

OPEN MEETING

ADJOURNMENT

On Motion duly made and carried, the meeting adjourned at 5:52 p.m.

ADJOURNMENT

MAYOR

CITY CLERK



City Council Regular Meeting

Agenda Item No. D.1.

Meeting Date: 9/3/2024

Prepared By: Karen Wolff, Administrative Secretary

Approved By: Robby Hefton, City Manager

Caption:

Special Presentation

To Present Life Saving Awards to Patrol Officer Chad Johnson, Patrol Officer Kendall Foster, and Patrol Officer Albert Torres

Issue:

To Present Life Saving Awards to Patrol Officer Chad Johnson, Patrol Officer Kendall Foster, and Patrol Officer Albert Torres

Background:

On May 3, 2024, Sherman officers were dispatched to a welfare concern at a Casey's convenience store. An approximate 30-year-old male was unconscious and unresponsive in a white work truck with hazards on, parked at the gas pump. He said he was feeling tired and was going to take a nap. After some time, his 10-year-old daughter, who was a passenger in the truck, observed that her dad would not wake up and was unsure if he was breathing. She checked for a pulse and found none. She became aware that he was having a possible medical emergency and called 911 for assistance. She activated the hazard lights for easy recognition for the first responders.

Officer Chad Johnson arrived first and assessed the scene and confirmed he was unconscious and not breathing and began CPR. Officer Albert Torres arrived and assisted by holding the male's head in the head tilt position, opening the airway. Officer Kendall Foster arrived and assisted by taking over and continued CPR until EMS arrived. By this time, they had found a pulse. Sherman Fire/EMS arrived and began providing medical assistance and transported the patient to Sherman Medical Center where he was later stabilized and survived the ordeal.

Officer Johnson, Officer Foster, and Officer Torres selfless and courageous act of rendering aid in a sudden and unexpected emergency situation resulted in the preservation of a life. Their quick response and exceptional performance saved the life of the male. By their noteworthy accomplishments, perseverance, fearlessness, prompt response and devotion to duty, Officer Johnson, Officer Foster, and Officer Torres reflected great credit upon themselves and upheld the highest traditions of the Sherman Police Patrol Division and the Sherman Police Department.

In recognition of their actions for the saving of a human life, Officer Chad Johnson, Officer Kendall Foster, and Officer Albert Torres are hereby awarded the Sherman Police Department Life Saving Award.

Origination:

Sherman Police Department

Financial Consideration:

None

Staff Recommendation:

To recognize the Patrol Officers

Alternatives:

Attachments:

1. 2024 - 2nd Qtr Life Saving Award
2. 2024 - 2nd Qtr Life Saving Award
3. 2024 - 2nd Qtr Life Saving Award

SHERMAN POLICE DEPARTMENT

awards the
Life Saving Award



to

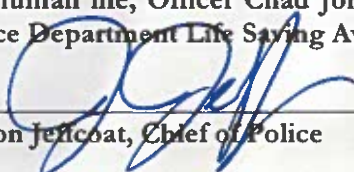
Officer Chad Johnson

On May 3, 2024, Sherman officers were dispatched to a welfare concern at Casey's. An approximate 30-year-old male was unconscious and unresponsive in a white work truck with hazards on parked at the gas pump. He advised he was feeling tired and was going to take a nap. After some time, his 10-year-old daughter who was a passenger in the truck observed that her dad would not wake up and was unsure if he was breathing. She checked for a pulse and found none. She became aware that he was having a possible medical emergency and called 911 for assistance. She activated the hazard lights for easy recognition for first responders.

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In recognition of their actions for the saving of a human life, Officer Chad Johnson, Officer Kendall Foster, and Officer Albert Torres are hereby awarded the Sherman Police Department Life Saving Award.

Awarded this 3rd day of September, 2024, by 
Jason Jenicoat, Chief of Police

SHERMAN POLICE DEPARTMENT

awards the
Life Saving Award



to

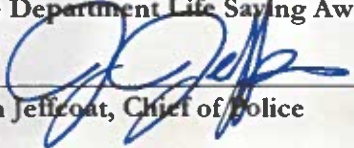
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Awarded this 3rd day of September, 2024, by 
Jason Jellicoe, Chief of Police

SHERMAN POLICE DEPARTMENT

awards the
Life Saving Award



to

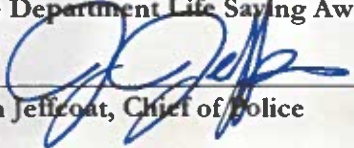
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In recognition of their actions for the saving of a human life, Officer Chad Johnson, Officer Kendall Foster, and Officer Albert Torres are hereby awarded the Sherman Police Department Life Saving Award.

Awarded this 3rd day of September, 2024, by 
Jason Jellicoe, Chief of Police



City Council Regular Meeting

Agenda Item No. E.1.

Meeting Date: 9/3/2024

Prepared By: Linda Ashby, City Clerk

Approved By: Robby Hefton, City Manager

Caption:

INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6766

Declaring as Elected the Unopposed Candidates for the Office of Mayor and City Council Members for At-Large, Place 1 and At-Large, Place 2; Finding that All Necessary and Required Legal Conditions have been Satisfied; Providing that the November 5, 2024 Regular Municipal Election for City Council Shall Not be Held; Providing for Posting of this Ordinance on Election Day, November 5, 2024

Issue:

To consider an Ordinance canceling the November 5, 2024 Regular Municipal Election due to there being no opposed candidates for all three of the races: Mayor, Council Member, At-Large, Place 1, and Council Member, At-Large, Place. 2.

Background:

Section 2.053 of the Texas Election Code allows a City to cancel its Election if, after the regular filing deadline and the write-in filing deadline, there are no opposed races. The regular filing deadline ended at 5:00 p.m. on Monday, August 19, 2024; and the write-in filing deadline ended at 5:00 p.m. on Friday, August 23, 2024.

Origination:

City Clerk's Office

Financial Consideration:

The cost of a Regular Municipal Election is between \$10,000 and \$15,000.

Staff Recommendation:

It is the recommendation of the staff to accept the City Clerk's "Certification of Unopposed Candidates," to cancel the November 5, 2024 Regular Municipal Election, and to declare the unopposed candidates duly elected.

Alternatives:

The Council could choose to hold the Election.

Attachments:

1. Ordinance No. 6766
2. Certification of Unopposed Candidates - November 5, 2024 - Signed
3. Order of Cancellation - November 5, 2024 - To Be Signed

ORDINANCE NO. 6766

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, DECLARING AS ELECTED THE UNOPPOSED CANDIDATES FOR THE OFFICE OF MAYOR AND CITY COUNCIL MEMBER FOR AT-LARGE, PLACE 1 AND AT-LARGE, PLACE 2; FINDING THAT ALL NECESSARY AND REQUIRED LEGAL CONDITIONS HAVE BEEN SATISFIED; PROVIDING THAT THE NOVEMBER 5, 2024 REGULAR MUNICIPAL ELECTION FOR CITY COUNCIL SHALL NOT BE HELD; PROVIDING FOR POSTING OF THIS ORDINANCE ON ELECTION DAY, NOVEMBER 5, 2024; PROVIDING A REPEALER CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, the City Council of the City of Sherman, Texas (“City Council”), adopted Ordinance 6755 on August 5, 2024, ordering that a Regular Municipal Election be held on November 5, 2024, for the purpose of electing a Mayor, and City Council Members for At-Large, Place 1 and At-Large, Place 2, for full terms, as defined in the Charter of the City of Sherman, Texas; and

WHEREAS, pursuant to Sections 143.007 and 146.054 of the Texas Election Code, the deadlines for filing applications for a place on the ballot and for the declaration of write-in candidacy for the City’s Regular Municipal Election have expired, and

WHEREAS, the Sherman City Council, in accordance with Section 2.052 of the Texas Election Code, has received from the City Clerk a “Certification of Unopposed Candidates” (see attached), certifying that Shawn Teamann, Henry Marroquin, and Juston Dobbs are unopposed for election to the positions of Mayor, Council Member, At-Large, Place 1, and Council Member, At-Large, Place 2, respectively, and

WHEREAS, the City Council, upon receipt and review of such written certification, hereby finds and determines that the candidates whose names are to appear on the ballot in said Election for Mayor and At--Large City Council Members are unopposed, there are no declared write-in candidates, and no propositions are to appear on the ballot for said Election;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, THAT:

SECTION 1. FINDINGS INCORPORATED.

That the findings set forth above are found to be true and correct and are hereby incorporated into the body of this Ordinance for all purposes as if fully set forth herein.

SECTION 2. DECLARING CANDIDATES DULY ELECTED.

That, in accordance with Section 2.053(a) and (c) of the Texas Election Code, the following unopposed candidates are hereby declared duly elected to the respective office shown and shall be issued a Certificate of Election on or after Election Day:

Shawn Teamann, Mayor
Henry Marroquin, Council Member, At-Large, Place 1
Juston Dobbs, Council Member, At-Large, Place 2

SECTION 3. CANCELING REGULAR ELECTION.

That, in accordance with Section 2.053(b) of the Texas Election Code, the Regular Municipal Election for the City Council heretofore called and ordered for November 5, 2024 shall not be held and is hereby canceled.

SECTION 4. REQUIRING POSTING OF ORDINANCE.

That, in accordance with Section 2.053(b) of the Texas Election Code, the City Clerk is hereby directed to cause a copy of this Ordinance to be posted on Election Day, same being November 5, 2024, at all polling places that would have been used in such Election.

SECTION 5. REPEALER CLAUSE.

That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

SECTION 6. SEVERABILITY CLAUSE.

That the provisions of this ordinance are severable and the invalidity of any word, phrase or part of this ordinance shall not affect the validity or effectiveness of the remainder of the ordinance.

SECTION 7. FINDING AND DETERMINING.

That it is hereby officially found and determined that the meeting at which this ordinance is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

INTRODUCED on this the 3rd day of September 2024.

ADOPTED on this the 3rd day of September 2024.

EFFECTIVE DATE on this the 3rd day of September 2024.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM
AND CONTENT:**

RYAN D. PITTMAN, CITY ATTORNEY

**CERTIFICATION OF UNOPPOSED CANDIDATES FOR OTHER
POLITICAL SUBDIVISIONS (NOT COUNTY) CERTIFICACIÓN DE
CANDIDATOS ÚNICOS
PARA OTRAS SUBDIVISIONES POLITICAS (NO EL CONDADO)**

To: Presiding Officer of Governing Body
Al: Presidente de la entidad gobernante

As the authority responsible for having the official ballot prepared, I hereby certify that the following candidates are unopposed for election to office for the election scheduled to be held on November 5, 2024.

Como autoridad a cargo de la preparación de la boleta de votación oficial, por la presente certifico que los siguientes candidatos son candidatos únicos para elección para un cargo en la elección que se llevará a cabo el November 5, 2024.

List offices and names of candidates:
Lista de cargos y nombres de los candidatos:

Office(s) Cargo(s)	Candidate(s) Candidato(s)
Mayor	Shawn Teamann
Council Member, At-Large, Place 1	Henry Marroquin
Council Member, At-Large, Place 2	Juston Dobbs


Signature (Firma)

Linda Ashby
Printed name (Nombre en letra de molde)

(Seal) (sello)

City Clerk
Title (Puesto)

August 27, 2024
Date of signing (Fecha de firma)

See reverse side for instructions
(Instrucciones en el reverso)

ORDER OF CANCELLATION
ORDEN DE CANCELACIÓN

The City of Sherman hereby cancels the election scheduled to be held on
(official name of governing body)
November 5, 2024 in accordance with Section 2.053(a) of the Texas
(date on which election was scheduled to be held)
Election Code. The following candidates have been certified as unopposed and are hereby
elected as follows:

El City of Sherman por la presente cancela la elección que, de lo contrario,
(nombre oficial de la entidad gobernante)
se hubiera celebrado el November 5, 2024 de conformidad, con
(fecha en que se hubiera celebrado la elección)
la Sección 2.053(a) del Código de Elecciones de Texas. Los siguientes candidatos han sido
certificados como candidatos únicos y por la presente quedan elegidos como se haya indicado
a continuación:

Candidate (Candidato)	Office Sought (Cargo al que presenta candidatura)
Shawn Teamann	Mayor
Henry Marroquin	Council Member, At-Large, Place 1
Juston Dobbs	Council Member, At-Large, Place 2

A copy of this order will be posted on Election Day at each polling place that would have been
used in the election.

*El Día de las Elecciones se exhibirá una copia de esta orden en todas las mesas electorales que
se hubieran utilizado en la elección.*

President (Presidente)

Secretary (Secretario)

(seal) (sello)

September 3, 2024
Date of adoption (Fecha de adopción)

See reverse side for instructions
Instrucciones en el reverso



City Council Regular Meeting

Agenda Item No. E.2.

Meeting Date: 9/3/2024

Prepared By: Mary Lawrence, Chief Financial Officer

Approved By: Robby Hefton, City Manager

Caption:

INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6767

Repealing Ordinance No. 5562 and Adopting this Ordinance to Grant to Atmos Energy Corporation, a Texas and Virginia Corporation, Its Successors and Assigns, a Non-Exclusive Franchise to Construct, Maintain and Operate Gas Pipelines and Equipment in the City of Sherman, Grayson County, Texas, for the Transportation, Delivery, Sale, and Distribution of Gas In, Out of and Through said City for all Purposes; Providing for the Payment of a Fee or Charge for the Use of Rights-of-Way; and Providing that Such Fee Shall be in Lieu of Other Fees and Charges, Except AD Valorem Taxes

Issue:

Pursuant to the City Charter, the City of Sherman is enacting a Franchise Ordinance with Atmos Energy Corp., Mid-Tex Division ("Atmos"), for access to the City's Rights-of-Way and the exchange on the public roads, streets, alleys, etc., in exchange for the payment of a franchise fee.

Background:

Atmos Energy is engaged in the business of furnishing and supplying gas to the public in Sherman, including the transportation, delivery, sale and distribution of gas in, out of and through Sherman for all purposes, and is using the public rights-of-way within Sherman for that purpose under the terms of franchise Ordinance No. 5562.

The City Council has further investigated and determined Ordinance No. 5562 should be repealed in its entirety and that this Ordinance should be adopted for purposes of granting a non-exclusive franchise to Atmos Energy.

Origination:

City Manager's Office

Financial Consideration:

The proposed ordinance will generate five percent (5%) of gross revenues as a franchise fee to the City, or about \$750,000 annually.

Staff Recommendation:

Staff recommends approval of the proposed Franchise Ordinance.

Alternatives:

The City Council could choose not to approve this Franchise Ordinance

Attachments:

1. Ordinance No. 6767

ORDINANCE NO. 6767

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, REPEALING ORDINANCE NO. 5562 AND ADOPTING THIS ORDINANCE TO GRANT TO ATMOS ENERGY CORPORATION, A TEXAS AND VIRGINIA CORPORATION, ITS SUCCESSORS AND ASSIGNS, A NON-EXCLUSIVE FRANCHISE TO CONSTRUCT, MAINTAIN, AND OPERATE GAS PIPELINES AND EQUIPMENT IN THE CITY OF SHERMAN, GRAYSON COUNTY, TEXAS, FOR THE TRANSPORTATION, DELIVERY, SALE, AND DISTRIBUTION OF GAS IN, OUT OF AND THROUGH SAID CITY FOR ALL PURPOSES; PROVIDING FOR THE PAYMENT OF A FEE OR CHARGE FOR THE USE OF RIGHTS-OF-WAY; AND PROVIDING THAT SUCH FEE SHALL BE IN LIEU OF OTHER FEES AND CHARGES, EXCEPT AD VALOREM TAXES; AND PROVIDING FOR SAVINGS/REPEALING AND SEVERABILITY CLAUSES; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Sherman, Texas (“City Council”) previously adopted Ordinance No.5562 relating to the granting of a gas franchise to Atmos Energy Corporation, Mid-Tex Division to operate in the City of Sherman, Texas (“Sherman” or “City”); and

WHEREAS, Atmos Energy is engaged in the business of furnishing and supplying gas to the general public in Sherman, including the transportation, delivery, sale and distribution of gas in, out of and through Sherman for all purposes, and is using the public rights-of-way within Sherman for that purpose under the terms of franchise Ordinance No.5562, heretofore duly passed by the Sherman City Council; and

WHEREAS, the City Council has further investigated and determined Ordinance No.5562 should be repealed in their entirety and that this Ordinance should be adopted for purposes of granting a non-exclusive franchise to Atmos Energy, which is attached hereto and incorporated herein for all purposes.

WHEREAS, all required legal notices have been given in the manner and form set forth by law.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1: Findings Incorporated. The findings set forth above are incorporated into the body of this Ordinance as if fully set forth herein.

SECTION 2: Repeal of Ordinance No.5562. Ordinance No. 5562 are hereby repealed in their entirety and replaced by this Ordinance, including **Exhibit “A”** attached hereto and incorporated herein for all purposes. The effective date of the repeal discussed in this Section shall not occur until the effective date of this Ordinance, and the acceptance by Atmos Energy as set forth below, at which time Ordinance No. 5562 shall be repealed. Such repeal shall not abate or extinguish any obligations that have been incurred but not fulfilled under the prior ordinances, including but not limited to the payment of any franchise fees which are due and owing.

SECTION 3: Severability. Should any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional and/or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof, regardless of whether any one or more sections, subsections, sentences, clauses or phrases is declared unconstitutional and/or invalid.

SECTION 4: Savings/Repealing. All provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent they are in conflict.

SECTION 5: Acceptance by Franchisee. This Ordinance shall be effective if Atmos Energy files its written acceptance, by using the form attached as **Exhibit “B”** and incorporated herein with the CityClerk, not later than sixty (60) days after the date of Council’s passage of this Ordinance. A failure to file a fully executed acceptance within the sixty (60) day time frame shall render the City Council’s passage and approval of this Ordinance void without further action.

SECTION 6: Effective Date: This Ordinance shall be effective upon passage and publication, provided that Atmos Energy has filed its acceptance of this Ordinance within the terms as described in **Exhibit “A”**. If Atmos Energy accepts this Ordinance, the Ordinance becomes effective as of January 1, 2024.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this 3rd day of August 2024.

CITY OF SHERMAN:

David Plyler, Mayor

ATTEST:

Linda Ashby, City Clerk

**APPROVED AS TO FORM:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

RYAN D. PITTMAN, CITY ATTORNEY

Dates of Publication: _____, *Herald Democrat*

EXHIBIT “A”

CITY OF SHERMAN GRANT OF FRANCHISE TO ATMOS ENERGY CORPORATION TO CONSTRUCT, MAINTAIN AND OPERATE GAS PIPELINES AND EQUIPMENT IN THE CITY OF SHERMAN, GRAYSON COUNTY, TEXAS

SECTION 1. GRANT OF AUTHORITY.

A. City (hereinafter defined) hereby grants to Atmos Energy (hereinafter defined) the non-exclusive privilege and license to use and occupy the Public Rights-of-Way (hereinafter defined) for the purpose of laying, maintaining, constructing, protecting, operating and replacing therein and thereon its System or System Facilities (hereinafter defined) to Persons (hereinafter defined), said privilege and license being granted for a term of twenty-five (25) years ending December 31, 2048.

The provisions set forth in this Ordinance represent the terms and conditions under which Atmos Energy shall lay, maintain, construct, protect, operate and replace the System within City (“Franchise” or “Ordinance”). The Franchise is subject to the terms and conditions contained herein and any and all applicable provisions of the Texas Constitution, the City Charter, City ordinances, rules, regulations and/or or requirements, State and federal laws, statutes, rules and regulations, including but not limited to, the rules and regulations of any and all agencies thereof, as each exists, and as may be amended or enacted in the future. The Franchise shall in no way affect or impair any rights, obligations, powers vested in and to either Party, including but not limited to, regulatory powers, or remedies of the Parties under the Gas Utility Regulatory Act, the Texas Constitution, the City Charter, City ordinances, rules, regulations and/or or requirements, including but not limited to, City’s regulation of the use of Public Rights-of-Way, and State and federal laws, statutes, rules and regulations, as each exists, and as may be amended or enacted in the future, except as has been agreed to by this Franchise. Unless provided otherwise in this Franchise, no Party shall be deemed to waive, release, surrender and/or relinquish any and all rights and powers vested in and to it, including but not limited to, the right and power of self-governance and lawful regulatory powers, the right to contest, appeal or file suit with respect to any action or decision of the other Party made contrary to either Party’s rights, obligations, and powers, including but not limited to, regulatory powers, remedies of the Parties under the Texas Utility Regulatory Act, the Texas Constitution, the City Charter, City ordinances, rules, regulations and/or or requirements, City’s regulation of the use of Public Rights-of-Way, State and federal laws, rules and regulations, as each exists, and as may be amended or in the future arising; provided, however,

all administrative remedies must first be exhausted. Atmos Energy agrees that it will not arbitrarily refuse to provide service to any Person for whom it is economically feasible for the Company to serve.

B. Non-Exclusive Use. This Ordinance does not provide Atmos Energy with exclusive use of the Public Rights-of-Way, and City shall have the right to permit other providers of services to install equipment or devices in the Public Rights-of-Way. Nothing in this Ordinance shall be construed to obligate City to grant Atmos Energy permission to use any particular facility, property or Public Rights-of-Way not covered by this Agreement.

C. No Priority. This Ordinance does not establish any priority for the use of the Public Rights-of-Way by Atmos Energy or by any present or future recipients of franchise agreements, easement holders or other permit holders. In the event of any dispute as to the priority of use of the Public Rights-of-Way, the priority shall be determined by City.

D. Compliance with Law. Atmos Energy shall be subject to and comply with all applicable and controlling local, State and federal laws, including the rules and regulations of any and all agencies thereof, whether presently in force or whether enacted or adopted at any time in the future. In constructing, maintaining and/or operating the System, Atmos Energy shall act in a good and workmanlike manner, observing high standards of engineering and workmanship and using materials of good and durable quality. In addition, Atmos Energy shall comply, in all respects, with applicable codes and industry standards.

E. Right of Condemnation Reserved. Nothing in this Ordinance shall limit any right City may have to acquire by eminent domain any real property of Atmos Energy.

SECTION 2. DEFINITIONS. For the purposes of this Ordinance, the following terms, phrases, words, and their derivations shall have the meanings given herein. When not inconsistent with the context, words in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word “shall” is always mandatory and not merely directory.

A. “Affiliate” shall mean in relation to Atmos Energy, a person that controls, is controlled by, or is under common control with Atmos Energy. As used in this definition, the term “control” means, with respect to a Person that is a corporation, the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities of such Person, or with respect to a Person

that is not a corporation, the power to direct the management or policies of such person, whether by operation of law, by contract, or otherwise.

B. “Agreement” and “Ordinance” shall mean this Ordinance and the Agreement of the Parties as provided herein.

C. “Atmos Energy” shall mean Atmos Energy Corporation, Mid-Tex division, its successors and assigns, but does not include an Affiliate, which shall have no right or privilege granted hereunder except through succession or assignment in accordance with this Ordinance.

D. “City” shall mean the City of Sherman, Texas.

E. “City Manager” shall mean City’s chief executive officer, or his or her designee.

F. “Party” or “Parties” shall mean City and Atmos Energy, individually and collectively.

G. “Person” shall mean any natural person, including all of the general public, or any association, firm, partnership, joint venture, corporation, or other legally recognized entity, whether for-profit or not-for-profit, located within the City of Sherman city limits.

H. “Public Facilities” shall mean all present and future water facilities, sanitary sewer facilities, storm sewer facilities, communication facilities, irrigation facilities, water reuse facilities and any other facility or line owned or maintained by the City.

I. “Public Right(s)-of-Way” shall mean City of Sherman public streets, alleys, highways, bridges, public thoroughfares, sidewalks, public utility easements and other authorized public grounds that allow gas utilities, as they now exist or may be hereafter constructed, opened, laid out or extended within the present corporate limits of City, or in such territory as may hereafter be added to, consolidated or annexed to City.

J. “State” shall mean the State of Texas.

K. “System” or “System Facilities” shall mean all of Atmos Energy’s pipes, pipelines, gas mains, laterals, feeders, regulators, meters, fixtures, connections, and all other appurtenant equipment used in or incident to providing delivery, transportation, distribution, supply and sales of natural gas for heating, lighting, and power, located in the Public Rights-of-Way within the corporate limits of City, as amended from time-to-time, during the term of this Franchise.

L. “Transport Customer” shall mean any Person of which Atmos Energy transports gas through the System of Atmos Energy within City’s Public Rights-of-Way for delivery within City (excluding other gas utilities in City who resell gas to their customers within City).

SECTION 3. CONSTRUCTION, MAINTENANCE, OPERATION AND RELOCATION OF ATMOS ENERGY SYSTEM FACILITIES.

A. General Provisions. Atmos Energy shall lay, maintain, construct, operate, and replace its pipes, mains, laterals, and other equipment to minimize interference with traffic, place or cause to be placed appropriate barriers to mark excavations or obstructions, and restore to approximate original condition all Public Rights-of-Way that Atmos Energy, its agents, contractors or representatives may disturb, all in accordance with all applicable City regulations and ordinances. In determining the location of the facilities of City and other users of Public Rights-of-Way within City, City shall minimize interference with then-existing System Facilities of Atmos Energy and agrees to work with Atmos Energy and other users of Public Rights-of-Way in order to minimize, to the extent reasonably possible, interference with existing System Facilities of Atmos Energy by other users of the Public Right-of-Way. In the event of a conflict between the location of the proposed System Facilities of Atmos Energy and the location of the existing facilities of City or other users of the Public Rights-of-Way within Public Rights-of-Way and the parties involved have been unable to resolve such conflict through their good faith efforts, City or an authorized agent of City shall resolve the conflict and determine the location of the respective facilities within the Public Rights-of-Way.

Atmos Energy or contractors working on behalf of Atmos Energy shall be required to obtain permits for construction, excavation and/or obstructions in Public Rights-of-Way in connection with Atmos Energy's operations in Public Rights-of-Way, as provided in City regulations and ordinances, but shall not be required to pay for such permits. City shall make available to Atmos Energy its annual capital improvements plan as well as any updates or changes as soon as the plan, update, or change becomes available. City shall notify Atmos Energy as soon as reasonably possible of any projects that will affect Atmos Energy's System Facilities located in the Public Rights-of-Way. When required by City to remove or relocate its mains, laterals, and/or other System Facilities lying within Public Rights-of-Way, Atmos Energy shall do so as soon as practically possible with respect to the scope of the project.. In no event shall Atmos Energy be required to remove or relocate its System Facilities in less than thirty (30) days from the time notice is given to Atmos Energy by City.

B. Relocation.

If City, on its own or through a contractor(s), constructs, reconstructs, repairs, improves, widens, or straightens its Public Rights-of-Way, sewers, drainage, water lines, streets or Public Facilities, and requests that Atmos Energy remove or relocate its mains, laterals, and other System Facilities lying within Public Rights-of-Way, Atmos Energy shall do so at its own expense for System Facilities that are in conflict, unless such work is for the purpose of beautification, or to accommodate a private developer in connection with a project not included on City's approved Capital Improvements Project Plan, or to accommodate mid-block improvements provided by a private developer. For the purposes of this Section, the term "mid-block improvements" means improvements to a City thoroughfare not located at an intersection. Atmos Energy and City shall jointly determine whether and the extent to which System Facilities are in conflict in reference to gas distribution industry standard safe operating practices for existing facilities. All such removals or relocations shall be performed in accordance with applicable City ordinances. Atmos Energy shall not be required to relocate System Facilities to a depth of greater than four (4) feet unless prior agreement is obtained from Atmos Energy.

When Atmos Energy is required by City to remove or relocate its mains, laterals, and other System Facilities lying within Public Rights-of-Way to accommodate a request by City, and costs of utility removals or relocations are eligible under federal, State, county, local or other programs for reimbursement of costs and expenses incurred by Atmos Energy as a result of such removal or relocation, and such reimbursement is required to be handled through City, Atmos Energy costs and expenses shall be included in any application by City for reimbursement if Atmos Energy submits its cost and expense documentation to City prior to the filing of the application. City shall provide reasonable written notice to Atmos Energy of the deadline for Atmos Energy to submit documentation of the costs and expenses of such relocation to City in order for City to be able to submit its application for reimbursement to such program in a timely manner. In the event that City does not provide sufficient written notice to Atmos Energy as set forth in this paragraph, and, as a result, the opportunity for Atmos Energy to receive reimbursement through City from such program of costs and expenses incurred by Atmos Energy as a result of such removal or relocation is lost or forfeited, then City shall be responsible for fifty percent (50%) of the cost of the removal or relocation of Atmos Energy's System Facilities.

If Atmos Energy is required by City to remove or relocate its mains, laterals, or other System Facilities lying within Public Rights-of-Way for any reason other than the construction, reconstruction, improving, repair, widening, or straightening of its Public Rights-of-Way, sewers, drainage, water lines, streets or Public Facilities by City, Atmos Energy shall be entitled to reimbursement from City or others of the cost and expense of such removal or relocation.

When Atmos Energy is required to remove or relocate its mains, laterals or other System Facilities to accommodate construction by City and/or its contractors without reimbursement from the City, Atmos Energy shall have the right to seek recovery of relocation costs as provided for in applicable State and/or federal law. Nothing herein shall be construed to prohibit, alter, or modify in any way the right of Atmos Energy to seek or recover a surcharge from customers for the cost of relocation pursuant to applicable State and/or federal law. City shall not oppose recovery of relocation costs when Atmos Energy is required by City to perform relocation. City shall not require that Atmos Energy document request for reimbursement as a pre-condition to recovery from customers of such relocation costs pursuant to applicable State and/or federal law. However, the City retains the right to oppose such surcharge and shall have the right to request and receive Atmos Energy's project and cost documentation. Notwithstanding the foregoing, the City shall have the right to request other project documentation to the full extent provided by state law.

C. Abandonment. If pursuant to City Council action, the City abandons any Public Right-of-Way in which Atmos Energy has System Facilities for public safety reasons or in furtherance of a public project, City shall determine whether it is appropriate to retain a public utility easement in such Public Right-of-Way for use by Atmos Energy. If City determines, in its sole discretion, that the continued use of the Public Right-of-Way by Atmos Energy is compatible with the abandonment of the Public Right-of-Way, then in consideration of the compensation set forth in Section 5, and to the maximum extent of its right to do so, City shall grant Atmos Energy an easement for such use, and the abandonment of the Public Right-of-Way shall be subject to the right and continued use of Atmos Energy. If City determines, in its sole reasonable discretion, that it is not appropriate to retain a public utility easement in such Public Right-of-Way, Company shall be responsible, subject to the provisions of Section 3, for relocating its System from such Public Right-of-Way, as directed by City. If Public Right-of-Way is sold, conveyed, abandoned, or surrendered by City to a third party, such action shall be conditioned on Atmos Energy's right to maintain its use of the former Public Right-of-Way. If a person or entity to whom the Public Right-

of-Way is abandoned requests Atmos Energy to remove or relocate its System Facilities and Atmos Energy agrees to such removal or relocation, such removal or relocation shall be at the expense of the party requesting the removal or relocation. In the event of a third party requesting the relocation, if relocation cannot practically be made to another Public Right-of-Way, the expense of any right-of-way acquisition shall be considered a relocation expense to be reimbursed by the party requesting the relocation. In no event shall City be responsible for any costs.

D. Furnish Maps. Upon request by City for a public health or safety purpose, Atmos Energy shall provide maps showing the location of its System Facilities and cooperate in locating its System Facilities when necessary to avoid conflict and protect the health and safety of the public. Such maps shall be confidential and are furnished solely for City's use and operations; however, Atmos Energy recognizes that City is subject to the Texas Public Information Act, TEX. GOV'T CODE, Chapter 552.001, *et seq.*, as amended ("Act") with respect to same. Should City receive a request ("Request") to copy or inspect information expressly designated by Atmos Energy as "proprietary" or "confidential" pursuant to the Act, City will comply with § 552.305 of the Act, or its successor provision, if any, and seek an opinion from the Attorney General; provided, however, City shall not, under any circumstance, be required to urge any and all exceptions and/or arguments in support thereof, but will simply notify the Attorney General of the Request and that Atmos Energy has been provided with a third party notice letter in compliance with the Act. City shall not be liable to Atmos Energy for the release of any information the City is required to release by law.

E. Right of Inspection. City shall have the right to inspect all construction, reconstruction, installation work and/or any other work performed by Atmos Energy and to make such tests as it deems necessary to ensure compliance with the terms of this Agreement, City ordinances, and any other local, State, or federal laws.

F. Placement of Fixtures. Atmos Energy shall not place any part of the System or similar fixtures where the same will unduly interfere with any gas, electric, or telephone fixture, water hydrant or main, drainage facility or sanitary sewer, or other utility and all such improvements shall be placed in such manner as not to unreasonably interfere with the usual travel or use of the Public Rights-of-Way. The right to place any part of the System and similar fixtures under this Agreement is limited to the Public Rights-of-Way.

G. Installation of Meter. If a meter is to be installed in or near the Public Rights-of-Way, Atmos Energy agrees to discuss with the Public Works Director or his or her designee, the aesthetics, safety and location of the meter placement and to accommodate the request of City to the maximum extent possible. If City requests a meter upgrade, Atmos Energy will comply so long as City reimburses Atmos Energy for the reasonable costs incurred by Atmos Energy in changing meters. In no event, however, shall underground meters be required.

H. Duty to Serve. Atmos Energy hereby agrees that it will not arbitrarily refuse to provide service to any person having a service location within the City who meets Atmos Energy's reasonable credit requirements that is economically feasible for Atmos Energy to serve. In the event that a Person is refused service, said Person may request a hearing before the City Council of City or its designee, said hearing to be held within forty-five (45) days from the date of the request for hearing. The City Council may order Atmos Energy to provide service or take any other action necessary to bring Atmos Energy into compliance with the intent of the City Council in granting this Franchise, including the termination or forfeiture provisions included herein. The City Council may render its opinion at this meeting but in no event shall it be required to act in less than fourteen (14) days.

I. Compliance with Railroad Commission Rules and Regulations. Atmos Energy must comply with all customer service rules and regulations, as they exist or may be amended and/or created, set by the Railroad Commission of Texas or an agency of the State regulating the activities of gas utilities in Texas.

SECTION 4. INDEMNITY AND INSURANCE.

A. ATMOS ENERGY DOES HEREBY AGREE TO RELEASE, DEFEND, INDEMNIFY AND HOLD HARMLESS CITY AND ITS CITY COUNCIL MEMBERS, OFFICERS, AGENTS, REPRESENTATIVES AND EMPLOYEES FROM AND AGAINST ALL DAMAGES, INJURIES (INCLUDING DEATH), CLAIMS, PROPERTY DAMAGES (INCLUDING LOSS OF USE), LOSSES, DEMANDS, SUITS, JUDGMENTS AND COSTS, INCLUDING REASONABLE ATTORNEY'S FEES AND EXPENSES (INCLUDING ATTORNEYS' FEES AND EXPENSES INCURRED IN ENFORCING THIS INDEMNITY), CAUSED BY THE NEGLIGENT, GROSSLY NEGLIGENT, AND/OR INTENTIONAL ACT AND/OR OMISSION OF ATMOS ENERGY, ITS AGENTS, OR ANY OTHER THIRD PARTIES FOR WHOM ATMOS ENERGY IS LEGALLY RESPONSIBLE, IN ITS/THEIR USE OR OCCUPANCY OF CITY'S PUBLIC RIGHTS-OF-WAY. ATMOS ENERGY IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS; PROVIDED,

HOWEVER, IF A COURT OF COMPETENT JURISDICTION SIGNS A JUDGMENT THAT BECOMES FINAL AND NON-APPEALABLE, DETERMINING THAT CITY (WITHOUT WAIVING ANY GOVERNMENTAL IMMUNITY) HAS JOINT, CONCURRENT, OR SOLE NEGLIGENCE FOR THE CLAIMS, IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS (THE “JUDGMENT”), THEN ATMOS ENERGY IS NOT REQUIRED TO INDEMNIFY CITY TO THE EXTENT OF THE NEGLIGENCE APPORTIONED TO CITY FOR EACH CAUSE OF ACTION IDENTIFIED IN THE JUDGMENT. IN THE EVENT THE JUDGMENT PROVIDES THAT CITY IS JOINTLY, CONCURRENTLY, OR SOLELY NEGLIGENT FOR THE CLAIMS REFERRED TO THEREIN, CITY AGREES TO REIMBURSE ATMOS ENERGY FOR ALL REASONABLE AND NECESSARY COSTS INCURRED AND PAID BY ATMOS ENERGY THAT ARE ATTRIBUTABLE TO CITY’S PERCENTAGE OF JOINT, CONCURRENT, OR SOLE NEGLIGENCE, AS SET FORTH IN THE JUDGMENT, INCLUDING REASONABLE AND NECESSARY ATTORNEY’S FEES AND EXPENSES, TO ATMOS ENERGY WITHIN SIXTY (60) DAYS OF THE DATE THE JUDGMENT BECOMES FINAL AND NOT SUBJECT TO APPEAL.

IN ITS SOLE REASONABLE DISCRETION, CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY ATMOS ENERGY IN FULFILLING ITS OBLIGATION HEREUNDER TO DEFEND AND INDEMNIFY CITY, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY CITY IN WRITING. CITY RESERVES THE RIGHT TO PROVIDE A PORTION OR ALL OF ITS OWN DEFENSE; HOWEVER, CITY IS UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY CITY IS NOT TO BE CONSTRUED AS A WAIVER OF ATMOS ENERGY’S OBLIGATION TO DEFEND CITY OR AS A WAIVER OF ATMOS ENERGY’S OBLIGATION TO INDEMNIFY CITY PURSUANT TO THIS AGREEMENT. ATMOS ENERGY SHALL RETAIN CITY-APPROVED DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF CITY’S WRITTEN NOTICE THAT CITY IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF ATMOS ENERGY FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, CITY SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND ATMOS ENERGY SHALL BE LIABLE FOR ACTUAL REASONABLE COSTS INCURRED BY CITY.

THIS SECTION 4.A SHALL APPLY TO ALL CLAIMS OR CAUSES OF ACTION ARISING FROM OR RELATED TO THIS AGREEMENT AND SURVIVE TERMINATION OF THIS AGREEMENT WITH RESPECT TO CLAIMS OR CAUSES OF ACTION ARISING DURING THE TERM OF THIS AGREEMENT.

B. Insurance. Atmos Energy will maintain an appropriate level of insurance and/or self-insurance in consideration of Atmos Energy’s obligations and risks undertaken pursuant to

this Franchise. To the extent Atmos Energy's insurance of its obligations and risks undertaken pursuant to this Franchise is in the form of self-insurance then such self-insurance must be permitted by applicable law and be administered by Atmos Energy under a plan of self-insurance maintained in accordance with sound accounting and risk-management practices. Atmos Energy will furnish City with a letter evidencing such self-insurance signed by an authorized representative of Atmos Energy. Atmos Energy will furnish a new insurance certificate should there be any material reduction in the Company's insurance coverage. Atmos Energy will require its self-insurance to respond to the same extent as if an insurance policy had been purchased naming City as an additional insured, and any excess coverage purchased for the sole purpose of insuring Atmos Energy's obligations pursuant to this agreement will name City as an additional insured up to the amounts required by City's ordinance.

SECTION 5. PAYMENTS TO CITY.

A. Atmos Energy, its successors and assigns, agree to pay City, and City agrees to accept, on or before the 15th day of February, May, August, and November 2024, and on or before the same days of each succeeding year during the term of this franchise, a sum of money which shall be equivalent to five percent (5%) of the Gross Revenues, as defined in Section 5.B below, received by Atmos Energy during the preceding calendar quarter. Unless extended pursuant to Section 1, the last payment shall be on the 15th day of November, 2048.

B. "Gross Revenues"

- (1) all revenues received by Atmos Energy from the sale of gas to all classes of customers (excluding gas sold to another gas utility in City for resale to its customers within City) within City;
- (2) all revenues received by Atmos Energy from the transportation of gas through the System of Atmos Energy within City to customers located within City (excluding any gas transported to another gas utility in City for resale to its customers within City);
- (3) the value of gas transported by Atmos Energy for Transport Customers through the System of Atmos Energy within City ("Third Party Sales") (excluding the value of any gas transported to another gas utility in City for resale to its customers within City), with the value of such gas to be established by utilizing Atmos Energy's monthly Weighted Average Cost

of Gas charged to industrial customers in the Mid-Tex division, as reasonably near the time as the transportation service is performed; and

- (4) “Gross Revenues” shall also include “Contributions in Aid of Construction” (“CIAC”), revenues billed but not ultimately collected or received by Atmos Energy, and the following “miscellaneous charges”: charges to connect, disconnect, or reconnect gas and charges to handle returned checks from consumers within City.
- (5) “Gross Revenues” shall not include:
- (a) the revenue of any affiliate or subsidiary of Atmos Energy;
 - (b) sales tax and franchise fees paid to City;
 - (c) interest or investment income earned by Atmos Energy; and
 - (d) monies received from the lease or sale of real or personal property, provided, except this exclusion does not apply to the lease of System Facilities within City’s Public Rights-of-Way.

C. The franchise fee amounts based on CIAC shall be calculated on an annual calendar year basis (i.e. January 1 through December 31 of each calendar year). The franchise fee amounts that are due based on CIAC shall be paid at least once annually on or before April 30th each year based on the total CIAC recorded during the preceding calendar year. The initial CIAC franchise fee payment pursuant to this agreement will be due on or before April 30, 2025, and will be based on CIAC received from January 1, 2024, through December 31, 2024.

D. The initial payment for the rights and privileges herein provided shall be for the privilege period January 1 through March 31, 2024, and each succeeding payment shall be for the privilege period of the calendar quarter in which the payment is made as follows:

<u>Payment Due Date</u>	<u>Quarter Upon Which Payment is Based</u>	<u>Quarter for Which Payment is Made</u>
May 15th	January 1 – March 31	April 1 – June 30
August 15th	April 1 – June 30	July 1 – September 30
November 15 th	July 1 – September 30	October 1 – December 31
February 15 th	October 1 – December 31	January 1 – March 31

It is also expressly agreed that the aforesaid payments shall be in lieu of any and all other and additional occupation taxes, easement, franchise taxes or charges (whether levied as an ad

valorem, special, or other character of tax or charge), municipal license, permit, and inspection fees, bonds, street taxes, and street or alley rentals or charges, and all other and additional municipal taxes, charges, levies, fees, and rentals of whatsoever kind and character that City may now impose or hereafter levy and collect from Atmos Energy or Atmos Energy's agents, excepting only the usual general or special ad valorem taxes that City is authorized to levy and impose upon real and personal property. However, Atmos Energy's separate obligations to reimburse City for City's reasonable rate case expenses and for repair of Public Rights-of-Way in accordance with City's ordinances are not affected by Atmos Energy's payment of franchise fees hereunder. If the City does not have the legal power to agree that the payment of the foregoing sums of money shall be in lieu of taxes, licenses, fees, street or alley rentals or charges, easement or franchise taxes or charges aforesaid, then City agrees that it will apply so much of said sums of money paid as may be necessary to satisfy Atmos Energy's obligations, if any, to pay any such taxes, licenses, charges, fees, rentals, easement or franchise taxes or charges aforesaid.

E. Effect of Other Municipal Franchise Ordinance Fees Accepted and Paid by Atmos Energy. If after the effective date of this Ordinance, Atmos Energy agrees to a new municipal franchise ordinance with another municipality in Atmos Energy's Mid-Tex Division, which municipal franchise ordinance determines the franchise fee owed to that municipality for the use of its public rights-of-way in a manner that, if applied to City, would result in a franchise fee greater than the amount otherwise due City under this Ordinance, then the franchise fee to be paid by Atmos Energy to City pursuant to this Ordinance may, at the election of City, be increased so that the amount due and to be paid is equal to the amount that would be due and payable to City were the franchise fee provisions of that other franchise ordinance applied to City. City acknowledges that the exercise of this right is conditioned upon City's acceptance of all terms and conditions of the other municipal franchise *in toto*. City may request waiver of certain terms and Atmos Energy may grant, in its sole reasonable discretion, such waiver.

F. Atmos Energy Franchise Fee Recovery Tariff.

- (1) Atmos Energy may file with City a tariff or tariff amendment(s) to provide for the recovery of the franchise fees under this Agreement.
- (2) City agrees that: (i) as regulatory authority, it will adopt and approve the ordinance, rates or tariff which provide for one hundred percent (100%) recovery of such franchise fees as part of Atmos Energy's rates; (ii) if City

intervenes in any regulatory proceeding before a federal or State agency in which the recovery of Atmos Energy's franchise fees is an issue, City will take an affirmative position supporting one hundred percent (100%) recovery of such franchise fees by Atmos Energy; and (iii) in the event of an appeal of any such regulatory proceeding in which City has intervened, City will take an affirmative position in any such appeals in support of the one hundred percent (100%) recovery of such franchise fees by Atmos Energy.

- (3) City agrees that it will take no action, nor cause any other person or entity to take any action, to prohibit the recovery of such franchise fees by Atmos Energy.
- (4) Nothing contained in this Section 5.F shall be interpreted to alter or limit City's ability to reject or oppose, before any governmental body, agency, court or other regulatory authority, any portion of an ordinance, rate, tariff, etc. that is not to recover the Franchise Fees.

G. Statement of Gross Revenues. With each payment of compensation required herein, Atmos Energy shall furnish to City a statement, executed by an authorized officer of Atmos Energy, or his or her designee, showing and certifying the total amount of Gross Revenues received, as defined herein, by Atmos Energy for the payment period are true and correct.

H. Payment over Holidays. Should any payment due date required by this franchise fall on a weekend or declared bank holiday, payment shall be delivered to City no later than the close of business on the working day prior to any specifically required due date contained within this Agreement.

I. Failure to Pay Entire/Correct Franchise Fee(s). Subject to the provisions of Section 5.M.2 below, if either Party discovers that Atmos Energy has failed to pay the entire or correct amount of compensation due, City shall be paid by Atmos Energy within thirty (30) calendar days of such determination. Any overpayment to City through error or otherwise shall, at the option of City, be refunded or offset against the next payment due from Atmos Energy. Acceptance by City of any payment due under this Section 5. shall not be deemed to be a waiver by City of any breach of this Agreement, nor shall the acceptance by City of any such payments preclude City from later establishing that a larger amount was actually due or from collecting any balance due to City.

J. Interest. Interest on late payments shall be calculated in accordance with the interest rate for customer deposits established by the PUC in accordance with §183.003, TEX. UTIL. CODE, as amended, for the time period involved. If the requirement that interest be paid on customer deposits be removed from State law, then the interest rate shall be annual interest identified as the “US Prime Rate” in the Money Rates column published each day in the *Wall Street Journal*, as amended, and sometimes defined generally therein as the “base rate on corporate loans posted by at least seventy percent (70%) of the nation’s ten (10) largest banks”. If the *Wall Street Journal* should cease publishing such rate, then the interest rate shall be based on another similar source that identifies the interest rate on corporate loans at large U.S. money center commercial banks.

K. Additional Fees/Taxes. Nothing in this Agreement shall be construed to prohibit City from levying the usual general or special ad valorem taxes which City is authorized to levy and impose upon real and personal property. No such taxes paid by Atmos Energy to City shall reduce the Franchise Fees payable to City hereunder.

L. Forfeiture/Default.

- (1) If Atmos Energy fails to comply with the material terms of this Agreement, after forty-five (45) days written notice, then City may compel compliance by filing suit in any court of competent jurisdiction, a complaint with a regulatory body having jurisdiction, or pursue termination under Section 6.
- (2) Nothing herein shall be deemed as a waiver by either Party of any legal remedies available to it under a court or regulatory authority having jurisdiction.

M. Books and Records.

- (1) Atmos Energy agrees that at the time of each quarterly payment to submit a statement showing its Gross Revenues for the preceding calendar quarter.
- (2) Upon reasonable written notice to Atmos Energy, City may, have the books and records of Atmos Energy examined by a representative of City to ascertain the completeness and accuracy of the reports and franchise fees remitted. Atmos Energy shall make available, during normal working hours and upon reasonable notice, such personnel and records as City may in its reasonable discretion request in order to complete such audit, and shall

make no charge to City therefor. Atmos Energy shall assist City in its review by providing all requested information no later than fifteen (15) business days after receipt of a request. The cost of the audit shall be borne by City unless the audit discloses that the Atmos Energy has underpaid the franchise fee by ten percent (10%) or more, in which case the reasonable costs of the audit shall be reimbursed to City by Atmos Energy. If such an examination reveals that Atmos Energy has underpaid City, then upon receipt of written notification from City regarding the existence of such underpayment, Atmos Energy shall undertake a review of City's claim and if said underpayment is confirmed, remit the amount of underpayment to City, including any interest calculated in accordance with Section 5.J within ten (10) business days of notification of the amount owed and a copy of the audit report. Should Atmos Energy determine through examination of its books and records that City has been overpaid, upon receipt of written notification from Atmos Energy regarding the existence of such overpayment, City shall review Atmos Energy's claim and if said overpayment is confirmed, remit the amount of overpayment to Atmos Energy including any interest calculated in accordance with Section 5.J.

N. Reservation of Rights.

- (1) City reserves to itself the right and power at all times to exercise, in the interest of the public and in accordance with State law, regulate and control of Atmos Energy's use of the Public Rights-of-Way to ensure the rendering of efficient public service, and the maintenance of Atmos Energy's System is in good repair throughout the term of this Franchise.
- (2) The rights, privileges, and franchises granted by this Ordinance are not to be considered exclusive, and City hereby expressly reserves the right to grant, at any time, like privileges, rights, and franchises as it may see fit to any other person or corporation for the purpose of furnishing and transporting gas for light, heat, and power within the City.

- (3) City expressly reserves the right to own and/or operate its own system for the purpose of transporting, delivering, distributing, or selling gas within the City.
 - (4) Nothing herein shall impair the right of City to fix, within constitutional and statutory limits, a reasonable price to be charged for natural gas, or to provide and fix a scale of prices for natural gas, and other charges, to be charged by Atmos Energy to residential consumers, commercial consumers, industrial consumers, or to any combination of such consumers, within the corporate limits of City, as the same now exists or as such limits may be extended from time to time hereafter.
- O. Annexations. City shall within thirty (30) days of final approval, give Company notice of annexations and disannexations of territory by the City, which notice shall include a map and addresses, if known. Upon receipt of said notice, Company shall promptly initiate a process to reclassify affected customers into the city limits no later than sixty (60) days after receipt of notice from the City. The annexed areas added to the city limits will be included in future franchise fee payments in accordance with the sales tax effective date of the annexation if notice was timely received from City. Upon request from City, Company will provide documentation to verify that affected customers were appropriately reclassified and included for purposes of calculating franchise fee payments. In no event shall the Company be required to add premises for the purposes of calculating franchise payment prior to the earliest date that the same premises are added for purposes of collecting sales tax.

SECTION 6. TERMINATION.

- A. Right to Terminate. In addition to any rights set out elsewhere in this Ordinance, City reserves the right to terminate the Franchise and all rights and privileges pertaining thereto, in the event that Atmos Energy violates any material provision of the Franchise.
- B. Procedures for Termination.
 - (1) City may terminate this Franchise for a continuing material violation by Atmos Energy of any of the substantial terms hereof. In such event, City shall give to Atmos Energy written notice, specifying all grounds on which

termination or forfeiture is claimed, by registered mail, addressed and delivered to Atmos Energy at the address set forth herein. Atmos Energy shall have forty-five (45) days after the receipt of such notice within which to cease such violation and comply with the terms and provisions hereof. In the event Atmos Energy fails to cease such violation or otherwise comply with the terms hereof, then Atmos Energy's Franchise is subject to termination under the following provisions. Provided, however, that if Atmos Energy commences work or other efforts to cure such violations within thirty (30) days after receipt of written notice and shall thereafter prosecute such curative work with reasonable diligence until such curative work is completed, then such violations shall cease to exist, and the Franchise will not be terminated.

- (2) Termination shall be declared only by written decision of the City Council present after a public hearing whereby Atmos Energy is afforded full opportunity to be heard and to respond to any such notice of violation or failure to comply. Atmos Energy shall be provided at least fifteen business (15) days prior written notice of any public hearing concerning the termination of the Franchise. In addition, ten (10) days notice by publication shall be given of the date, time and place of any public hearing to interested members of the public.
- (3) City Council, after full public hearing, and upon finding material violation or failure to comply, may terminate the Franchise or excuse the violation or failure to comply upon a showing by Atmos Energy of mitigating circumstances or a showing of good cause of said violation or failure to comply as may be determined by the City Council.
- (4) Nothing herein stated shall preclude Atmos Energy from appealing the final decision of the City Council to a court or regulatory authority having jurisdiction.
- (5) Nothing herein stated shall prevent City from seeking to compel compliance by suit in any court of competent jurisdiction if Atmos Energy fails to comply with the terms of this Franchise after due notice and the providing

of adequate time for Atmos Energy to comply with said terms.

SECTION 7. ACCEPTANCE OF FRANCHISE. In order to accept this Franchise, Atmos Energy must file with the City Secretary its written acceptance of this Franchise within sixty (60) days after its final passage and approval by City. If such written acceptance of this Franchise is not filed by Atmos Energy, the Franchise shall be rendered null and void. When this Franchise becomes effective, all previous ordinances of City granting franchises for gas delivery purposes that were held by Atmos Energy shall be automatically canceled and annulled, and shall be of no further force and effect.

SECTION 8. PARAGRAPH HEADINGS. CONSTRUCTION. The paragraph headings contained in this Ordinance are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof. Both Parties have participated in the preparation of this Ordinance and this Ordinance shall not be construed either more or less strongly against or for either Party.

SECTION 9. MISCELLANEOUS.

A. Notices. Any notices required or desired to be given from one Party to the other to this Ordinance shall be in writing and shall be given and shall be deemed to have been served and received if: (i) delivered in person to the address set forth below; (ii) deposited in an official depository under the regular care and custody of the United States Postal Service located within the confines of the United States of America and sent by certified mail, return receipt requested, and addressed to such Party at the address hereinafter specified; or (iii) delivered to such Party by courier receipted delivery. Either party may designate another address within the confines of the continental United States of America for notice, but until written notice of such change is actually received by the other Party, the last address of such Party designated for notice shall remain such Party's address for notice.

CITY:

City Manager
City of Sherman
220 W. Mulberry Street
Sherman, Texas 75090

ATMOS ENERGY:

Manager of Public Affairs
Atmos Energy Corporation
5111 Blue Flame Road
Sherman, Texas 75090

Atmos Energy shall provide to City a local or toll-free telephone number that is manned twenty-four (24) hours a day, seven (7) days a week to provide available information related to

emergency situations. City understands that this telephone number is not equipped to handle calls from the public, and City will not provide this number to customers, but will direct them to the Atmos Energy Call Center. If Atmos Energy cannot timely respond to an emergency with Atmos Energy employees, Atmos Energy will attempt to respond to the emergency with qualified local contractors. Atmos Energy's contact information shall be kept current at all times. Atmos Energy and City shall periodically, and upon request by either Party, meet to discuss and address emergency response issue, in order to rectify any problems identified by either Party.

B. Amendment of Franchise Agreement. This Agreement may not be amended except pursuant to a written instrument signed by both Parties.

C. Governing Law. The laws of the State, the City Charter and City ordinances, rules and regulations shall govern the interpretation validity, performance and enforcement of this Agreement. The Parties agree that this Agreement is performable in Collin, Dallas, and Denton Counties, Texas.

D. Force Majeure. In the event that the performance by either Party of any of its obligations or undertakings hereunder shall be interrupted or delayed by an act of god or the common enemy or the result of war, riot, civil commotion, sovereign conduct, or the act or conduct of any person or persons not Party or privy hereto, then such Party shall be excused from performance for a period of time as is reasonably necessary after such occurrence to remedy the effects thereof, and each Party shall bear the cost of any expense it may incur due to the occurrence.

E. Successors and Assigns.

- (1) The rights granted by this Agreement inure to the benefit of the parties. Atmos Energy may, without consent by City, transfer or assign the rights granted by this Agreement to an Affiliate provided that such Affiliate assumes all obligations of Atmos Energy hereunder and is bound to the same extent as Atmos Energy hereunder, and has net capital and liquid assets reasonably equivalent to the Atmos Energy's as of the month immediately preceding the transfer or there are provided other guarantees or assurances of the transferee's or assignee's financial ability to perform this Franchise reasonably acceptable to the City. Atmos Energy shall give City written notice thirty (30) days prior to such assignment.

- (2) City will have the right to approve the transfer or assignment of the franchise, except as provided in Section 9(E)(1). City shall grant approval unless the Assignee is unable to demonstrate its credit worthiness. For the purpose of this section, “credit worthiness” means that the long term unsecured debt rating of the Assignee is investment grade as rated by both S&P and Moody’s. If the Assignee is unable to demonstrate its credit worthiness, the City may request additional documents and information reasonably related to the transaction and the legal, financial, and technical qualifications of the Assignee. City agrees that said approval shall not be unreasonably withheld or delayed. Any such assignment or transfer shall require that said Assignee assume all obligations of Atmos Energy be bound to the same extent as Atmos Energy hereunder. If within the first 90 days after assignment to Assignee, City identifies a failure to comply with a material provision of this Franchise, City shall have the right, after notice and opportunity before City Council, to terminate this Agreement.

F. Waiver of Breach. The waiver by either Party of any breach or violation of any provision of this Agreement shall not be deemed to be a waiver or a continuing waiver of any subsequent breach or violation of the same or any other provision of his Agreement.

G. Representations and Warranties. Each of the Parties to this Agreement represent and warrant that at the time of signing of this Agreement it has the full right, power, legal capacity, and authority to enter into and perform the Parties’ respective obligations hereunder and that such obligations shall be binding upon such Party. Each signatory represents this Agreement has been read by the Party for which this Agreement is executed and that such Party has had an opportunity to confer with its counsel.

H. Entire Agreement. This Agreement contains the entire understanding between the Parties with respect to the subject matter herein. There are no representations, agreements, or understandings (whether oral or written) between or among the Parties relating to the subject matter of this Agreement that are not fully expressed herein.

I. No Third Party Beneficiaries. This Agreement is for the benefit of Atmos Energy, and City, and not for the benefit of any third party. No provision of this Agreement shall be construed as creating any third party beneficiaries.

J. Savings/Repealing. When this Agreement becomes effective, all previous ordinances of City granting franchises for gas delivery purposes that were held by Atmos Energy or one of its predecessors in interest shall be automatically canceled and annulled, and shall be of no further force and effect, except that the provisions regarding franchise fee payments may still be enforced for any amounts owed to City but still unpaid by Atmos Energy.

K. Severability. Should any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional and/or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. City hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases be declared unconstitutional and/or invalid.

L. Public Meeting. It is hereby officially found that the meeting at which this Ordinance is passed is open to the public and that due notice of this meeting was posted, all as required by law.

M. Immunity. The Parties agree that City has not waived its governmental or sovereign immunity by entering into and performing its obligations under this Agreement.

N. Miscellaneous Drafting Provisions. This Agreement shall be deemed drafted equally by all Parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against either Party shall not apply. Headings in this Agreement are for the convenience of the Parties and are not intended to be used in construing this document.

O. Counterparts. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

P. Consideration. This Agreement is executed by the Parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed.

SECTION 10. CITY'S RIGHT TO BID ON SYSTEM. In the event Atmos Energy should offer the portion of its System within City for sale as a standalone transaction, Atmos Energy agrees to give written notice of said proposed sale to City. City shall have the same amount of time as other interested parties, or seven (7) days, whichever is greater, from the receipt of said notice to submit a bid to the Atmos Energy for the System, or any part thereof. Atmos Energy

agrees to timely provide information to City necessary to prepare a competitive bid. Atmos Energy agrees to consider City's bid equally with all other bids.

EXHIBIT "B"
ACCEPTANCE BY FRANCHISEE

FRANCHISEE, Atmos Energy Corporation hereby accepts City of Sherman Ordinance No. ____ (a copy of which is attached hereto).

The person whose signature is below is authorized to sign and bind Atmos Energy Corporation to the terms of this acceptance.

ACCEPTED this ____ day of _____, 2024.

**ATMOS ENERGY CORPORATION,
A TEXAS AND VIRGINIA CORPORATION**

By: _____
Print Name: _____
Title: _____

SUBSCRIBED AND SWORN TO before me this ____ day of _____, 2024.

Notary Public, in and for the State of Texas

FILED with the City of Sherman this ____ day of _____, 2024.

Linda Ashby, City Clerk



City Council Regular Meeting

Agenda Item No. E.3.

Meeting Date: 9/3/2024

Prepared By: Mary Lawrence, Chief Financial Officer

Approved By: Robby Hefton, City Manager

Caption:

INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6768

Approving a Negotiated Settlement between the Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division, Regarding the Company's 2024 Rate Review Mechanism Filing; Declaring Existing Rates to be Unreasonable; Adopting Tariffs that Reflect Rate Adjustments Consistent with the Negotiated Settlement; Finding the Rates to be Set by the Attached Settlement Tariffs to be Just and Reasonable and in the Public Interest; Approving an Attachment Establishing a Benchmark for Pensions and Retiree Medical Benefits; Requiring the Company to Reimburse ACSC's Reasonable Ratemaking Expenses; Adopting a Savings Clause. Declaring an Effective Date; Requiring Delivery of this Ordinance to the Company and the ACSC's Legal Council.

Issue:

Ratification of a Negotiated Settlement Between Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company")

Background:

The Rate Review Mechanism ("RRM") tariff was approved by ACSC Cities as part of the settlement agreement to resolve the Atmos Mid-Tex 2007 system-wide rate filing at the Railroad Commission. The RRM allows cities to conduct a more comprehensive review of all the information regarding changes to Atmos's revenues and expenses, as well as its invested capital. On or about April 1, 2024, Atmos filed a rate request pursuant to the RRM Tariff adopted by ACSC members. ACSC and Atmos have reached a negotiated resolution addressing Atmos's filing (the 2024 RRM rate increase) pursuant to the RRM Tariff.

The Ordinance reflects the negotiated settlement of Atmos's 2024 RRM filing, a rate increase of \$164.7 million system-wide, approximately \$32.1 million less than the Company's initial request. The rates charged as a result of the settlement are lower than the rates allowed by the Utilities Code, referred to as a GRIP (Gas Reliability Infrastructure Program) filing and represent a savings for ACSC members. The settlement includes an effective date of October 1, 2024. The Ordinance includes new tariffs, a revised schedule for Pensions and Benefits, and an average bill comparison.

The ACSC General Counsel recommends the City adopt the proposed ordinance approving the negotiated settlement resolving the 2024 RRM filing and implementing the rate changes to take effect October 1, 2024.

Origination:

Thomas Brocato, General Counsel to the ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C.

Financial Consideration:

Approval of this ordinance will result in rates that implement a \$164.7 million increase in Atmos's revenues effective October 1, 2024, and a monthly increase of \$5.52 or about 6.84% for the average residential customer,

and a monthly increase of \$13.39 or about 3.44% for the average commercial customer

Staff Recommendation:

It is recommended that the City Council adopt the ordinance and approve the Negotiated Settlement with Atmos Mid-Tex.

Alternatives:

As the ACSC Negotiation Team has negotiated the most beneficial settlement, no other alternatives are recommended.

Attachments:

1. Ordinance No. 6768
2. Attachment 1 - Tariffs
3. Attachment 2 - Pension Benchmark
4. Average Bill
5. Staff Report

ORDINANCE NO. 6768

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE (“ACSC”) AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY’S 2024 RATE REVIEW MECHANISM FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; APPROVING AN ATTACHMENT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; REQUIRING THE COMPANY TO REIMBURSE ACSC’S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE ACSC’S LEGAL COUNSEL.

WHEREAS, the City of Sherman, Texas (“City”) is a gas utility customer of Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “Company”), and a regulatory authority with an interest in the rates, charges, and services of Atmos Mid-Tex; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee (“ACSC”), a coalition of similarly-situated cities served by Atmos Mid-Tex (“ACSC Cities”) that have joined together to facilitate the review of, and response to, natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

WHEREAS, ACSC and the Company worked collaboratively to develop a Rate Review Mechanism (“RRM”) tariff that allows for an expedited rate review process by ACSC Cities as a substitute to the Gas Reliability Infrastructure Program (“GRIP”) process instituted by the Legislature, and that will establish rates for the ACSC Cities based on the system-wide cost of serving the Atmos Mid-Tex Division; and

WHEREAS, the current RRM tariff was adopted by the City in a rate ordinance in 2018; and

WHEREAS, on about April 1, 2024 Atmos Mid-Tex filed its 2024 RRM rate request with ACSC Cities based on a test year ending December 31, 2023; and

WHEREAS, ACSC coordinated its review of the Atmos Mid-Tex 2024 RRM filing through its Executive Committee, assisted by ACSC’s attorneys and consultants, to resolve issues identified in the Company’s RRM filing; and

WHEREAS, the Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve an increase in base rates for Atmos Mid-Tex of \$164.7 million on a system-wide basis with an Effective Date of October 1, 2024; and

WHEREAS, ACSC agrees that Atmos plant-in-service is reasonable; and

WHEREAS, with the exception of approved plant-in-service, ACSC is not foreclosed from future reasonableness evaluation of costs associated with incidents related to gas leaks; and

WHEREAS, the attached tariffs (Attachment 1) implementing new rates are consistent with the recommendation of the ACSC Executive Committee, are agreed to by the Company, and are just, reasonable, and in the public interest; and

WHEREAS, the settlement agreement sets a new benchmark for pensions and retiree medical benefits (Attachment 2); and

WHEREAS, the RRM Tariff contemplates reimbursement of ACSC's reasonable expenses associated with RRM applications.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

Section 1. That the findings set forth in this Ordinance are hereby in all things approved.

Section 2. That, without prejudice to future litigation of any issue identified by ACSC, the City Council finds that the settled amount of an increase in revenues of \$164.7 million on a system-wide basis represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos Mid-Tex within the municipal limits arising from Atmos Mid-Tex's 2024 RRM filing, is in the public interest, and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

Section 3. That despite finding Atmos Mid-Tex's plant-in-service to be reasonable, ACSC is not foreclosed in future cases from evaluating the reasonableness of costs associated with incidents involving leaks of natural gas.

Section 4. That the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable. The new tariffs attached hereto and incorporated herein as Attachment 1, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional \$164.7 million on a system-wide basis, over the amount allowed under currently approved rates. Such tariffs are hereby adopted.

Section 5. That the ratemaking treatment for pensions and retiree medical benefits in Atmos Mid-Tex's next RRM filing shall be as set forth on Attachment 2, attached hereto and incorporated herein.

Section 6. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of ACSC in processing the Company’s 2024 RRM filing.

Section 7. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Ordinance, it is hereby repealed.

Section 8. That the meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 9. That if any one or more sections or clauses of this Ordinance is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this Ordinance, and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.

Section 10. That consistent with the City Ordinance that established the RRM process, this Ordinance shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after October 1, 2024.

Section 11. That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs Mid-Tex Division, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Thomas Brocato, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS.

INTRODUCED on this the 3rd day of September 2024.

ADOPTED on this the 3rd day of September 2024.

EFFECTIVE DATE on this the 3rd day of September 2024.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM
AND CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	R – RESIDENTIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2024	

Application

Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	\$ 22.95 per month
Rider CEE Surcharge	\$ 0.05 per month ¹
Total Customer Charge	\$ 23.00 per month
Commodity Charge – All <u>Ccf</u>	\$0.58974 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

¹Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2024.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	C – COMMERCIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2024	

Application

Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 30,000 Ccf.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	\$ 81.75 per month
Rider CEE Surcharge	\$ 0.00 per month ¹
Total Customer Charge	\$ 81.75 per month
Commodity Charge – All Ccf	\$ 0.19033 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Presumption of Plant Protection Level

For service under this Rate Schedule, plant protection volumes are presumed to be 10% of normal, regular, historical usage as reasonably calculated by the Company in its sole discretion. If a customer believes it needs to be modeled at an alternative plant protection volume, it should contact the company at mdtx-div-plantprotection@atmosenergy.com.

¹ Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2024.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2024	

Application

Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 200 MMBtu per day for all natural gas provided at one Point of Delivery and measured through one meter. Service for Industrial Customers with an MDU equal to or greater than 200 MMBtu per day will be provided at Company's sole option and will require special contract arrangements between Company and Customer.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's monthly bill will be calculated by adding the following Customer and MMBtu charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Meter	\$ 1,587.75 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.6553 per MMBtu
Next 3,500 MMBtu	\$ 0.4799 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.1029 per MMBtu

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Curtailment Overpull Fee

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	I – INDUSTRIAL SALES	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2024	

Agreement

An Agreement for Gas Service may be required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

In order to receive service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

Presumption of Plant Protection Level

For service under this Rate Schedule, plant protection volumes are presumed to be 10% of normal, regular, historical usage as reasonably calculated by the Company in its sole discretion. If a customer believes it needs to be modeled at an alternative plant protection volume, it should contact the company at mdtx-div-plantprotection@atmosenergy.com.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2024	

Application

Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer's agent at one Point of Delivery for use in Customer's facility.

Type of Service

Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate

Customer's bill will be calculated by adding the following Customer and MMBtu charges to the amounts and quantities due under the riders listed below:

Charge	Amount
Customer Charge per Meter	\$ 1,587.75 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.6553 per MMBtu
Next 3,500 MMBtu	\$ 0.4799 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.1029 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Imbalance Fees

All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

Monthly Imbalance Fees

Customer shall pay Company the greater of (i) \$0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2024	

Curtailment Overpull Fee

Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index

In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

Agreement

A transportation agreement is required.

Notice

Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions

In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2024	

Provisions for Adjustment

The Commodity Charge per Ccf (100 cubic feet) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

$$WNAF_i = R_i \frac{(HSF_i \times (NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where

- i = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification
- $WNAF_i$ = Weather Normalization Adjustment Factor for the i^{th} rate schedule or classification expressed in cents per Ccf
- R_i = Commodity Charge rate of temperature sensitive sales for the i^{th} schedule or classification.
- HSF_i = heat sensitive factor for the i^{th} schedule or classification divided by the average bill count in that class
- NDD = billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.
- ADD = billing cycle actual heating degree days.
- BL_i = base load sales for the i^{th} schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the j th customer in i th rate schedule is computed as:

$$WNA_i = WNAF_i \times q_{ij}$$

Where q_{ij} is the relevant sales quantity for the j th customer in i th rate schedule.

**MID-TEX DIVISION
ATMOS ENERGY CORPORATION**

RIDER:	WNA – WEATHER NORMALIZATION ADJUSTMENT	
APPLICABLE TO:	ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF	
EFFECTIVE DATE:	Bills Rendered on or after 10/01/2024	

Base Use/Heat Use Factors

Weather Station	<u>Residential</u>		<u>Commercial</u>	
	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>	Base use <u>Ccf</u>	Heat use <u>Ccf/HDD</u>
Abilene	9.52	0.1526	88.98	0.7485
Austin	8.87	0.1343	213.30	0.9142
Dallas	12.38	0.2024	185.59	1.0974
Waco	8.71	0.1219	130.62	0.7190
Wichita Falls	10.20	0.1394	117.78	0.6435

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at atmosenergy.com/mtx-wna, in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the company calculated its WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and an Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

ATMOS ENERGY CORP., MID-TEX DIVISION
MID-TEX RATE REVIEW MECHANISM
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL
TEST YEAR ENDING DECEMBER 31, 2023

Line No.	Description	Shared Services		Mid-Tex Direct			Adjustment Total
		Pension Account Plan	Post-Employment Benefit Plan	Pension Account Plan	Post-Employment Benefit Plan	Supplemental Executive Benefit Plan	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Proposed Benefits Benchmark -						
	Fiscal Year 2024 Willis Towers Watson Report as adjusted	\$ 1,402,365	\$ (1,146,665)	\$ 2,186,549	\$ (4,070,086)	\$ 278,107	
2	Allocation Factor	45.93%	45.93%	82.00%	82.00%	100.00%	
3	Proposed Benefits Benchmark Costs Allocated to Mid-Tex (Ln 1 x Ln 2)	\$ 644,172	\$ (526,717)	\$ 1,792,929	\$ (3,337,394)	\$ 278,107	
4	O&M and Capital Allocation Factor	100.00%	100.00%	100.00%	100.00%	100.00%	
5	Proposed Benefits Benchmark Costs to Approve (Ln 3 x Ln 4)	\$ 644,172	\$ (526,717)	\$ 1,792,929	\$ (3,337,394)	\$ 278,107	\$ (1,148,903)
6							
7	O&M Expense Factor (WP_F-2.3, Ln 2)	81.70%	81.70%	38.85%	38.85%	11.24%	
8							
9	Summary of Costs to Approve:						
10	Total Pension Account Plan	\$ 526,315		\$ 696,536			\$ 1,222,851
11	Total Post-Employment Benefit Plan		\$ (430,349)		\$ (1,296,547)		(1,726,896)
12	Total Supplemental Executive Benefit Plan					\$ 31,256	31,256
13	Total (Ln 10 + Ln 11 + Ln 12)	\$ 526,315	\$ (430,349)	\$ 696,536	\$ (1,296,547)	\$ 31,256	\$ (472,789)

**ATMOS ENERGY CORP., MID-TEX DIVISION
MID-TEX RATE REVIEW MECHANISM
AVERAGE BILL COMPARISON - BASE RATES
TEST YEAR ENDING DECEMBER 31, 2023**

Line No.	Description	Current	Proposed	Change	
				Amount	Percent
	(a)	(b)	(c)	(d)	(e)
1	<u>Rate R @ 42.8 Ccf</u>				
2	Customer charge	\$ 22.25			
3	Consumption charge 42.8 CCF X \$ 0.48567 =	20.79			
4	Rider GCR Part A 42.8 CCF X \$ 0.27958 =	11.97			
5	Rider GCR Part B 42.8 CCF X \$ 0.47494 =	20.33			
6	Subtotal	\$ 75.34			
7	Rider FF & Rider TAX \$ 75.34 X 0.07196 =	5.42			
8	Total	<u>\$ 80.76</u>			
9					
10	Customer charge		\$ 22.95		
11	Consumption charge 42.8 CCF X \$ 0.58974 =		25.24		
12	Rider GCR Part A 42.8 CCF X \$ 0.27958 =		11.97		
13	Rider GCR Part B 42.8 CCF X \$ 0.47494 =		20.33		
14	Subtotal		\$ 80.49		
15	Rider FF & Rider TAX \$ 80.49 X 0.07196 =		5.79		
16	Total		<u>\$ 86.28</u>	\$ 5.52	6.84%
17					

**ATMOS ENERGY CORP., MID-TEX DIVISION
MID-TEX RATE REVIEW MECHANISM
AVERAGE BILL COMPARISON - BASE RATES
TEST YEAR ENDING DECEMBER 31, 2023**

Line No.	Description	Current	Proposed	Change	
				Amount	Percent
	(a)	(b)	(c)	(d)	(e)
18	<u>Rate C @ 363.6 Ccf</u>				
19	Customer charge	\$ 72.00			
20	Consumption charge 363.6 CCF X \$ 0.18280 =	66.47			
21	Rider GCR Part A 363.6 CCF X \$ 0.27958 =	101.67			
22	Rider GCR Part B 363.6 CCF X \$ 0.33806 =	122.93			
23	Subtotal	\$ 363.07			
24	Rider FF & Rider TAX \$ 363.07 X 0.07196 =	26.13			
25	Total	<u>\$ 389.20</u>			
26					
27	Customer charge		\$ 81.75		
28	Consumption charge 363.6 CCF X \$ 0.19033 =		69.21		
29	Rider GCR Part A 363.6 CCF X \$ 0.27958 =		101.67		
30	Rider GCR Part B 363.6 CCF X \$ 0.33806 =		122.93		
31	Subtotal		\$ 375.56		
32	Rider FF & Rider TAX \$ 375.56 X 0.07196 =		27.03		
33	Total		<u>\$ 402.59</u>	\$ 13.39	3.44%
34					

ATMOS ENERGY CORP., MID-TEX DIVISION
MID-TEX RATE REVIEW MECHANISM
AVERAGE BILL COMPARISON - BASE RATES
TEST YEAR ENDING DECEMBER 31, 2023

Line No.	Description							Change	
								Amount	Percent
	(a)							(d)	(e)
35	<u>Rate I @ 1335 MMBTU</u>								
36	Customer charge					\$	1,382.00		
37	Consumption charge	1,335	MMBTU	X	\$	0.7484	=	998.94	
38	Consumption charge	0	MMBTU	X	\$	0.5963	=	-	
39	Consumption charge	0	MMBTU	X	\$	0.2693	=	-	
40	Rider GCR Part A	1,335	MMBTU	X	\$	2.7303	=	3,644.33	
41	Rider GCR Part B	1,335	MMBTU	X	\$	0.7337	=	979.37	
42	Subtotal					\$		7,004.64	
43	Rider FF & Rider TAX		\$ 7,004.64	X		0.07196	=	504.08	
44	Total							<u>\$ 7,508.72</u>	
45									
46	Customer charge							\$ 1,587.75	
47	Consumption charge	1,335	MMBTU	X	\$	0.6553	=	874.67	
48	Consumption charge	0	MMBTU	X	\$	0.4799	=	-	
49	Consumption charge	0	MMBTU	X	\$	0.1029	=	-	
50	Rider GCR Part A	1,335	MMBTU	X	\$	2.7303	=	3,644.33	
51	Rider GCR Part B	1,335	MMBTU	X	\$	0.7337	=	979.37	
52	Subtotal							\$ 7,086.12	
53	Rider FF & Rider TAX		\$ 7,086.12	X		0.07196	=	509.94	
54	Total							<u>\$ 7,596.06</u>	<u>\$ 87.34 1.16%</u>
55									

**ATMOS ENERGY CORP., MID-TEX DIVISION
MID-TEX RATE REVIEW MECHANISM
AVERAGE BILL COMPARISON - BASE RATES
TEST YEAR ENDING DECEMBER 31, 2023**

Line No.	Description	Current	Proposed	Change	
				Amount	Percent
	(a)	(b)	(c)	(d)	(e)
56	Rate T @ 4645 MMBTU				
57	Customer charge	\$ 1,382.00			
58	Consumption charge 1,500 MMBTU X \$ 0.5684 =	852.60			
59	Consumption charge 3,145 MMBTU X \$ 0.4163 =	1,309.08			
60	Consumption charge 0 MMBTU X \$ 0.0893 =	-			
61	Rider GCR Part B 4,645 MMBTU X \$ 0.7337 =	3,407.90			
62	Subtotal	\$ 6,951.58			
63	Rider FF & Rider TAX \$ 6,951.58 X 0.07196 =	500.26			
64	Total	<u>\$ 7,451.84</u>			
65					
66	Customer charge		\$ 1,587.75		
67	Consumption charge 1,500 MMBTU X \$ 0.6553 =		982.95		
68	Consumption charge 3,145 MMBTU X \$ 0.4799 =		1,509.08		
69	Consumption charge 0 MMBTU X \$ 0.1029 =		-		
70	Rider GCR Part B 4,645 MMBTU X \$ 0.7337 =		3,407.90		
71	Subtotal		\$ 7,487.68		
72	Rider FF & Rider TAX \$ 7,487.68 X 0.07196 =		538.84		
73	Total		<u>\$ 8,026.52</u>	<u>\$ 574.68</u>	<u>7.71%</u>

August 6, 2024

MODEL STAFF REPORT FOR RESOLUTION OR ORDINANCE

BACKGROUND AND SUMMARY

The City, along with 181 other Mid-Texas cities served by Atmos Energy Corporation, Mid-Tex Division (“Atmos Mid-Tex” or “Company”), is a member of the Atmos Cities Steering Committee (“ACSC”). In 2007, ACSC and Atmos Mid-Tex settled a rate application filed by the Company pursuant to Section 104.301 of the Texas Utilities Code for an interim rate adjustment commonly referred to as a GRIP filing (arising out of the Gas Reliability Infrastructure Program legislation). That settlement created a substitute rate review process, referred to as Rate Review Mechanism (“RRM”), as a substitute for future filings under the GRIP statute.

Since 2007, there have been several modifications to the original RRM Tariff. The most recent iteration of an RRM Tariff was reflected in an ordinance adopted by ACSC members in 2018. On or about April 1, 2024, the Company filed a rate request pursuant to the RRM Tariff adopted by ACSC members. The Company claimed that its cost-of-service in a test year ending December 31, 2023, entitled it to additional system-wide revenues of \$196.8 million.

Application of the standards set forth in ACSC’s RRM Tariff reduces the Company’s request to \$182.5 million, \$132.6 million of which would be applicable to ACSC members. After reviewing the filing and conducting discovery, ACSC’s consultants concluded that the system-wide deficiency under the RRM regime should be \$149.6 million instead of the claimed \$182.5 million.

After several settlement meetings, the parties have agreed to settle the case for \$164.7 million. This is a reduction of \$32.1 million to the Company’s initial request. This includes payment of ACSC’s expenses. The Effective Date for new rates is October 1, 2024. ACSC members should take action approving the Resolution/Ordinance before September 30, 2024.

RATE TARIFFS

Atmos generated rate tariffs attached to the Resolution/Ordinance that will generate \$164.7 million in additional revenues. Atmos also prepared a Proof of Revenues supporting the settlement figures. ACSC consultants have agreed that Atmos' Proof of Revenues is accurate.

BILL IMPACT

The impact of the settlement on average residential rates is an increase of \$5.52 on a monthly basis, or 6.84%. The increase for average commercial usage will be \$13.39 or 3.44%. Atmos provided bill impact comparisons containing these figures.

SUMMARY OF ACSC'S OBJECTION TO THE UTILITIES CODE SECTION 104.301 GRIP PROCESS

ACSC strongly opposed the GRIP process because it constitutes piecemeal ratemaking by ignoring declining expenses and increasing revenues while rewarding the Company for increasing capital investment on an annual basis. The GRIP process does not allow any review of the reasonableness of capital investment and does not allow cities to participate in the Railroad Commission's review of annual GRIP filings or allow recovery of Cities' rate case expenses. The Railroad Commission undertakes a mere administrative review of GRIP filings (instead of a full hearing) and rate increases go into effect without any material adjustments. In ACSC's view, the GRIP process unfairly raises customers' rates without any regulatory oversight. In contrast, the RRM process has allowed for a more comprehensive rate review and annual evaluation of expenses and revenues, as well as capital investment.

RRM SAVINGS OVER GRIP

While residents outside municipal limits must pay rates governed by GRIP, there are some cities served by Atmos Mid-Tex that chose to remain under GRIP rather than adopt RRM. Additionally, the City of Dallas adopted a variation of RRM which is referred to as DARR. When

new rates become effective on October 1, 2024, ACSC residents will maintain an economic monthly advantage over GRIP and DARR rates.

Comparison to Other Mid-Tex Rates (Residential)

	<u>Average Bill</u>	<u>Compared to RRM Cities</u>
RRM Cities:	\$48.19	-
DARR:	\$54.30	\$6.11
ATM Cities:	\$49.59	\$1.40
Environs:	\$49.53	\$1.34

Note: ATM Cities and Environs rates are as-filed. Also note that DARR uses a test year ending in September rather than December.

EXPLANATION OF “BE IT RESOLVED” PARAGRAPHS:

1. This section approves all findings in the Resolution/Ordinance.
2. This section adopts the RRM rate tariffs and finds the adoption of the new rates to be just, reasonable, and in the public interest.
3. This section makes it clear that Cities may challenge future costs associated with gas leaks.
4. This section finds that existing rates are unreasonable. Such finding is a necessary predicate to establishment of new rates. The new tariffs will permit Atmos Mid-Tex to recover an additional \$164.7 million on a system-wide basis.
5. This section approves an exhibit that establishes a benchmark for pensions and retiree medical benefits to be used in future rate cases or RRM filings.
6. This section requires the Company to reimburse the City for expenses associated with review of the RRM filing, settlement discussions, and adoption of the Resolution/Ordinance approving new rate tariffs.
7. This section repeals any resolution or ordinance that is inconsistent with the Resolution/Ordinance.

8. This section finds that the meeting was conducted in compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.
9. This section is a savings clause, which provides that if any section is later found to be unconstitutional or invalid, that finding shall not affect, impair, or invalidate the remaining provisions of this Resolution/Ordinance. This section further directs that the remaining provisions of the Resolution/Ordinance are to be interpreted as if the offending section or clause never existed.
10. This section provides for an effective date upon passage.
11. This section directs that a copy of the signed Resolution/Ordinance be sent to a representative of the Company and legal counsel for ACSC.

CONCLUSION

The Legislature's GRIP process allowed gas utilities to receive annual rate increases associated with capital investments. The RRM process has proven to result in a more efficient and less costly (both from a consumer rate impact perspective and from a ratemaking perspective) than the GRIP process. Given Atmos Mid-Tex's claim that its historic cost of service should entitle it to recover \$196.8 million in additional system-wide revenues, the RRM settlement at \$164.7 million for ACSC members reflects substantial savings to ACSC cities. Settlement at \$164.7 million is fair and reasonable. The ACSC Executive Committee consisting of city employees of 18 ACSC members urges all ACSC members to pass the Resolution/Ordinance before September 30, 2024. New rates become effective October 1, 2024.



City Council Regular Meeting

Agenda Item No. E.4.

Meeting Date: 9/3/2024

Prepared By: Jimmy Mrozinski, Solid Waste Superintendent

Approved By: Robby Hefton, City Manager

Caption:

INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6769

Amending the Code of Ordinances of the City of Sherman, Texas, Chapter 13 (Utilities), Article 13.06 (Solid Waste); Establishing Requirements for Commercial Solid Waste and Recycling Container Enclosures; Modifying Certain Fees and Other Regulations Relating to Solid Waste Collection and Removal; Providing a Penalty Clause with a Maximum Fine of \$2,000, Savings/Repealing Clause, Severability Clause and an Effective Date; Providing for the Publication of the Caption Hereof

Issue:

Amending Chapter 13 of the Code of Ordinances to establish requirements for commercial solid waste and recycling container enclosures and modify certain fees and regulations relating to solid waste collection and removal.

Background:

The solid waste department finds that it is necessary to amend this ordinance to establish requirements for commercial container enclosures and modify fees and other regulations relating to solid waste removal and collection. Fees are increased according to the direction given by the City Council at the Budget Workshop on June 26, 2024, and are included in the 2024-2025 budget approved by the City Council on August 19, 2024.

Origination:

City of Sherman Solid Waste Department

Financial Consideration:

Commercial solid waste rates will increase by 5% and the two-cart residential rate will increase from \$12.75 to \$15.30. The increased charges are expected to generate about \$744,000 for the FY2025 budget.

Staff Recommendation:

Staff recommends Council approve this Ordinance

Alternatives:

As directed by Council

Attachments:

1. Ordinance No. 6769

ORDINANCE NO. 6769

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING THE CODE OF ORDINANCES OF THE CITY OF SHERMAN, TEXAS, CHAPTER 13 (UTILITIES), ARTICLE 13.06 (SOLID WASTE); ESTABLISHING REQUIREMENTS FOR COMMERCIAL SOLID WASTE AND RECYCLING CONTAINER ENCLOSURES; MODIFYING CERTAIN FEES AND OTHER REGULATIONS RELATING TO SOLID WASTE COLLECTION AND REMOVAL; PROVIDING A PENALTY CLAUSE WITH A MAXIMUM FINE OF \$2,000, SAVINGS/REPEALING CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW

WHEREAS, the City Council of the City of Sherman, Texas (“City Council”) finds that it is necessary to amend Chapter 13 (Utilities), Article 13.06 (Solid Waste) of the Code of Ordinances, City of Sherman, Texas (“Code of Ordinance”) to establish requirements for commercial solid waste and recycling container enclosures and to modify certain fees and other regulations relating to solid waste collection and removal within the City of Sherman, Texas (“City” or “Sherman”); and

WHEREAS, Sherman has complied with all legal notices and public hearing requirements as required by law; and

WHEREAS, the City Council finds that adopting this Ordinance promotes the health, safety and welfare of Sherman and is in the best interest of the citizens of Sherman.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1: Findings Incorporated. The findings set forth above are incorporated into the body of this Ordinance as if fully set forth herein.

SECTION 2: Amendment to Chapter 13 (Utilities) of the Code of Ordinances. Chapter 13 (Utilities) of the Code of Ordinances is hereby amended as follows¹:

“CHAPTER 13 UTILITIES

...

ARTICLE 13.06 SOLID WASTE

Division 1. Generally

¹ Deletions are evidenced by ~~striketrough~~; additions are *italicized*.

...

Sec. 13.06.005 Charges for residential refuse collection.

Charges for automated residential solid waste collection shall be as follows beginning October 1, 2024 2019:

- (1) *Fifteen dollars and thirty cents (\$15.30) Twelve dollars and seventy-five cents (\$12.75)* per month per family unit for two containers for curbside or alley pickup. Customer will receive two residential refuse containers.
- (2) Carry-out service shall be *forty-three dollars and forty cents (\$43.40) forty-one dollars and thirty cents (\$41.30)* per month per family unit for one cart.
- (3) If the location of garbage for carry-out service is in excess of one hundred fifty (150) feet from the curb or alley, an additional charge of five dollars and *ninety sixty cents (\$5.90) (\$5.60)* per month will be made for each additional one hundred fifty (150) feet or portion thereof. "Curb" is defined as being within three (3) feet of the curblane of the street.
- (4) For multiple dwellings or apartments; with four (4) or fewer units, each family unit will be considered as a single-family residence in fixing charges for services.
- (5) Residential special refuse pickups, upon customer request, will be charged ~~three hundred dollars and no cents (\$300.00)~~ *twenty-one dollars and no cents (\$21.00)* per cubic yard) per fifteen (15) cubic yard load with a minimum charge of eighty-four dollars and no cents (\$84.00) (\$80.00). *The minimum charge (\$84.00) must be paid before the special pickup.* All residential customers requesting roll-off service, regardless of size container size, will be required to pay *the relevant deposit* before the container is placed.
- (6) Noncompliance with the bulk waste and brush program guidelines will be subject to a one hundred *five* dollars and no cents (\$105.00) (\$100.00) fine *plus twenty-one dollars and no cents (\$21.00) fifteen dollars and no cents (\$15.00)* per cubic yard for removal.
- (7) For any cart in addition to the two initially provided to the automated residential solid waste customer, a charge of *nine dollars and sixty cents (\$9.60) eight dollars and no cents (\$8.00)* per cart, per month will be assessed.
- (8) Residential cart special pickups, upon customer request, will be charged *twenty-six dollars and thirty cents (\$26.30) twenty-five dollars and no cents (\$25.00)* per trip.

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Sec. 13.06.008 Private, commercial, residential or industrial solid waste haulers.

- (a) It shall be unlawful for any person other than a duly authorized employee, agent or franchisee of the City to collect or dispose of any garbage or refuse, or to haul, transport or convey the same within the City without a franchise.

- (b) As used herein, the term “solid waste hauler” shall mean any person which offers as its principal service the collection and disposal of garbage, refuse or solid waste for a fee.
- (c) No franchise shall be awarded by the City unless it and the proposed franchisee meets the minimum standards established by the City Council. The City Council retains the sole authority and discretion to issue, renew, or terminate any solid waste franchise or franchise agreement.
- (d) This section shall not prohibit any business concerns or natural persons residing within the City from hauling refuse away from their own premises for proper disposal at a sanitary landfill site.
- (e) All commercial haulers, industrial haulers or haulers charging a fee requesting a franchise shall be required to furnish a list of patrons for whom the applicant proposes to render service, addresses of such patrons, dumpster locations and such other operational information as the *Solid Waste Department* ~~director of public services~~ may require.
- (f) *In the event that a dumpster is placed within the City without a franchise, the Solid Waste Department will provide notice that the dumpster must be removed within twenty-four (24) hours else or other period of time as specified by the Solid Waste Department or it will be impounded or destroyed. This notice shall be for the first occurrence and no notice shall be given or required for repeated offenses.*
- (g) *A fee of \$500 per dumpster must be paid before the release of an impounded dumpster.*

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Sec. 13.06.013 Fees for cleaning area surrounding solid waste containers.

- (a) If bulky items are left next to, in, on, or near a solid waste container in violation of this article, then a ~~forty-eight~~ *forty-five* dollar (\$48.00) ~~(\$45.00)~~ fee for the removal of the first bulky item shall be charged to the person who pays the fee for the solid waste container. For each additional bulky item removed, a ~~twelve~~ *ten* dollar (~~\$12.00~~) ~~(\$10.00)~~ fee per item shall be assessed unless the bulky item is an appliance containing chlorinated fluorocarbons (hereinafter referred to as CFC’s) or polychlorinated biphenals (hereinafter referred to as PCB’s). If the bulky item is an appliance containing CFC’s or PCB’s, the fee shall be ~~twenty-one~~ *twenty* dollars (~~\$21.00~~) ~~(\$20.00)~~ per appliance.
 - (b) *If tires are left next to, in, on, or near a solid waste container in violation of this article, then a fifty dollar (\$50) fee for the removal and disposal of each tire shall be charged to the person who pays the fee for the solid waste container.*
- ~~If solid waste, all waste, garbage, trash, rubbish, junk or debris, construction or demolition waste, other than bulky items, is left in, on, or near a solid waste container in violation of this article, then a sixty-five dollar (\$65.00) fee shall be charged to the person who pays the fee for the solid waste container for the removal of up to one (1) cubic yard of solid waste. An additional fee of thirty dollars (\$30.00) for every additional cubic yard of solid waste up to eight (8) cubic yards shall be assessed unless the solid waste exceeds eight (8) cubic yards.~~
- (c) *If solid waste, all waste, garbage, trash, rubbish, junk other than bulky items, is left in, on, or over the top a solid waste container beyond the full capacity of the container in*

violation of this Article, then a sixty-eight dollar (\$68.00) excessive waste fee shall be charged to the person who pays the fee for the solid waste container for the removal of up to one (1) cubic yard of solid waste. An additional fee of thirty-two dollars (\$32.00) for every additional cubic yard of solid waste up to eight (8) cubic yards shall be assessed unless the solid waste exceeds eight (8) cubic yards.

- (d) *If debris, construction, demolition, or other waste not compactible down to a size one-third (1/3) its original size is left in, on, or near a solid waste container in violation of this Article, then a sixty-eight dollar (\$68.00) fee shall be charged to the person who pays the fee for the solid waste container for the removal of up to one (1) cubic yard of solid waste. An additional fee of thirty-two dollars (\$32.00) for every additional cubic yard of solid waste up to eight (8) cubic yards shall be assessed unless the solid waste exceeds eight (8) cubic yards.*
- (e) If more than eight (8) cubic yards of solid waste, all waste, garbage, trash, rubbish, construction or demolition waste, is left in, on, or near a solid waste container in violation of this article, the solid waste division shall provide written notice to the person who pays the fee for the solid waste container requiring the person to lease appropriate equipment as specified by the city's solid waste division and provide for the removal of the solid waste.
- (f) It is unlawful for a person receiving notice to remove solid waste, all waste, garbage, trash, rubbish, construction or demolition waste, to fail to have all such items removed within forty-eight (48) hours of the notice. *Violation of this subsection (f) shall result in a commercial bulk trash abatement at a rate of twenty-one dollars and no cents (\$21.00) per cubic yard or part of a cubic yard with a minimum charge of eighty-four dollars and no cents (\$84.00) in addition to a bulk waste penalty of one hundred five dollars and no cents (\$105.00).*

Sec. 13.06.014 Residential customers' drop-off facility.

- (a) Residential waste customers only may deposit their bulky waste, residential solid waste and refuse or rubbish as defined in Section 13.06.001, in the City's drop-off facilities on Tuesday and Thursdays from ~~three (3) noon (12) p.m.~~ to five (5) p.m. and Saturdays from ten (10) a.m. to three (3) p.m., excluding holidays.
- (b) All loads must be secured to prevent spillage on the public roadways.
- (c) Charges for bulky waste and refuse or rubbish are as follows:
 - (1) *Eleven dollars and no cents (\$11.00) ~~Ten dollars and no cents (\$10.00)~~ for up to the first two (2) cubic yards (54 cubic feet) and five dollars and no cents (\$5.00) for each cubic yard (27 cubic feet) thereafter.*
 - (2) Five dollars and no cents (\$5.00) for each appliance. Only CFC certified refrigerators will be accepted. *Refrigerators and freezers must be empty with no food waste within them.*

- (3) *Three dollars and no cents (\$3.00) ~~Two dollars and fifty cents (\$2.50)~~ for each tire and six dollars and no cents (\$6.00) for each tire on its rim. Only passenger tires are accepted.*
 - (4) *Three dollars and no cents (\$3.00) ~~One dollar and fifty cents (\$1.50)~~ for each car battery.*
 - (5) *Loads not secured shall be charged a fee of twenty-one dollars and no cents (\$21.00) ~~twenty dollars and no cents (\$20.00)~~ fee.*
- (d) *Recycle drop-off is available at no charge for the following materials provided that they are unbagged, dry, clean and neither soiled with nor containing food, food waste or other non-recyclable materials:*
- (1) *cardboard;*
 - (2) *paper;*
 - (3) *plastics type #1 and #2 (labels and lids should be removed); and*
 - (4) *tin and aluminum cans (labels should be removed).*

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Division 2. Residential Service

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Sec. 13.06.042 Residences required to have service; use of roll-out carts.

- (a) Any residence *within the city limits* having water service shall be required to have solid waste service and pay for same at rates set forth herein.
- (b) All residential customers shall use the automated solid waste roll-out carts as provided by the city. Each cart shall be placed out by the curb *or alley* no earlier than twenty-four (24) hours prior to the scheduled collection day and shall be removed from the curb *or alley* no later than twelve (12) hours after the scheduled collection day.

Sec. 13.06.043 Trash pickup; placement, preparation of trash and tree limbs for collection; weight.

Trash, which includes grass clippings, hedge trimmings, small tree limbs (one (1) inch or less in diameter), paper and all discarded refuse which can be compacted by the solid waste department packer trucks will be picked up at the *curb inside the automated carts* ~~same time garbage is picked up and at the same location, except for those persons using carryout service. Carryout customers shall place their trash at the curb in front of their residence and the trash must be in plastic bags or in throwaway boxes.~~ Small tree limbs (one (1) inch or less in diameter) or lumber must be tied securely in bundles of not over four (4) feet in length and must not weigh more than fifty (50) pounds.

Sec. 13.06.044 Disposal of certain wastes by residents.

All waste matter, such as manure, offal, refuse, fish heads, entrails, etc., shall be disposed of by the owner, lessee, occupant, or tenant of the property, and the premises where same accumulates. *The following shall not be placed in carts or at curb for bulk collection:*

- (a) *tires;*
- (b) *oil-based paints nor any paints that are still liquid;*
- (c) *railroad crossties; and*
- (d) *appliances containing Freon unless such appliances have been tagged and certified by a licensed service provider stating that the Freon has been removed.*

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Sec. 13.06.047 ~~Reserved Garbage—containers—(nonautomated) Required; maintenance, construction, capacity.~~

~~Every owner, occupant, tenant or lessee using and occupying any building as a residence within the corporate limits of the city shall provide and maintain garbage containers for refuse of not larger than thirty gallon capacity, constructed of plastic or galvanized metal material, watertight, with tightfitting lid and substantial handles on the sides, or heavy duty plastic (2 mil—.0015 inch of thickness minimum), or double strength, treated, thirty gallon paper garbage bags. A weight limit of fifty (50) pounds for each garbage container and the contents is hereby set.~~

Sec. 13.06.048 ~~Reserved Same Placement for collection.~~

~~All residential garbage containers shall be set at a convenient location at the alley and be in racks constructed and placed so as to protect the containers from being turned over by animals. Such racks shall not extend into the alley to such an extent as to impede the movement of utility vehicles. It shall be the duty of the owner or occupant of the property to keep the area around refuse containers free and clear of loose waste materials. When no alley exists adjacent to the property, the owner, occupant or lessee shall have the option of carryout service, or he may place his garbage receptacle at the curb of the street on the day of scheduled pickup. A written permit must be furnished the city if garbage pickup is to be made from a garage, carport or porch. Garbage receptacles shall not be left at the curb except on the days of scheduled pickup. Containers will not be picked up inside fenced areas, unless they are placed on racks which would enable city employees to reach over the fence to collect the garbage.~~

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Sec. 13.06.050 Automated residential refuse collection.

- (a) Those residential solid waste customers located in areas to receive automated residential refuse collection will be provided, at no charge, a *one or more* one hundred (100) gallon or smaller carts ~~and their choice of either another refuse cart or a recycle cart~~. All carts will remain the property of the city and should under no circumstances be removed from the assigned address. Any person responsible for damage due to willful negligence or abuse will be liable for the cost of a new cart or repair of the existing one.
- (b) Waste collection for customers on the automated routes will be once per week on one of the following days: Monday, Tuesday, Wednesday, Thursday or Friday.
- (c) On trash pickup days, all roll-out automated pickup containers shall be placed by seven (7) a.m. with the white serial number facing the street. Each container shall be placed immediately adjacent to the street and in no event more than one (1) foot from the street, and shall be at least three (3) feet from *other trash carts*, mailboxes, trees and other such obstructions, and twenty (20) feet from any cars, trailers, boats and the like in order to provide adequate and safe clearance for the automated pickup equipment.
- (d) All residential waste, refuse, rubbish or trash placed in the roll-out carts shall be bagged and closed for health and safety purposes and placed in the containers so that the container lid shall fit flat and level on its base so as to close securely.
- (e) Residential solid waste customers may choose to have one container at *eleven dollars and fifty cents (\$11.50)* ~~nine dollars and sixty cents (\$9.60)~~ per family unit per month under the following conditions:
 - (1) Age sixty-five (65) and over. Solid waste customers who are sixty-five (65) years of age or over may opt to have only one container. Customers may request a service change from the city's water department and, upon presenting proof of age, may be issued a written waiver. Solid waste customers who own or manage properties other than their primary residence may not use this service option for the benefit of the tenants residing on those properties.
 - (2) Medically Physically unable. Those customers who are ~~medically physically and permanently~~ unable to place a roll-out container at the curb or alley, without regard to age, or are using carry-out service, may opt to have only one container by requesting the City's water department to issue them a written waiver upon proof of ~~permanent medical physical~~ disability, *as evidenced by a physician's note*.

Sec. 13.06.051 ~~Reserved Reeyeling.~~

- ~~(a) — The City hereby establishes a recycling program for its residential solid waste customers effective October 1, 2001. The scheduled pick up of the recyclable items will be every other week as directed by the solid waste department.~~
- ~~(b) — On pickup days, all rollout automated pickup containers shall be placed by seven (7) a.m. with the white serial number facing the street. Each container shall be placed immediately adjacent to the street and in no event more than one (1) foot from the street, and shall be at least three (3) feet from mailboxes, trees and other such obstructions, and twenty (20) feet~~

~~from any cars, trailers, boats and the like in order to provide adequate and safe clearance for the automated pickup equipment.~~

~~(c) — Any obstruction preventing the automated curbside or alley collection shall result in a non-collection.~~

~~(d) — All items consisting of the following, shall be placed in the recycling container:~~

~~(1) — Aluminum, tin and steel cans.~~

~~(2) — Number one (#1) and number two (#2) plastic bottles.~~

~~(3) — Cardboard.~~

~~(4) — Newspaper.~~

~~(5) — Office paper.~~

~~(6) — Junk mail.~~

~~(7) — Phone books and magazines.~~

~~(e) — All other items are prohibited from depositing into any recyclable container and are specifically, but not limited to, the following items:~~

~~(1) — Food waste.~~

~~(2) — Hazardous waste.~~

~~(3) — Paint.~~

~~(4) — Soiled paper materials.~~

~~(5) — Plastic, other than #1 and #2 plastic.~~

~~(6) — Yard waste.~~

~~(7) — Glass.~~

~~(f) — All carts will remain the property of the city and should under no circumstances be removed from the assigned address or used for any purpose other than the city recycling program. Replacement cost for damaged, lost or stolen recycling containers will be fifty dollars (\$50.00) per container and will be charged to the customer's water bill.~~

~~(g) — Failure to follow recycling program guidelines may result in the replacement of the customer's recycling container with a regular waste container.~~

~~(h) — Penalty for violations.~~

~~(1) — It shall be unlawful for any person or persons to place any prohibited item in a recyclable container.~~

~~(2) — It shall be unlawful for any person or persons to remove all or part of any recyclable items from a recyclable container or remove the recyclable container from its designated location.~~

~~(3) — It shall be unlawful for any person or persons to intentionally deface, obstruct or damage any recycling container.~~

~~(4) — Any person or persons violating the terms of this section will be subject to a class C criminal misdemeanor charge with a fine as provided in Section 1.01.009 of this code for each violation.~~

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Division 3. Commercial and Industrial

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Sec. 13.06.083 Separate businesses required to have separate service.

When two (2) or more businesses are located in a single building with a single water meter, each business will be required to obtain their own solid waste service, and each business will be billed independently for such waste service *unless they provide to the City a copy of a valid written agreement between or among them to share trash container(s).*

Sec. 13.06.084 Containers.

- (a) All new commercial front load and roll-off container customers will be required to make a deposit by cash, check, or credit card with the city utility billing department. The amount of the required deposit is set forth in Section 13.06.087.
- (b) When the head of the solid waste division determines that the front load or roll-off equipment cannot be used, businesses, industries and institutions will be *provided* ~~allowed~~ to use garbage cans for refuse of not larger than a *one hundred (100)* ~~thirty~~-gallon capacity (standard container), constructed of plastic or galvanized metal material, watertight, with a tight-fitting lid ~~and with substantial handles on the sides~~. A weight limit of fifty (50) pounds for each garbage can and contents is hereby established.
- (c) ~~As an option to the above-described thirty (30) gallon capacity container, there is available a one hundred (100) gallon or smaller, high-density, polyethylene, automated solid waste container with wheels, molded handle and tight-fitting hinged lid.~~ The cart is manufactured in a dark green *or red* color with molded white serial numbers and raised white lettering indicating the "City of Sherman."
- (d) All carts and containers distributed by the city for solid waste collection shall remain the property of the city, and it is the responsibility of the assigned residential or commercial customers not to damage, abuse or destroy this equipment.
- (e) All automated carts and containers shall be placed at the designated location suitable for the pickup as determined by the solid waste superintendent.
- (f) Carts shall not be filled with heavy landscape or building construction waste materials.
- (g) ~~A fifty dollar (\$50.00) trip charge~~ *of fifty two dollars and no cents (\$52.00)* may be assessed to a customer's account if the waste collection vehicle is not able to service the container or otherwise collect the waste due to it being overweight, overfilled, constitutes nonpermitted waste as defined by the city's landfill or the Texas Commission on Environmental Quality (TCEQ), or is inaccessible due to parked vehicles, debris, or other obstacles.

- (h) *All materials placed within front-load trash dumpsters and automated carts shall be compactable down to a size not greater than one-third (1/3) of its original size.*
- (i) *Bulk collection of non-compactable trash may be requested at a rate of twenty-one dollars and no cents (\$21.00) per cubic yard or part of a cubic yard with a minimum charge of eighty-four dollars and no cents (\$84.00).*

Sec. 13.06.085 Boxes, cartons to be bundled; weight limit.

All boxes and cartons must be broken down ~~and bundled~~, and no ~~cart bundle~~ shall exceed fifty (50) pounds of weight.

Sec. 13.06.086 Charges for standard and automated waste ~~and recycling~~ containers (100-gallon), commercial pickups on Saturdays.

- (a) Commercial charges for one (1) standard container, as defined in Section 13.06.084, are established as follows:

Pickups per Week	Monthly Charge
1	\$21.40 \$29.20
2	\$43.00 \$45.15
3	\$64.50 \$67.75
4	\$85.70
5	\$107.30

~~For additional standard containers over the allowable one, there will be added an additional twenty-one dollars and forty cents (\$21.40) per container to the charges specified above.~~

- (b) The commercial charge for one (1) optional automated 100-gallon container, as defined in Section 13.06.084, shall be *twenty-nine dollars and twenty cents (\$29.20)* ~~twenty-seven dollars and eighty cents (\$27.80)~~ per month for one pickup per week. For additional 100-gallon containers over the allowable one (1), there will be added an additional *twenty-nine dollars and twenty cents (\$29.20)* ~~twenty-seven dollars and eighty cents (\$27.80)~~ per container, per month to the initial *twenty-nine dollars and twenty cents (\$29.20)* ~~twenty-seven dollars and eighty cents (\$27.80)~~.
- (c) *Commercial automated recycling is no longer offered as of January 1, 2024. Commercial charges for one (1) commingled recycling container (100 gallon) are established as follows:*

Monthly Rate for:	Every Other Week Collection	Weekly Collection	Each Additional Container
Governmental, educational and nonprofit agencies	\$4.10	\$8.20	\$4.10
Commercial establishments	\$6.80	\$13.70	\$4.10

- (d) Other charges will be based on the time required for pickup at a rate of one hundred *fifty* dollars and no cents (*\$150.00*) (~~\$100.00~~) per hour. This provision is intended to apply to special commercial pickups upon customer request and also commercial refuse not placed in standard containers as defined in Section 13.06.084.
- (e) No commercial pickups will be made on Saturdays *for automated containers* ~~except from restaurants, food stores and food dispensing institutions.~~
- (f) When two (2) or more businesses are located in a single building with a single water meter, each business will be required to obtain their own solid waste service and each business will be billed independently for said waste service.
- (g) *Additional unscheduled pick-ups of commercial automated carts will be charged at a rate of nine dollars and fifty cents (\$9.50) per container.*

Sec. 13.06.087 Charges for commercial front-load containers.

- (a) Deposits for commercial front load containers are established as follows for the collection of compacted and non-compacted waste:

Cubic Yards	Deposit
2	\$105.00 \$100.00
3	\$150.00
4	\$184.00 \$175.00
6	\$210.00 \$200.00
8	\$263.00 \$250.00

- (b) Monthly service charges for commercial front-load containers, as defined in Section 13.06.084, are established as follows:

WASTE COLLECTION							
Size of Container in Cubic Yards	Monthly Service Charges per Container						Additional Unscheduled Pickups– per Pickup
Non-Compacted Trash	Collection Days per Week						
	1x	2x	3x	4x	5x	6x	
2	\$76.00	\$116.00	\$170.00	\$226.00	\$279.00	\$321.00	\$27.00
3	\$89.00	\$158.00	\$240.00	\$308.00	\$398.00	\$465.00	\$34.00
4	\$116.00	\$185.00	\$295.00	\$398.00	\$480.00	\$574.00	\$42.00
6	\$144.00	\$226.00	\$334.00	\$453.00	\$562.00	\$672.00	\$55.00
8	\$170.00	\$267.00	\$398.00	\$534.00	\$656.00	\$788.00	\$68.00
Size of Container in Cubic Yards	Monthly Service Charges per Container						Additional Unscheduled Pickups– per Pickup
Compacted Trash	Collection Days per Week						
	1x	2x	3x	4x	5x	6x	
4	\$144.00	N/A	N/A	N/A	N/A	N/A	N/A

WASTE COLLECTION							
Size of Container in Cubic Yards	Monthly Service Charges per Container						Additional Unscheduled Pickups– per Pickup
Non-Compacted Trash	Collection Days per Week						
	1x	2x	3x	4x	5x	6x	
6	\$158.00	\$253.00	\$363.00	\$508.00	\$617.00	\$746.00	\$68.00
8	\$170.00	\$295.00	\$437.00	\$588.00	\$732.00	\$869.00	\$82.00

RECYCLING COLLECTION					
<i>Corrugated (OCC) and Mixed Paper Recycling Service</i>		<i>Monthly Rate per Container</i>			
		<i>Collection Days per Week</i>			
		<i>1x</i>	<i>2x</i>	<i>3x</i>	<i>5x</i>
2-yd recycling containers		\$39.00	N/A	N/A	N/A
4-yd recycling containers		\$51.00	N/A	N/A	N/A
8-yd recycling containers		\$80.00	\$118.00	\$156.00	\$235.00
With city commercial waste service		\$51.00	\$80.00	\$105.00	\$156.00
With multiple waste containers or 8-yd waste service, 5x/week		\$51.00	\$51.00	\$51.00	\$51.00
6-yd recycling compactor		\$65.00	\$92.00	\$118.00	\$169.00

WASTE COLLECTION								
Size of Container in Cubic Yards	Monthly Service Charges per Container							Additional Unscheduled Pickups—per Pickup
Non-Compacted Trash	Collection Days per Week							
	1x	2x	3x	4x	5x	6x	7x	
2	\$72.00	\$110.00	\$162.00	\$215.00	\$266.00	\$306.00	\$346.00	\$26.00
3	\$85.00	\$150.00	\$229.00	\$293.00	\$379.00	\$443.00	\$509.00	\$32.00
4	\$110.00	\$176.00	\$281.00	\$379.00	\$457.00	\$547.00	\$646.00	\$40.00
6	\$137.00	\$215.00	\$318.00	\$431.00	\$535.00	\$640.00	\$738.00	\$52.00
8	\$162.00	\$254.00	\$379.00	\$509.00	\$625.00	\$750.00	\$854.00	\$65.00
Size of Container in Cubic Yards	Monthly Service Charges per Container							Additional Unscheduled Pickups—per Pickup
Compacted Trash	Collection Days per Week							
	1x	2x	3x	4x	5x	6x	7x	
4	\$137.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	\$150.00	\$241.00	\$346.00	\$484.00	\$588.00	\$710.00	\$828.00	\$65.00
8	\$162.00	\$281.00	\$416.00	\$560.00	\$697.00	\$828.00	\$965.00	\$78.00

RECYCLING COLLECTION					
<i>Corrugated (OCC) and Mixed Paper Recycling Service</i>		<i>Monthly Rate per Container</i>			
		<i>Collection Days per Week</i>			
		<i>1x</i>	<i>2x</i>	<i>3x</i>	<i>5x</i>
2-yd recycling containers		\$37.00	N/A	N/A	N/A
4-yd recycling containers		\$49.00	N/A	N/A	N/A
8-yd recycling containers		\$76.00	\$112.00	\$149.00	\$224.00

RECYCLING COLLECTION					
Corrugated (OCC) and Mixed Paper Recycling Service	Monthly Rate per Container				
	Collection Days per Week				
	1x	2x	3x	4x	5x
With city commercial waste service	\$49.00	\$76.00	\$100.00	\$125.00	\$149.00
With multiple waste containers or 8 yd waste service, 5x/week	\$49.00	\$49.00	\$49.00	\$49.00	\$49.00
6 yd recycling compactor	\$62.00	\$88.00	\$112.00	\$137.00	\$161.00

(c) Optional services available for commercial front load containers are established as follows:

(1) On-call special container service (not for construction material or residential use):

(A) 6 yds: ~~\$76.00~~ \$72.00/pickup.

(B) 8 yds: ~~\$89.00~~ \$85.00/pickup.

(2) Special container delivery charge: ~~\$76.00~~ \$72.00/container.

(3) Servicing containers with locks: ~~\$61.00~~ \$58.00 one-time charge.

(4) Servicing containers with casters: ~~\$27.00~~ \$26.00/month.

(d) *Additional unscheduled pick-ups for front-load recycle containers will be charged at the same rate as front-load trash containers.*

(e) *As of January 1, 2023, three (3) yard front-load containers are no longer provided. Existing customers with these dumpsters shall continue unchanged.*

(f) *Saturday service for front-load containers shall only be approved for restaurants, food stores and food-dispensing institutions.*

Sec. 13.06.088 Charges for commercial roll-off containers.

(a) Deposits for commercial compacted roll-off containers will be quoted on an individual basis.

(b) Deposits for commercial roll-off containers are established as follows:

Cubic Yards	Deposit
20	\$315.00 \$300.00
30	\$368.00 \$350.00
40	\$420.00 \$400.00

(c) ~~Reserved Deposits for commercial roll-off containers containing noncompactable waste are established as follows:~~

Cubic Yards	Deposit
20	\$575.00
30	\$650.00

(d) Service charges for commercial roll-off containers are established as follows:

(1) Open top container.

Size in Cubic Yards	Pull Charge
20 (waste)	\$351.00 \$334.00
30 (waste)	\$459.00 \$437.00
40 (waste)	\$562.00 \$535.00
30 (recycle)	\$177.00 \$169.00
40 (recycle)	\$247.00 \$235.00
20 (noncompactable)	\$634.00
30 (noncompactable)	\$972.00

(2) Compacted container.

Size in Cubic Yards	Pull Charge
20 (waste)	\$383.00 \$365.00
30 (waste)	\$494.00 \$470.00
35 (waste)	\$562.00 \$535.00
40 (waste)	\$630.00 \$600.00
30 (OCC recycle)	\$247.00 \$235.00
40 (OCC Recycle)	\$315.00 \$300.00

(e) Additional charges for commercial roll-off containers are established as follows:

- (1) ~~Reserved Open top container rental: \$72.00/month.~~
- (2) Container delivery charge: ~~\$55.00~~ \$52.00/container.
- (3) ~~Reserved 40-yard receiver rental: \$110.00/month.~~
- (4) After hours pull charges (2 5:00 p.m. – 6 7:00 a.m. Monday–Friday; Saturday; Sunday): ~~\$116.00~~ \$110.00/pull.
- (5) ~~Self-contained compactor rental:~~
 - (A) ~~30 yard: \$144.00/month.~~
 - (B) ~~35 yard: \$169.00/month.~~

- (6) Special waste. Charge will include the appropriate container pull charge as shown in the above tables, plus any additional disposal fees assessed by the landfill, and any additional hauling or documentation fees required to properly dispose of the material.
- (7) Container reset fee (due to delinquent account): \$55.00 ~~43.00~~/occurrence.
- (8) *For all non-recycle roll-off hauls that exceed five (5) tons, there will be an additional charge per ton at the then-current rate set by the Texoma Area Solid Waste Authority (TASWA) Landfill in Whitesboro, Texas. ~~\$35.00/ton charge for tonnage in excess of 5 tons.~~*

(f) *Roll-off rental rates:*

- (1) *Open top container: \$76.00/month*
- (2) *40-yard receiver: \$116.00/month*
- (3) *Self-contained compactor rental:*
 - (A) *30 yard: \$151.00/month.*
 - (B) *35 yard: \$177.00/month.*
- (4) *This rent begins on the sixteenth (16th) day following delivery if the roll-off container is still extant*
- (5) *This rent is not pro-rated and renews on the first day of each calendar month.*

Sec. 13.06.089 **~~(Reserved)~~ Site plan requirements for commercial solid waste and recycling container enclosures.**

- (a) *Commercial solid waste and recycling container enclosures shall be located on each platted lot or parcel of commercial property, except as otherwise provided within this section, and shall be constructed and maintained by the commercial property owner or developer and made available for use by the City Solid Waste Department and commercial recycling service provider. Under this section, the term "commercial property" means all non-residential property and any residential property with more than four attached dwelling units on a single platted lot or parcel of property. Construction of each container enclosure in compliance with this section must be completed prior to, and as a condition of, the City's issuance of a certificate of occupancy by the City's Development Services Department. If a provision of this section conflicts with a provision of Chapter 14 of this Code, the provision of Chapter 14 of this Code shall control and prevail.*
- (b) *On-site solid waste and recycling container enclosures shall be made available and maintained for the disposal and storage of all solid waste and recyclables on each platted lot or parcel of commercial property. Shared container use may be approved by the City on a case-by-case basis and requires the written agreement of both parties, among other requirements the City may elect to impose. Container enclosures shall be of adequate size to contain all solid and liquid wastes and recyclables generated on the property, which may include, but are not limited to municipal solid waste, recyclables, grease and oils,*

process byproducts and wastes, hazardous waste, medical waste, and any special wastes. The container enclosure shall be constructed to such capacity as to contain the aforementioned wastes and recyclable materials generated between scheduled collection service days.

- (c) *Except as otherwise provided in this section, commercial solid waste and recycling container enclosures shall be shown on each proposed site plan required to be submitted under Chapter 14 of this Code and enclosure design and construction details shall be set forth in each proposed engineering drawing and specification plan submitted to the City. The submittal of the required materials under this section shall be concurrent with the submittal of a site plan application, or if no site plan is required by this Code, concurrent with the submittal of a building permit application, or if no site plan or building permit is required by this Code, concurrent with the submittal of a certificate of occupancy application. Construction of enclosures(s) shall be completed and accepted by the City as a condition of the City's issuance of a certificate of occupancy. All such submittals shall include the following.*

 - (1) *Drawings of container enclosure location(s) per scale on the site plan;*
 - (2) *Drawings delineating the ingress / egress service pathway sufficient for the safe movement and travel of Class 8 collection vehicles; and*
 - (3) *Plans containing enclosure construction specifications.*
- (d) *Proposed future growth and phased development shall be considered in the site design with regard to sizing, location(s), and access of future solid waste and recyclables storage enclosures. Refuse and recycling areas necessary for future growth shall be available for development, but need not be developed, nor enclosures constructed, until the future growth occurs.*
- (e) *The following standards must be met for container enclosure areas based on industry waste generation rates for the listed business categories:*

 - (1) *General design requirements.*

 - (A) *Enclosures may contain other storage containers such as grease and oil receptacles, so long as the enclosures are enlarged to accommodate the additional items without obstructing Class 8 vehicle access to the solid waste and recycling containers.*
 - (B) *Gates shall be required if the interior of the enclosure is visible from a public street or road. If a gate is not required under this section but a property owner or developer elects to install a gate, the gate must comply with the standards in this section.*
 - (C) *Personal access side gates are recommended as a feature of all gated enclosures.*
 - (D) *The property owner is responsible for maintenance of the enclosure.*
 - (E) *Upon request, individual properties will be evaluated by the City's Solid Waste Department and Development Services Department to determine*

whether an enclosure is required. If determined by the Solid Waste Department and Development Services Department in their sole discretion, automated carts may be appropriate, thereby eliminating the need for construction of an enclosure.

- (F) All solid waste and recyclable materials shall be contained within the enclosure area.*
 - (G) Locking devices may be used on enclosure gates or doors provided that the Solid Waste Department has access to the container(s) in order to service them.*
 - (H) Reference Section 14.04.004(d)(4) of this Code for screening device requirements.*
 - (I) Property owners shall design and construct enclosures, and enclosure access requirements, in compliance with the requirements of Chapter 469 of the Texas Government Code and the Texas Accessibility Standards, as they exist or may be amended.*
 - (J) Enclosures shall not be located in a fire lane, public right-of-way, public utility easements, or sidewalk area.*
 - (K) The location of enclosures shall not result in obstruction of traffic for excessive lengths of time while being serviced.*
 - (L) Ingress and egress routes shall be designed to facilitate exiting the property in a forward driving direction for all interstate and state roads, arterial streets, and collector streets with four lanes.*
 - (M) If the approach for a Class 8 vehicle to the container is not a straight drive-in approach then the maximum permitted turning angle is 30 degrees.*
 - (N) No more than 5 degrees cross slope in front of enclosure.*
 - (O) Utility wires and structure overhangs should have a minimum height clearance of 22 feet along the ingress and egress route. No utility wires shall extend over the enclosure approach and service area.*
 - (P) Dead end streets, which are planned for extension in future development phases, must have sufficient all-weather turnaround areas for Class 8 trucks constructed of a suitable road base material, such as concrete.*
- (2) Dimension format for enclosure area requirements are provided by width and depth, and represent inside wall dimensions (ID), e.g., 10.0 feet wide by 10.0 feet deep, and are set forth as follows:*
- (A) For residential properties and uses with four or more attached dwelling units on a single platted lot or parcel of property, an adequate container enclosure area is required to accommodate common or other public areas, such as pools, sports areas, recreation and meeting rooms, and maintenance facilities, and must accommodate at least two cubic yards of trash service per week per dwelling unit. Dimension requirements are as follows:*
 - (1) 4-25 units: One enclosure 10.0 ft. wide by 10.0 ft. deep;*

- (2) 26-48 units: Two enclosures 10.0 ft. wide by 10.0 ft. deep or one enclosure 20.0 ft. wide by 10.0 ft. deep;
 - (3) 49-64 units: One enclosure 10.0 ft. wide by 10.0 ft. deep and a second enclosure 20.0 ft. wide by 10.0 ft. deep or three enclosures 10.0 ft. wide by 10.0 ft. deep;
 - (4) 65-200 units: Four enclosures 10.0 ft. wide by 10.0 ft. deep or two enclosures 20.0 ft. wide by 10.0 ft. deep or one compactor/roll-off enclosure 12.0 ft. wide with the depth to be determined by the compactor/roll-off size selected; and
 - (5) 200 + units: The City recommends use of a compactor sized at least 30-yards. The City does not supply compactor units.
- (B) For non-residential properties and uses, an adequate container enclosure area is required as follows:
- (1) General Office. The term “General Office” means and refers to an office used to provide direct services to consumers, characterized by moderate levels of vehicular and pedestrian traffic and which may have walk-in customers. Examples include travel agencies, advertising agencies, real estate offices, mortgage brokers, insurance agents, title companies, contractor’s offices, janitorial services, and medical clinics that provide outpatient services only.
 - (a) Up to 10,000 square feet: 1 single enclosure;
 - (b) 10,001 – 50,000 square feet: 2 single enclosures or 1 dual enclosure;
 - (c) 50,001 – 100,000 square feet: 1 single enclosure and 1 dual enclosure or 3 single enclosures or 4 single enclosures or 2 dual enclosures or 1 roll-off compactor enclosure.
 - (2) Warehousing Facility. The term “Warehousing Facility” means and refers to a large complex designed to store and distribute goods and includes storage facilities and indoor entertainment facilities.
 - (a) 1,000 – 5,000 square feet: 1 single enclosure;
 - (b) 5,001 – 15,000 square feet: 2 single enclosures or 1 dual enclosure;
 - (c) 15,001 – 50,000 square feet: 1 dual enclosure or 2 single enclosures or 3 single enclosures;
 - (d) 50,001 – 100,000 square feet: 1 single enclosure and 1 dual enclosure or 3 single enclosures or 2 dual enclosures or 4 single enclosures or 1 roll-off compactor enclosure.
 - (3) Shopping Center, Light Manufacturing. The term “Shopping Center” means and refers to an area or complex of stores with adjacent parking, typically designed to serve a community or neighborhood. The term “Light Manufacturing” means and refers

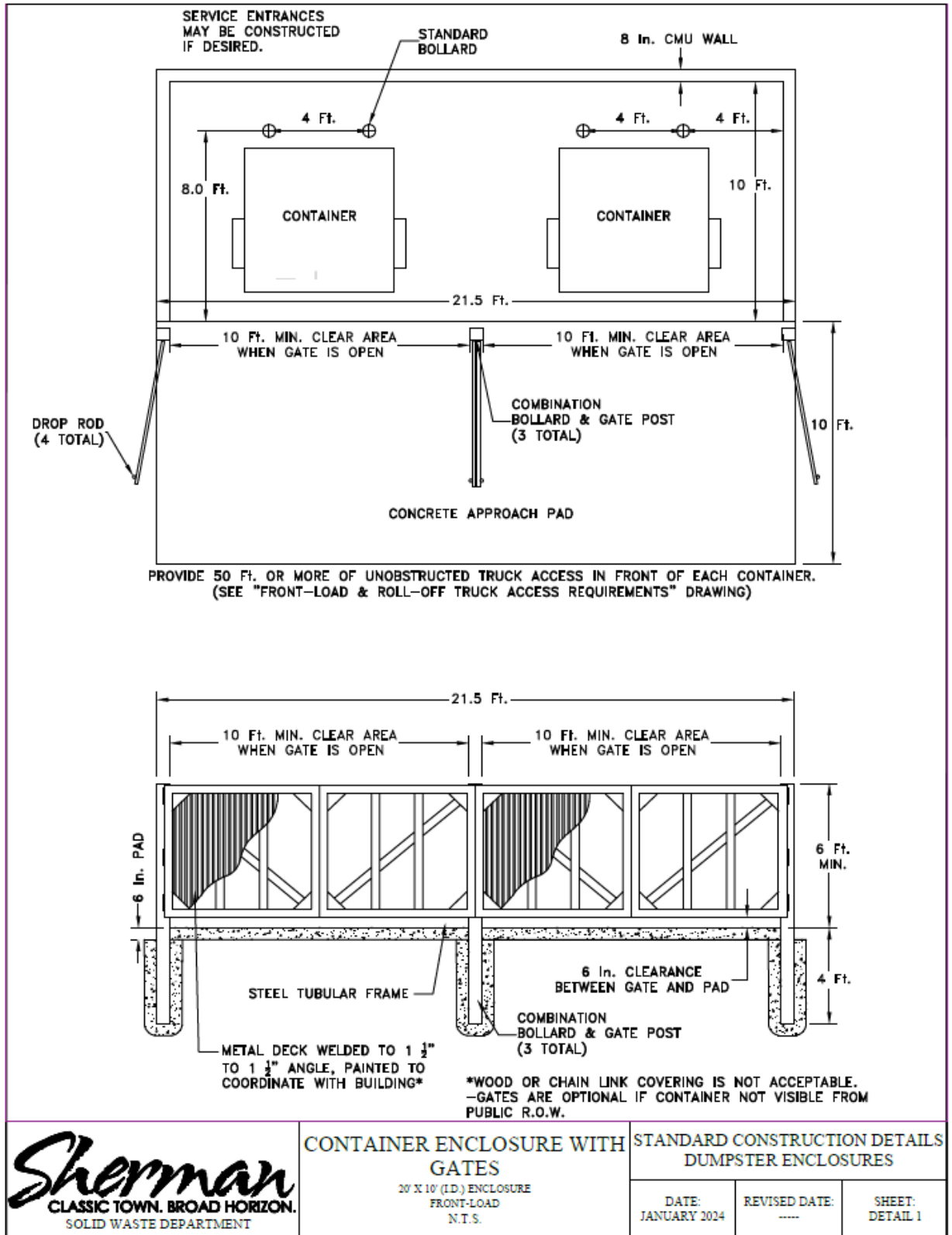
to an area or complex in which light industrial business activities occur.

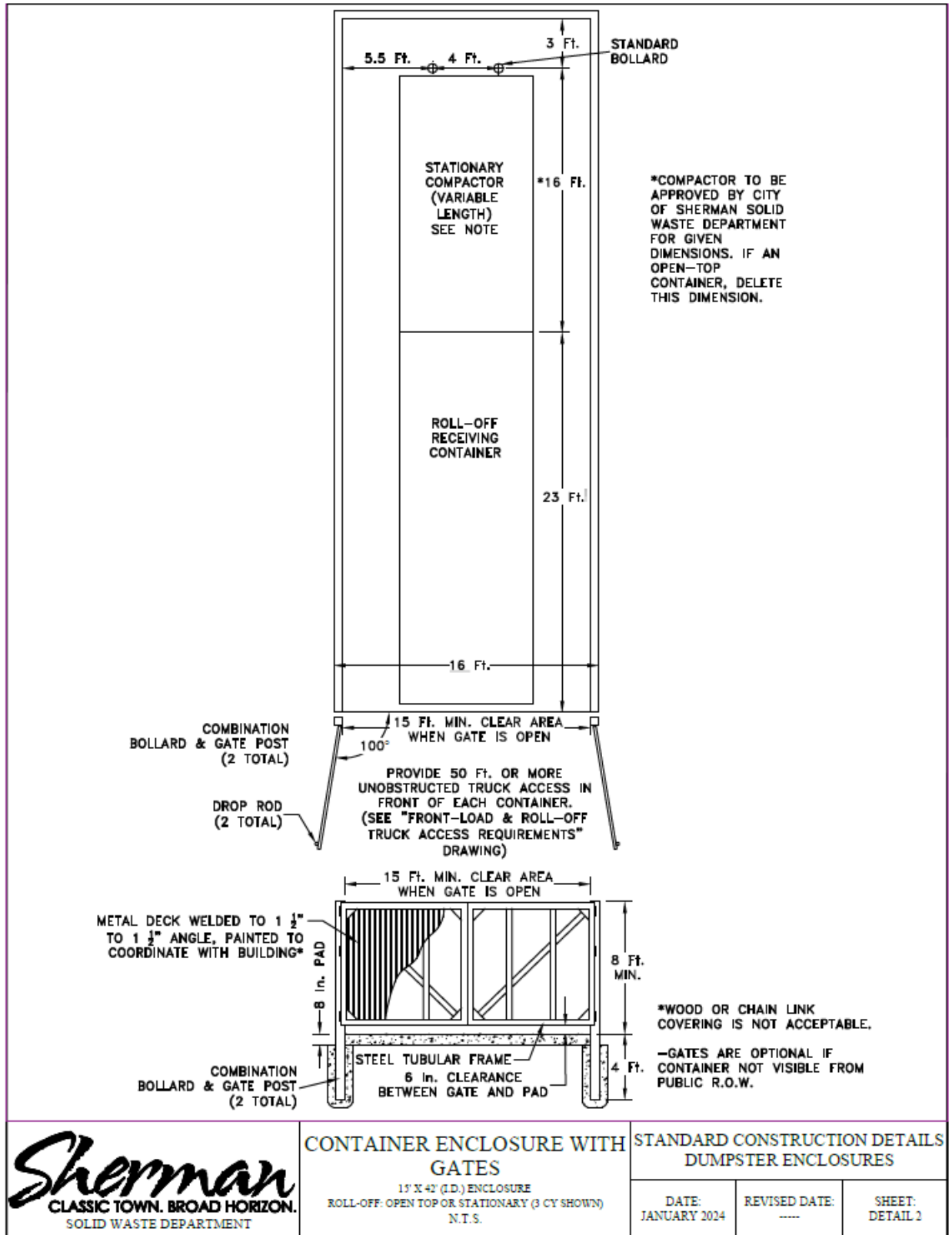
- (a) 1,000 – 2,500 square feet: 1 single enclosure;*
 - (b) 2,501 – 10,000 square feet: 2 single enclosures or 1 dual enclosure;*
 - (c) 10,001 – 50,000 square feet: 1 single enclosure and 1 dual enclosure or 3 single enclosures;*
 - (d) 50,001 – 100,000 square feet: 1 single enclosure and 1 dual enclosure or 4 single enclosures or 2 dual enclosures or 1 roll-off compactor enclosure;*
 - (e) 100,001 – 200,000 square feet: 4 single enclosures or 2 dual enclosures or 2 roll-off compactor enclosures.*
- (4) Restaurant, Bar, Grill, Grocery Store, Movie Theater and other Food Service Establishment. The term “Restaurant, Bar, Grill, Grocery Store, Movie Theater and other Food Service Establishment” means and refers to an establishment that provides food, beverages, and/or entertainment to the public in various settings.*
 - (a) 1,000 – 7,500 square feet: 2 single enclosures or 1 dual enclosure, of one front load compactor enclosure;*
 - (b) 7,501 – 15,000 square feet: 1 single enclosure and 1 dual enclosure or 3 single enclosures or 1 roll-off compactor enclosure.*
- (5) Department Store, Supermarket, Service Station, Convenience Store, Hospital. The term “Department Store, Supermarket, Service Station, Convenience Store, Hospital” means and refers to an establishment that is integral to daily life that provides essential goods and services to the community.*
 - (a) 1,000 – 5,000 square feet: 2 single enclosures or 1 dual enclosure;*
 - (b) 5,001 – 25,000 square feet: 2 single enclosures or 1 dual enclosure;*
 - (c) 25,001 – 50,000 square feet: 1 single enclosure and 1 dual enclosure or 3 single enclosures or 4 single enclosures or 2 dual enclosures;*
 - (d) 50,001 – 100,000 square feet: 4 single enclosures or 2 dual enclosures or 1 roll-off compactor enclosure or 2 roll-off compactor enclosures.*
- (6) Nonresidential properties and uses not specifically listed above will be reviewed for adequate solid waste and recyclables enclosures*

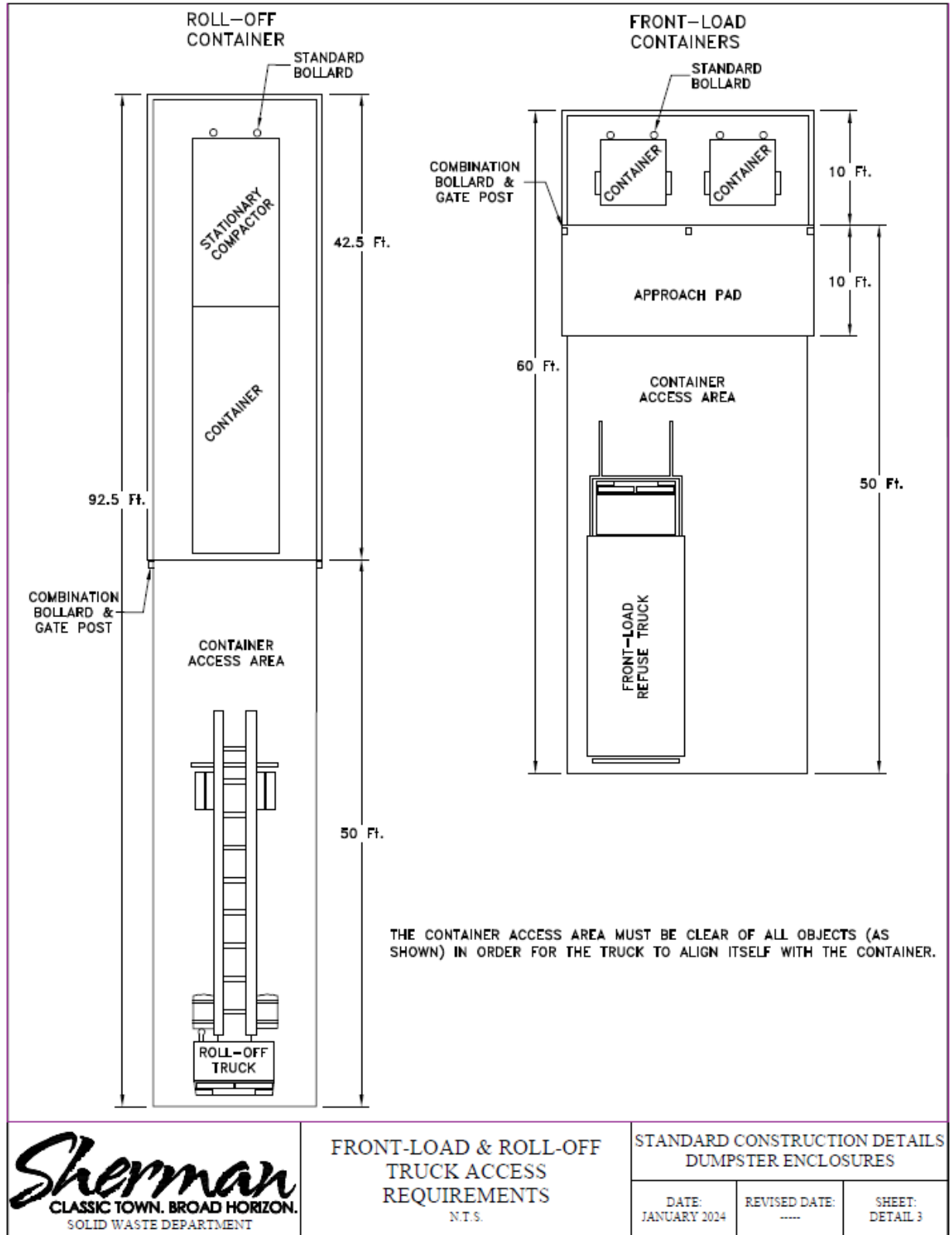
based on site-specific information and the following solid waste and recycling design factors:

- (a) Type of business and waste generation potential;*
 - (b) Waste generation of similar businesses;*
 - (c) Square footage of the development and structures and the number of floors;*
 - (d) Location of the business;*
 - (e) Hours of business operation;*
 - (f) Business site plan; and*
 - (g) Phased development and future use plans.*
- (3) See figures 1 through 6 for design standards:*

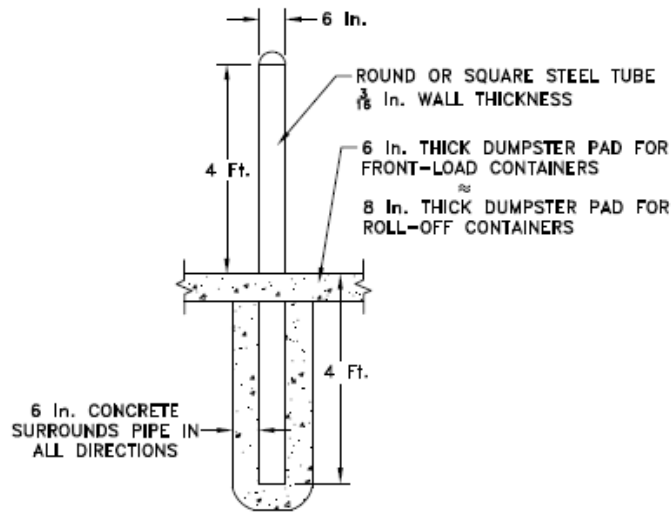
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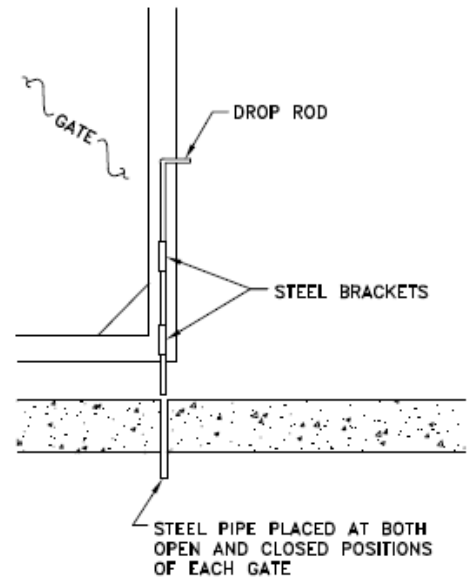




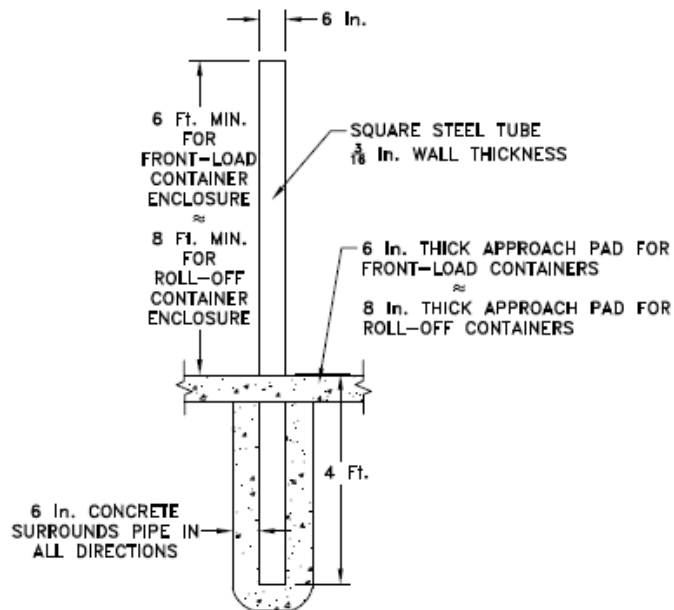
STANDARD BOLLARD DETAIL
(TO REAR OF CONTAINERS, INSIDE OF ENCLOSURES)



DROP ROD DETAIL



COMBINATION BOLLARD & GATE POST DETAIL



Sherman
CLASSIC TOWN. BROAD HORIZON.
SOLID WASTE DEPARTMENT

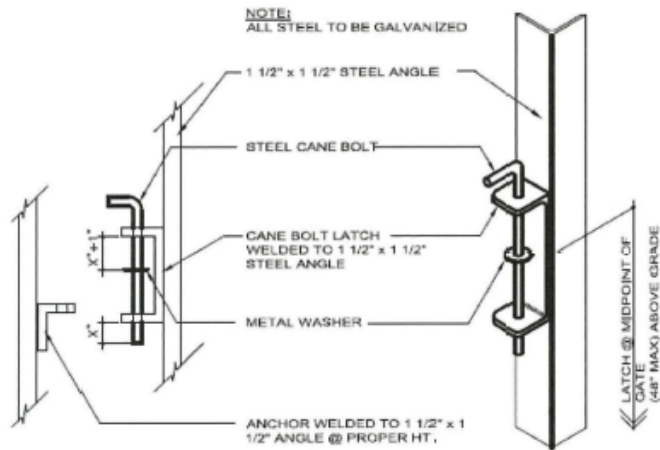
**BOLLARD & DROP ROD
DETAILS**
N.T.S.

**STANDARD CONSTRUCTION DETAILS
DUMPSTER ENCLOSURES**

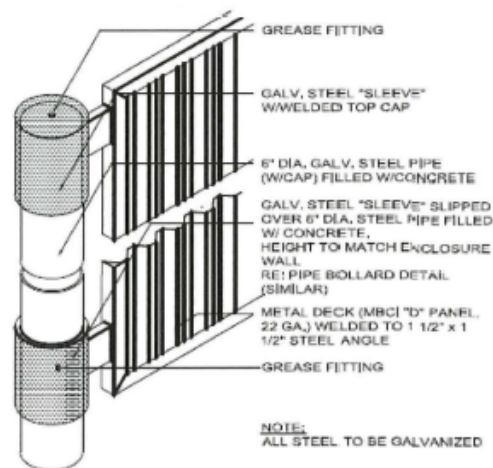
DATE:
JANUARY 2024

REVISED DATE:

SHEET:
DETAIL 4

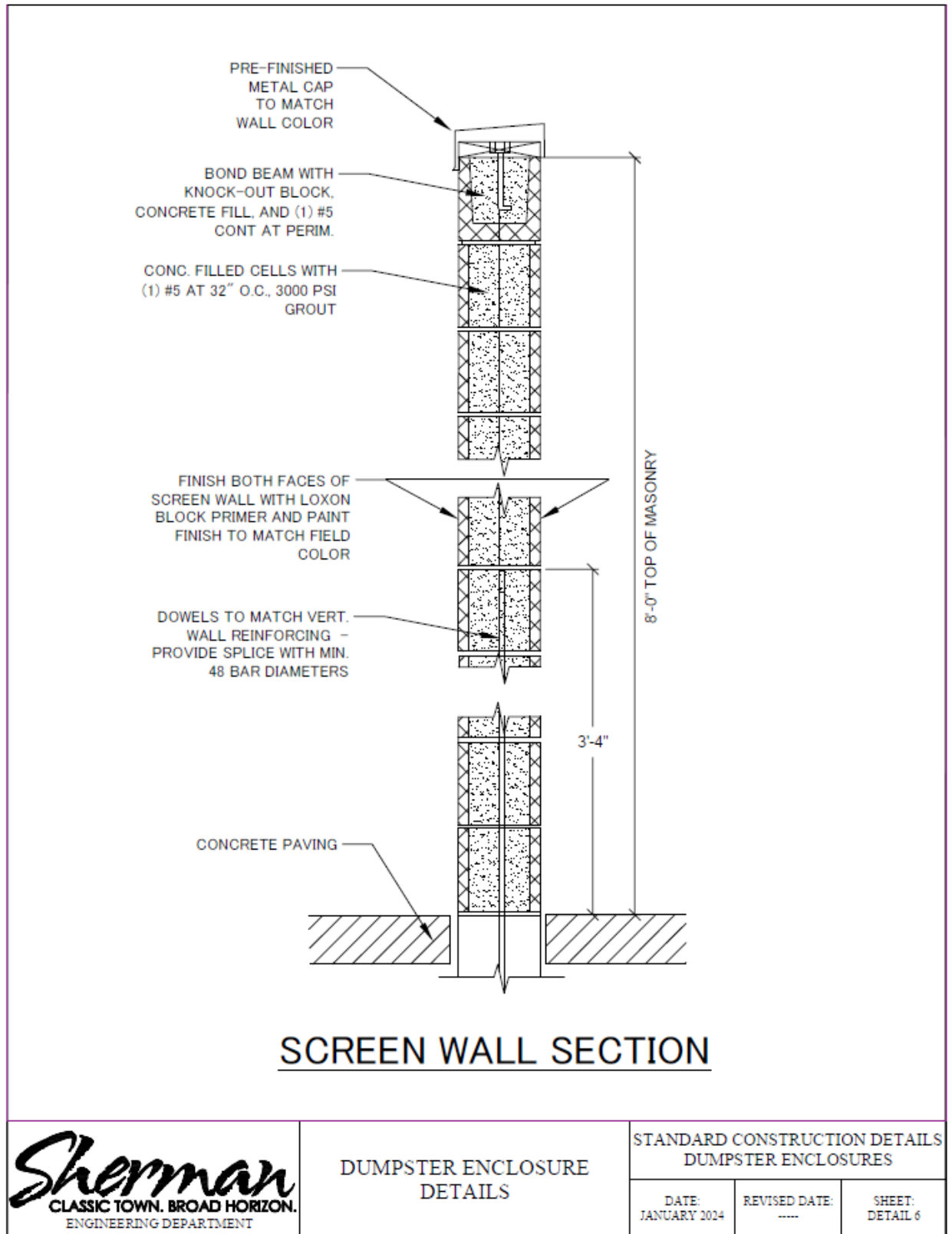


GATE LATCH DETAIL



GATE HINGE DETAIL

 Sherman CLASSIC TOWN. BROAD HORIZON. SOLID WASTE DEPARTMENT	GATE LATCH & HINGE N.T.S.	STANDARD CONSTRUCTION DETAILS DUMPSTER ENCLOSURES		
		DATE: SEPTEMBER 2023	REVISED DATE:	SHEET: DETAIL 5



(f) *Compactor Requirements.*

- (1) *The customer is responsible for providing a ¾" hose bib within 20 feet of the compactor enclosure. The hose bib shall meet all City plumbing code requirements.*
- (2) *In specific wet waste situations, the compactor site shall contain a minimum 12" by 12" screened sand or grit trap catch basin connected to a minimum 4" wastewater drain, which shall be connected to the City's sanitary sewer system.*
- (3) *Wastewater drain construction specifications shall comply with all City Code requirements.*

..."

SECTION 3: Penalty. Any person, firm, corporation or entity violating any provision of this Ordinance shall be deemed guilty of a misdemeanor, and on conviction thereof, shall be fined in an amount not exceeding FIVE HUNDRED DOLLARS (\$500.00), unless the violation relates to fire safety, zoning or public health and sanitation, in which case the fine amount shall not exceed TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00). A violation of any provision of this Ordinance shall constitute a separate violation for each calendar day in which it occurs. The penal provisions imposed under this Ordinance shall not preclude Sherman from filing suit to enjoin the violation. Sherman retains all legal rights and remedies available to it pursuant to local, state and federal law.

SECTION 4: Severability. Should any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional and/or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof, regardless of whether any one or more sections, subsections, sentences, clauses or phrases is declared unconstitutional and/or invalid.

SECTION 5: Repealing/Savings. The Code of Ordinances shall remain in full force and effect, save and except as amended by this or any other Ordinance. All provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent they are in conflict, but such repeal shall not abate any pending prosecution for violation of the repealed ordinance, nor shall the repeal prevent a prosecution from being commenced for any violation if occurring prior to the repeal of the ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

SECTION 6: Open Meeting. The meeting at which this Ordinance was introduced and passed was open to the public, and public notice of the time, place and purpose of said meeting was given all as required by law.

SECTION 7: Effective Date; Publication. This Ordinance shall become effective from and after its adoption and publication as required by law. The City Clerk is directed to publish the caption of this Ordinance as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this 3rd day of September 2024.

DAVID PLYLER, MAYOR

ATTEST:

LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM:
ABERNATHY, ROEDER,
BOYD & HULLETT, P.C.**

RYAN D. PITTMAN, CITY ATTORNEY



City Council Regular Meeting

Agenda Item No. E.5.

Meeting Date: 9/3/2024

Prepared By: Kylar Christison, Wastewater Project Manager

Approved By: Robby Hefton, City Manager

Caption:

INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6770

Amending the Code of Ordinances of the City of Sherman, Texas, Chapter 13 (Utilities), Article 13.09 (Service Fees); Modifying Certain Fees and Other Regulations Related to Laboratory Testing Fees, Industrial Pretreatment Program Administrative Fees, and Fats, Oil and Grease Program Administrative Fees; Providing a Penalty Clause with a Maximum Fine of \$2,000, Saving/Repealing Clause, Severability Clause and an Effective Date; Providing for the Publication of the Caption Hereof

Issue:

Amending Chapter 13 of the Code of Ordinances to modify fees and regulations relating to utility service fees.

Background:

The City of Sherman, Texas finds that it is necessary to amend Chapter 13 (Utilities), Article 13.09 (Service Fees) of the Code of Ordinances, City of Sherman, Texas to modify certain fees and regulations relating to utility service fees.

Origination:

City of Sherman Industrial Pretreatment and Utilities Laboratory Departments

Financial Consideration:

The change in fees is expected to generate the following:

\$24,000 increase in revenue based on the lab fees.

\$13,000 increase in revenue based on the IPT/FOG fees.

\$23,000 in lab analysis costs reimbursed by industries.

\$60,000 Total

Staff Recommendation:

Staff recommends Council approve this Ordinance

Alternatives:

As directed by Council

Attachments:

1. Ordinance No. 6770

ORDINANCE NO. 6770

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING THE CODE OF ORDINANCES OF THE CITY OF SHERMAN, TEXAS, CHAPTER 13 (UTILITIES), ARTICLE 13.09 (SERVICE FEES); MODIFYING CERTAIN FEES AND OTHER REGULATIONS RELATED TO LABORATORY TESTING FEES, INDUSTRIAL PRETREATMENT PROGRAM ADMINISTRATIVE FEES, AND FATS, OIL AND GREASE PROGRAM ADMINISTRATIVE FEES; PROVIDING A PENALTY CLAUSE WITH A MAXIMUM FINE OF \$2,000, SAVINGS/REPEALING CLAUSE, SEVERABILITY CLAUSE AND AN EFFECTIVE DATE; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW

WHEREAS, the City Council of the City of Sherman, Texas (“City Council”) finds that it is necessary to amend Chapter 13 (Utilities), Article 13.09 (Service Fees) of the Code of Ordinances, City of Sherman, Texas (“Code of Ordinance”) to modify certain fees and other regulations imposed by the City of Sherman, Texas (“City” or “Sherman”); and

WHEREAS, Sherman has complied with all legal notices and public hearing requirements as required by law; and

WHEREAS, the City Council finds that adopting this Ordinance promotes the health, safety and welfare of Sherman and is in the best interest of the citizens of Sherman.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1: Findings Incorporated. The findings set forth above are incorporated into the body of this Ordinance as if fully set forth herein.

SECTION 2: Amendment to Chapter 13 (Utilities) of the Code of Ordinances. Chapter 13 (Utilities) of the Code of Ordinances is hereby amended as follows¹:

“CHAPTER 13 UTILITIES

...

ARTICLE 13.09 SERVICE FEES

¹ Deletions are evidenced by ~~strikethrough~~; additions are *italicized*.

...

§ 13.09.002. Laboratory fees.

- (a) The following fee schedule is hereby adopted for laboratory fees:
 - (1) Biochemical oxygen demand (BOD5): ~~\$32.00~~ \$42.00.
 - (2) Carbonaceous BOD5: ~~\$33.00~~ \$42.00.
 - (3) Ammonia nitrogen (NH3N): ~~\$24.00~~ \$28.00.
 - (4) Total suspended solids (TSS): ~~\$16.00~~ \$22.00.
 - (5) ~~Volatile solids (VS)~~ *Volatile suspended solids (VSS)*: ~~\$16.00~~ \$22.00.
 - (6) Total coliform (TC): ~~\$21.00~~ \$25.00.
 - (7) ~~Fecal coliform (FC)~~: ~~\$38.00~~ *Reserved*.
 - (8) E. coli - MPN (EC): ~~\$35.00~~ \$38.00.
 - (9) ~~Total solids (TS)~~: ~~\$16.00~~ *Reserved*.
 - (10) ~~Turbidity~~: ~~\$15.00~~ *Reserved*.
- (b) The following schedule is hereby adopted for administrative fees:
 - (1) Cooler return fee: \$10.00.
- (c) The City reserves the right to establish user schedules, limit the number of analyses performed each day and refuse samples that do not meet prescribed sample acceptance policies.

...

§ 13.09.005. Industrial pretreatment program administrative fees.

- (a) The following is hereby adopted for industrial pretreatment program administrative fees:
 - (1) Fees will be assessed for any:
 - (A) Laboratory analyses;
 - (B) *Sampling*,
 - (C) *Inspections due to noncompliance; or*
 - (D) ~~sampling~~ Noncompliance activities performed by the City that:

- (i) The user has requested that are not a routine part of the City's program;
 - (ii) Are the result of noncompliance identified through program activities; or
 - (iii) The user fails to perform as required by permit, notice, agreement, administrative order or compliance schedule issued by the City.
- (2) Administrative fees include the following:
 - (A) Laboratory analyses.
 - (B) Charges to the user for all shipping, handling and analysis costs necessary to submit samples to a commercial laboratory for determining compliance with applicable requirements established by this Code.
 - (C) Inspections:
 - (i) Permitted users: ~~\$195.00~~ \$225.00.
 - (ii) Nonpermitted users: ~~\$95.00~~ \$105.00.
 - (D) Sampling:
 - (i) Grab sample: ~~\$55.00~~ \$60.00.
 - (ii) Composite sample: ~~\$210.00~~ \$235.00.
 - (iii) Split sampling fee: ~~\$105.00~~ \$85.00.
 - (E) Noncompliance remedies:
 - (i) Notice of deficiency: ~~\$50.00~~ \$55.00.
 - (ii) Notice of violation: ~~\$170.00~~ \$190.00.
 - (iii) Administrative orders: ~~\$330.00~~ \$375.00.
 - (iv) Compliance schedules: ~~\$330.00—\$740.00~~ \$375.00-\$820.00 (based on complexity and duration of schedule).
 - (v) Significant noncompliance: ~~\$380.00~~ \$445.00.
 - (vi) Refusal of access or unreasonable delay: ~~\$345.00~~ \$410.00.
- (b) Administrative fees will be assessed for wastewater surveys, discharge permits and special authorizations that are issued after the effective date of this section. These administrative fees include:

(1) Permits.

- (A) Categorical users - ~~existing renewal: \$215.00/year~~ ~~\$230.00/year~~
- (B) Categorical users - new: ~~\$285.00/year~~ ~~\$335.00/year~~.
- (C) Noncategorical users - ~~existing renewal: \$165.00/year~~ ~~\$170.00/year~~.
- (D) Noncategorical users - new: ~~\$185.00/year~~ ~~\$215.00/year~~.
- (E) Zero dischargers - ~~existing renewal: \$130.00/year~~ ~~\$135.00/year~~.
- (F) Zero dischargers - new: ~~\$225.00/year~~ ~~\$240.00/year~~.
- (G) *Non-significant categorical industrial user – renewal: \$125.00/year*
- (H) *Non-significant categorical industrial user – new: \$225.00/year*
- (I) Temporary users: ~~\$85.00/request~~ ~~\$95.00/request~~.
- (J) Permit modification (requested by user): ~~\$195.00/request~~ ~~\$225.00/request~~.

(2) Wastewater surveys.

- (A) 1st survey issued: No charge.
- (B) Additional surveys: ~~\$45.00/survey issued~~ ~~\$50.00/survey issued~~.

(3) Special requests.

- (A) Toxic organic management plan: ~~\$175.00/plan request~~ ~~\$210.00/plan request~~.
- (B) *Other best management practices: \$210.00/plan request.*
- (C) Request for permit variance: ~~\$60.00/request~~ ~~\$70.00/request~~.

- (c) The City reserves the right to assess other fees, fines or penalties as allowed by this Code.
- (d) The fees included herein are separate from all other fees, fines and penalties chargeable by the City.

§ 13.09.006. Fats, oil and grease program administrative fees.

- (a) The following is hereby adopted for fats, oil and grease (FOG) program administrative fees:
 - (1) Fees will be assessed for any laboratory analyses, inspections, sampling or noncompliance activities performed by the City that:

- (A) The user has requested that are not a routine part of the City's program;
 - (B) Are the result of noncompliance identified through program activities; or
 - (C) The user fails to perform as required by permit, notice, agreement, administrative order or compliance schedule issued by the City.
- (2) Administrative fees include the following:
 - (A) Laboratory analyses.
 - (B) Charges to the user for all shipping, handling and analysis costs necessary to submit samples to a commercial laboratory for determining compliance with applicable requirements established by this code.
 - (C) Inspections:
 - (i) Facility: ~~\$90.00~~ *\$105.00*.
 - (ii) Interceptor only: ~~\$75.00~~ *\$85.00*.
 - (D) Sampling:
 - (i) Grab sample: ~~\$45.00~~ *\$50.00*.
 - (ii) Split sampling fee: ~~\$45.00~~ *\$50.00*.
 - (E) Noncompliance remedies:
 - (i) Field notice of violation: ~~\$55.00~~ *\$60.00*.
 - (ii) Notice of violation: ~~\$70.00~~ *\$80.00*.
 - (iii) Administrative orders: ~~\$150.00~~ *\$170.00*.
 - (iv) Compliance schedule agreement: ~~\$220.00~~ *\$250.00*.
 - (v) Interceptor pump-out: Total invoice + 25%.
- (b) Administrative fees will be assessed for ~~plan reviews requiring interceptor sizing and~~ special authorizations that are issued after the effective date of this Section. These administrative fees include:
 - (1) Reserved Plan reviews.
 - (A) ~~—~~ New facility: \$115.00.
 - (B) ~~—~~ Existing facility: \$65.00.

(2) Special authorizations.

(A) ~~Alternate grease removal device~~ *Variance or exemption request:*
\$60.00/request.

~~(B) Self cleaner request new: \$30.00/approval.~~

~~(C) Self cleaner renewal request: \$10.00/year.~~

(c) The City reserves the right to assess other fees, fines or penalties as allowed by this Code.

(d) The, fees included herein are separate from all other fees, fines and penalties chargeable by the City.”

SECTION 3: Penalty. Any person, firm, corporation or entity violating any provision of this Ordinance shall be deemed guilty of a misdemeanor, and on conviction thereof, shall be fined in an amount not exceeding FIVE HUNDRED DOLLARS (\$500.00), unless the violation relates to fire safety, zoning or public health and sanitation, in which case the fine amount shall not exceed TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00). A violation of any provision of this Ordinance shall constitute a separate violation for each calendar day in which it occurs. The penal provisions imposed under this Ordinance shall not preclude Sherman from filing suit to enjoin the violation. Sherman retains all legal rights and remedies available to it pursuant to local, state and federal law.

SECTION 4: Severability. Should any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional and/or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof, regardless of whether any one or more sections, subsections, sentences, clauses or phrases is declared unconstitutional and/or invalid.

SECTION 5: Repealing/Savings. The Code of Ordinances shall remain in full force and effect, save and except as amended by this or any other Ordinance. All provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent they are in conflict, but such repeal shall not abate any pending prosecution for violation of the repealed ordinance, nor shall the repeal prevent a prosecution from being commenced for any violation if occurring prior to the repeal of the ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

SECTION 6: Open Meeting. The meeting at which this Ordinance was introduced and passed was open to the public, and public notice of the time, place and purpose of said meeting was given all as required by law.

SECTION 7: Effective Date; Publication. This Ordinance shall become effective from and after its adoption and publication as required by law. The City Clerk is directed to publish the caption of this Ordinance as required by law.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
SHERMAN, TEXAS on this ____ day of _____, 2024.**

DAVID PLYLER, MAYOR

ATTEST:

LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM:
ABERNATHY, ROEDER,
BOYD & HULLETT, P.C.**

RYAN D. PITTMAN, CITY ATTORNEY



City Council Regular Meeting

Agenda Item No. E.6.

Meeting Date: 9/3/2024

Prepared By: Mary Lawrence, Chief Financial Officer

Approved By: Robby Hefton, City Manager

Caption:

INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6771

Consider all Matters Relating to the Greater Texoma Utility Authority Contract Revenue Bonds, Series 2024A (City of Sherman Project); and Approving the Issuance thereof and the Facilities to be Constructed or Acquired by such Authority

Issue:

Consider all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2024A (City of Sherman Project)", including the adoption of an ordinance approving the issuance thereof and the facilities to be constructed or acquired by such Authority

Background:

City staff approached GTUA requesting funding assistance for several upcoming capital improvement projects. The projects are listed below.

Project Name	Amount
1a South WWTP MBR	\$57,000,000
1b South WWTP MBR	5,600,000
Choctaw Creek Wastewater Interceptor - TI & OB Groner	3,000,000
Dripping Springs Road 6" to 12"	250,000
East Side Lift Station	750,000
Groundwater Deep well pump/motor replacement	400,000
Heritage Ranch Sewer	400,000
Lake Texoma Backup Generator	400,000
Lead & Copper Rule Revision (LCRR)	270,000
Luella 4T Groundwater Well Site	400,000
Post Oak WWTP	330,000
Post Oak WWTP Upgrades	250,000
Program Management	7,200,000
Rehab Clarifier #3	120,000
Shepherd Road Water line 2" to 6"	400,000
Sherman Street	320,000
Stephens Road Ground Storage Tank and Pump Station	2,600,000

WTP Chemical Room	250,000
WTP Facility Upgrades to building	320,000
WWTP Re-use Design	2,000,000
Grand Total	\$82,260,000

Origination:

Paul Sigle, GTUA General Manager

Kristen Savant, Partner in Norton Rose Fulbright US LLP (GTUA's Bond Counsel)

Garry Kimball, Specialized Public Finance (GTUA's Financial Advisor)

Financial Consideration:

The cost of issuance of about \$750,000 is included in the bonds. Debt service on these bonds will be paid by the City to GTUA in accordance with the Contract for Water Supply and Sewer Service between the two entities. Funds for this contractual debt repayment are generated through the City's water and sewer rates.

Staff Recommendation:

It is recommended that the ordinance be approved as presented, confirming GTUA's issuance of these bonds.

Alternatives:

No alternatives as the Bond Purchase Agreement has been signed by GTUA.

Attachments:

1. Ordinance No. 6771
2. GTUA SHERMAN REV 2024A - Executed Bond Resolution (ID 412784)
3. GTUA SHERMAN REV 2024A - Executed Pricing Certificate (ID 412785)

ORDINANCE NO. 6771

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, CONSIDER ALL MATTERS RELATING TO THE GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2024A (CITY OF SHERMAN PROJECT); AND APPROVING THE ISSUANCE THEREOF AND THE FACILITIES TO BE CONSTRUCTED OR ACQUIRED BY SUCH AUTHORITY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW

WHEREAS, the Greater Texoma Utility Authority (the "Authority") and the City of Sherman, Texas (the "City"), have previously executed and delivered a Contract for Water Supply and Sewer Service, dated as of March 1, 1985 (the "Contract"), as amended, whereby the Authority is to provide water and sewer facilities to the City; and

WHEREAS, under Section 4.15 of the Contract, it is provided that the City shall approve (i) the issuance by the Authority of any bonds that are to be payable (in whole or in part) from certain moneys that the City has contracted to pay under the provisions of the Contract, and (ii) the facilities to be constructed, acquired and improved; and

WHEREAS, it is now appropriate for this Council to approve the issuance and delivery of the Bonds, the Resolution of the Authority authorizing the Bonds (the "Bond Resolution"), together with the Pricing Certificate, dated August 28, 2024, executed pursuant to the Bond Resolution (the "Pricing Certificate"), and the project described in the Bond Resolution (the "Series 2024A Project"); now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1: The facilities to be constructed, acquired, and improved by the Authority with the proceeds of the Bonds as described in the Bond Resolution are hereby approved. The issuance of the Bonds by the Authority and the use of the proceeds thereof, as described in the Bond Resolution, is hereby approved. The Bond Resolution and the Pricing Certificate are approved as to form and content, and the City acknowledges that the payment of principal of and interest on the Bonds is payable, in whole or in part, from payments to be made by the City under and pursuant to the Contract. The City Manager is authorized to execute any documents or certifications necessary to accomplish the delivery of the Bonds.

SECTION 2: It is the purpose and intent of the City Council of the City to approve the Official Statement (with respect to the information contained therein with respect to the City).

SECTION 3: It is the purpose and intent of the City Council of the City to approve the Bond Resolution, and the facilities to be constructed, acquired, and improved in full accordance with the provisions of the Contract mentioned in the preamble hereof. To the extent required by the purchaser of the Bonds or the Office of the Attorney General of Texas, the Authority is

authorized by this City Council to make changes and revisions to the Bond Resolution from the form approved by this Ordinance in order to expedite the delivery of the Bonds. It is the intent of the City to authorize the Authority to proceed with the construction, acquisition, and improvement of the facilities at the earliest possible date, but nothing herein shall be construed as a limitation upon the right and power of the City to approve a change in the facilities for which the Bonds are to be issued (but not the purpose for which the Bonds are to be issued as set forth in the Bond Resolution), the City specifically reserving the right to modify the facilities for which the Bonds are being issued if the Authority and the City agree such modification should be made.

SECTION 4: In order to assist the Authority in complying with Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the “Rule”), the City covenants and agrees as follows:

(a) Annual Information. The City will provide to the Authority, no later than March 1 of each year (or such other date as may be agreed to by the City and the Authority, while the City is an “obligated person” under the Rule), the information with respect to the City described in Tables 1 through 11 appearing in the Official Statement and Appendix C to the Official Statement relating to the Bonds. Any financial statements to be provided pursuant to this Section shall be (i) prepared in accordance with the accounting principles described in Appendix C to the Official Statement, (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not completed within such period, then the City shall provide notice to the Authority that the audited financial statements are not available and shall provide unaudited financial statements for the applicable fiscal year to the Authority by the required time. Thereafter, when and if audited financial statements are available, the City shall provide such audited financial statements as required to the Authority.

If the City’s fiscal year end differs from the Authority’s fiscal year end, the City shall provide the most recent year end annual information as well as cumulative current year to date information. The City shall notify the Authority if the City changes its fiscal year.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Web site or filed with the SEC.

The City will notify the Authority as soon as possible if the information required by this Section cannot be provided in the above-specified time frame.

(b) Notice of Certain Events. To the extent applicable to the City as an “obligated person” under the Rule and in connection with the Bonds, the City agrees to notify the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;

- difficulties;
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) Substitution of credit or liquidity providers, or their failure to perform;
 - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (7) Modifications to rights of holders of the Bonds, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) Defeasances;
 - (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (11) Rating changes;
 - (12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
 - (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
 - (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(c) Accuracy and Completeness. The City warrants that all information provided by it to the Authority pursuant to this Section will be accurate in all material respects to the best of its knowledge and belief. The City will provide the Authority with such information as the

Authority may reasonably request to confirm the accuracy and completeness of any information provided by the City pursuant to this Section. If the Authority thereafter has reasonable grounds to question the completeness or accuracy of such information, the City will afford the Authority and its attorneys and agents, at the expense of the Authority, reasonable access to any and all records, documents, contracts, and other information which is in the custody or control of the City to confirm such accuracy and completeness. The Authority and its attorneys and agents shall maintain the confidentiality of all such information; unless required to be provided by the Authority to the MSRB, and except as otherwise provided by law. The City shall not be required to provide information or to allow access to its records which exceeds the standards applicable to a due diligence inquiry in the preparation of an official statement in connection with the sale of Bonds or any Additional Bonds by the Authority.

(d) Limitations, Disclaimers and Amendments. (1) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Authority and the City each remain an Obligated Person, provided that the Authority and the City in any event will give notice of any payment or deposit of funds by either of such parties that causes the Bonds to be retired and defeased.

(2) The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Authority and the City undertake to provide only the financial information, operating data, financial statements and notices which it has expressly agreed to provide pursuant to this Section and do not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Authority's or the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. Neither the Authority nor the City make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(3) UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT, OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(4) The provisions of this Section may be amended by the City (with the written approval of the Authority) from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by

provisions of the Bond Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. If the provisions of this Section are so amended, the Authority shall include with any amended financial information or operating data next provided in accordance with the Bond Resolution an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

(e) Remedies. In the event the City fails or refuses to provide the information required by paragraphs (a) and (b) hereof, the Authority may enforce its right hereunder by an action for mandamus or specific performance; provided, however, before enforcing such remedies, the Authority shall give the City notice as provided herein and a reasonable opportunity to provide the requested information.

SECTION 5: Reporting of Significant Events. (1) Upon the occurrence of any of the events described below, the City will promptly notify the Authority and provide information requested by the Authority pertaining to (i) an action, suit or other formal proceeding at law or in equity, against the City that would materially and adversely affect the City's financial condition or its ability to make payments under the Contract and (ii) any change in the City's financial condition or financing arrangements that would materially and adversely affect the City's financial condition or its ability to make payments under the Contract.

SECTION 6: The findings and determinations of the City Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 7: It is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public as required by law and that public notice of the time, place, and purpose of said meeting was given as required.

SECTION 8: This Ordinance shall be effective from and after its adoption, and it is so resolved.

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DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS.

INTRODUCED on this the 3rd day of September 2024.

ADOPTED on this the 3rd day of September 2024.

EFFECTIVE DATE on this the 3rd day of September 2024.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

A RESOLUTION by the Board of Directors of the Greater Texoma Utility Authority authorizing the issuance of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2024A (City of Sherman Project)"; pledging the Pledged Revenue to the payment of the principal of and interest on said Bonds; delegating matters relating to the issuance, sale, and delivery of said Bonds to authorized Authority officials; and resolving other matters incident and related thereto

WHEREAS, the Board of Directors of the Greater Texoma Utility Authority (the "Authority") has determined that Bonds should be authorized at this time to provide funding for the Series 2024A Project more fully described in Section 1 hereof; and

WHEREAS, the Authority shall by this Resolution, in accordance with the provisions of Chapter 1371, Texas Government Code, as amended, delegate to a Pricing Officer (hereafter designated) the authority to determine the principal amount of Bonds to be issued and negotiate the terms of sale thereof; and

WHEREAS, the Board of Directors of the Authority has determined that the Bonds herein authorized may and shall be issued as Additional Bonds (herein defined) on a parity with the Outstanding Previously Issued Bonds (herein defined) in that:

(a) The Authority is not now in default as to any covenant, condition or obligation contained in the Contract (as hereinafter defined) and the resolutions authorizing the issuance of Outstanding Previously Issued Bonds;

(b) The City of Sherman, Texas, will approve the resolution authorizing the issuance of the Bonds as to form and content and will acknowledge that payment of principal and interest on the Bonds will be made, in whole or in part, by the City of Sherman, Texas, under and pursuant to the Contract;

(c) A consulting engineer will certify to the Authority the need for an estimated amount of additional financing required for completion, expansion, enlargement or improvement of the Project (herein defined);

(d) The Bonds herein authorized shall mature on April 1 and/or October 1 in each of the years in which they are scheduled to mature as provided in the Pricing Certificate;

(e) As provided herein, deposits to the Bond Fund will be sufficient to pay principal of and interest on the Bonds herein authorized as the same become due;

(f) As provided herein, the amount to be accumulated and maintained in the Reserve Fund will be in an amount equal to not less than the average annual requirement (calculated on a Fiscal Year basis) of all Outstanding Bonds Similarly Secured as of the date of the last series of Bonds Similarly Secured after giving effect to the issuance of the Bonds for the payment of principal of and interest on all obligations to be secured by a first lien on and pledge of the Pledged Revenues, and any additional amount to be maintained in the Reserve Fund shall be accumulated within not more than 60 months from the date of the passage of this Resolution; and;

(g) The Authority will demonstrate to the Texas Water Development Board's Executive Administrator that the Pledged Revenues will be sufficient to pay the Previously Issued Bonds and the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GREATER TEXOMA UTILITY AUTHORITY:

SECTION 1: Authorization - Designation - Principal Amount – Purpose – Bond Date. Revenue bonds of the Authority shall be and are hereby authorized to be issued in the maximum aggregate principal amount hereinafter set forth to be designated and bear the title "GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2024A (CITY OF SHERMAN PROJECT)" (herein referred to as the "Bonds"), for the construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), and the acquisition of land and rights-of-way necessary therefor or incidental thereto, and for the purpose of funding the portion of the Required Reserve Fund Amount attributable to the Bonds and the payment of all costs incident and related to the acquisition and financing thereof, and the purpose of funding the portion of the Required Reserve Fund Amount attributable to the Bonds, pursuant to authority conferred by and in conformity with the Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 and Chapter 1371, Texas Government Code, as amended. The Bonds shall be dated (the "Bond Date") as provided in the Pricing Certificate.

SECTION 2: Fully Registered Obligations - Terms. The Bonds shall be issued as fully registered obligations, without coupons, and the Bonds (other than the Initial Bond(s) referenced in Section 8 hereof) shall be in denominations of \$5,000 or any integral multiple (within a Stated Maturity) thereof, shall be lettered "R" and numbered consecutively from One (1) upward and principal shall become due and payable on a date certain in each of the years and in amounts (the "Stated Maturities") and bear interest at the rate(s) per annum in accordance with the details of the Bonds as set forth in the Pricing Certificate.

The Bonds shall bear interest on the unpaid principal amounts from the date specified in the Pricing Certificate at the rate(s) per annum shown in the Pricing Certificate (calculated on the basis of a 360-day year consisting of twelve 30-day months). Interest on the Bonds shall be payable in each year, on the dates, and commencing on the date, set forth in the Pricing Certificate.

SECTION 3: Delegation of Authority to Pricing Officer.

(a) As authorized by Texas Government Code, Chapter 1371, as amended, the General Manager or President of the Board of Directors (either the "Pricing Officer") is hereby authorized to act on behalf of the Authority in selling and delivering the Bonds and carrying out the other procedures specified in this Resolution, including, determining the aggregate original principal amount of the Bonds, the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the manner of sale (negotiated, privately placed or competitively bid), the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the interest payment dates, the price and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Authority, as well as any mandatory sinking fund redemption provisions, the designation of a Paying Agent/Registrar, and all other matters relating to the issuance, sale, and delivery of the Bonds, including any modification of the

Rule 15c2-12 continuing disclosure undertaking contained in Section 39 hereof, all of which shall be specified in the Pricing Certificate; provided that:

- (i) the aggregate original principal amount of the Bonds shall not exceed \$99,500,000;
- (ii) the true interest cost rate for the Bonds shall not exceed the highest rate permitted by law; and
- (iii) the maximum maturity date of the Bonds shall be October 1, 2054.

The execution of the Pricing Certificate shall evidence the sale date of the Bonds by the Authority to the Purchasers (hereinafter defined).

(b) The delegation made hereby shall expire if not exercised by the Pricing Officer on or prior to 365 days from the date hereof.

SECTION 4: Terms of Payment - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the registration and transfer books (the "Security Register") maintained by the Paying Agent/Registrar, and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of the Paying Agent/Registrar for the Bonds shall be as provided in the Pricing Certificate. Books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the Authority by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement," substantially in the form attached hereto as Exhibit A and such reasonable rules and regulations as the Paying Agent/Registrar and the Authority may prescribe. The Pricing Officer is hereby authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Bonds. The Authority covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution, or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the Authority agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or the redemption thereof, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated office specified in the Pricing Certificate or such other office as shall be designated from time to time by the Paying Agent/Registrar, or its successors (the "Designated Payment/Transfer Office"). Interest on each Bond shall be paid to the Holder whose name appears in the Security Register at the close of business on the Record Date (the fifteenth (15th) day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the

address of the Holder recorded in the Security Register, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 5: Registration - Transfer - Exchange of Bonds - Predecessor Bonds. A Security Register relating to the registration, payment, and transfer or exchange of the Bonds shall at all times be kept and maintained by the Authority at the Designated Payment/Transfer Office of the Paying Agent/Registrar, and also at a location within the State of Texas, as provided herein and in accordance with rules and regulations as the Paying Agent/Registrar and the Authority may prescribe. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each and every owner of the Bonds issued under and pursuant to the provisions of this Resolution, or if appropriate, the nominee thereof. Any Bond may be transferred or exchanged for Bonds of other authorized denominations by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Bond (other than the Initial Bond(s) authorized in Section 8 hereof) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of authorized denominations and having the same Stated Maturity and being of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond(s) authorized in Section 8 hereof) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and being of a like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds to the Holder requesting the exchange.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States mail, first class postage prepaid, to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the Authority, evidencing the same obligation to pay,

and entitled to the same benefits under this Resolution, as the Bonds surrendered in such transfer or exchange.

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

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to the provisions of Section 30 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the Authority nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Holder any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for the redemption of such Bond; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

SECTION 6: Book-Entry-Only Transfers and Transactions. Notwithstanding the provisions contained in this Resolution relating to the payment and transfer/exchange of the Bonds, the Authority hereby approves and authorizes the use of the "Book-Entry Only" securities clearance, settlement, and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in a Blanket Issuer Letter of Representations by and between the Authority and DTC (the "Depository Agreement").

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

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general, the Authority covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 4 and 5 hereof.

SECTION 7: Execution - Registration. The Bonds shall be executed on behalf of the Authority by the President or Vice President of the Board of Directors under its seal reproduced or impressed thereon and attested by the Secretary or Assistant Secretary of the Board of

Directors. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Authority on the date of the adoption of this Resolution shall be deemed to be duly executed on behalf of the Authority, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial Holders and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in the Public Security Procedures Act, Texas Chapter 1201, Government Code, as amended.

No Bond shall be entitled to any right or benefit under this Resolution, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 9(c), manually executed by the Comptroller of Public Accounts of the State of Texas or his or her duly authorized agent, or a certificate of registration substantially in the form provided in Section 9(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate upon any Bond duly signed shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

SECTION 8: Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered bond in the aggregate principal amount of the Bonds with principal installments to become due and payable as provided in the Pricing Certificate and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas, and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9: Forms.

(a) **Forms Generally.** The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to appear on the Initial Bond(s), the Registration Certificate of Paying Agent/Registrar to appear on the definitive Bonds, and the form of Assignment to appear on each of the Bonds shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Resolution, and the Bonds may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Bonds are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the Authority or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds and the Initial Bond(s) shall be printed, lithographed, engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

(b) Form of Definitive Bond.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTIES OF GRAYSON, COLLIN, FANNIN AND COOKE
GREATER TEXOMA UTILITY AUTHORITY
CONTRACT REVENUE BONDS, SERIES 2024A
(CITY OF SHERMAN PROJECT)

Bond Date:

Interest Rate:
_____ %

Stated Maturity:
_____ 1, 20__

CUSIP NO.

Registered Owner:

Principal Amount:

DOLLARS

The Greater Texoma Utility Authority (hereinafter referred to as the "Authority"), for value received, hereby promises to pay to the Registered Owner named above (the "Holder") or the registered assigns thereof, solely from the revenues hereinafter identified, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is the delivery date of this Bond (or its Predecessor Bond) to the initial Holder, in which case it shall bear interest from the _____) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on _____, and each April 1 and October 1 thereafter until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or date of redemption to the Holder hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of _____, the Paying Agent/Registrar, or its successor. Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the fifteenth (15th) day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

If the date for payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$_____ (herein referred to as the "Bonds") for the purpose of providing funds for the construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas, and the acquisition of land and rights-of-way necessary therefor or incidental thereto, and for the purpose of funding the portion of the Required Reserve Fund Amount attributable to the Bonds and the payment of all costs incident and related to the acquisition and financing thereof, pursuant to authority conferred by and in conformity with the Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 and Chapter 1371, Texas Government Code, as amended, and pursuant to a Resolution adopted by the Board of Directors of the Authority (herein referred to as the "Resolution").

The Bonds maturing on and after _____, may be redeemed prior to their Stated Maturities, at the option of the Authority, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected by lot by the Paying Agent/Registrar) on _____, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

Not fewer than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the Authority and at the Authority's expense, to each Registered Owner of a Bond to be redeemed and subject to the terms and provisions relating thereto contained in the Resolution. If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed.

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

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

The Bonds constitute special obligations of the Authority, and, together with the outstanding Previously Issued Bonds and any Additional Bonds, if issued, are payable as to principal and interest solely from and equally secured by a first lien on the Pledged Revenue of the Authority (identified and defined in the Resolution, and including revenues to be received under and pursuant to a Contract For Water Supply and Sewer Service between the Authority and the City of Sherman, Texas, dated as of March 1, 1985, together with all amendments thereto). Reference is hereby made to the Resolution, copies of which are on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the revenues pledged for the payment of the Bonds; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Authority and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be discharged at or prior to its maturity, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein have the same meanings assigned in the Resolution.

The Authority expressly reserves the right to issue further and additional revenue bond obligations in all things on a parity with the Bonds and the Previously Issued Bonds, payable solely from and equally secured by a first lien on the Pledged Revenue described above; provided, however, that any and all such Additional Bonds may be so issued only in accordance with and subject to the covenants, conditions, limitations and restrictions relating thereto which are set out and contained in the Resolution, to which reference is hereby made for more complete and full particulars.

The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

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

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

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to or in the issuance of this Bond in order to render the same a legal, valid and binding obligation of the Authority have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that the issuance of the Bonds does not exceed any constitutional or statutory limitation. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Board of Directors of the Authority has caused this Bond to be duly executed under the official seal of the Authority.

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(SEAL)

(c) Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS

THE STATE OF TEXAS

(
(
(
(

REGISTER NO. _____

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

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(d) Form of Certificate of Paying Agent/Registrar to appear on the definitive Bonds.

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

The principal office of the Paying Agent/Register in _____ is the "Designated Payment/Transfer Office" for this Bond.

_____,
as Paying Agent/Registrar

Registration Date:

By: _____
Authorized Signature

(e) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto
(Print or typewrite name, address, and zip code of transferee:) _____

(Social Security or other identifying number: _____) the within Bond and all
rights thereunder, and hereby irrevocably constitutes and appoints _____

attorney
to transfer the within Bond on the books kept for registration thereof, with full power of substitution
in the premises.

DATED: _____

Signature guaranteed:

NOTICE: The signature on this assignment must
correspond with the name of the registered owner
as it appears on the face of the within Bond in
every particular.

(f) The Initial Bond(s) shall be in the form set forth in paragraph (b) of this Section,
except that the form of a single fully registered Initial Bond shall be modified as follows:

REGISTERED
NO. T-1

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTIES OF COOKE, FANNIN, GRAYSON AND COLLIN
GREATER TEXOMA UTILITY AUTHORITY
CONTRACT REVENUE BONDS, SERIES 2024A
(CITY OF SHERMAN PROJECT)

Bond Date: _____

Registered Owner:

Principal Amount:

The Greater Texoma Utility Authority (hereinafter referred to as the "Authority"), for value
received, hereby promises to pay to the Registered Owner named above (the "Holder") or the
registered assigns thereof, solely from the revenues hereinafter identified, on _____ in each
of the years and in principal amounts and bearing interest at per annum rates in accordance with
the following schedule:

<u>YEAR</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>INTEREST RATE</u>
-------------	-----------------------------------	--------------------------

(Information to be inserted from schedule in the Pricing Certificate)

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is the delivery date of this Bond (or its Predecessor Bond) to the initial Holder, in which case it shall bear interest from the _____) at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on _____, and each April 1 and October 1 thereafter until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or redemption to the Holder hereof by _____ (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in _____ (the "Designated Payment/Transfer Office"), or its successor. Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the fifteenth (15th) day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

SECTION 10: Certain Definitions. In addition to terms defined elsewhere in this Resolution, for all purposes of this Resolution and in particular for clarity with respect to the issuance of the Bonds and the pledge and appropriation of the Pledged Revenue therefor, the following definitions are provided:

(a) The term "Additional Bonds" shall mean parity revenue bonds issued in accordance with the terms and conditions prescribed in Section 19 hereof.

(b) The term "Authorized Investments" shall mean the obligations identified in the "Public Funds Investment Act" (Texas Government Code, Chapter 2256), as amended.

(c) The term "Bonds" shall mean the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2024A (City of Sherman Project)" authorized by this Resolution.

(d) The term "Bonds Similarly Secured" shall mean the Bonds, the Previously Issued Bonds, and Additional Bonds.

(e) The term "Contract" or "Contract for Water Supply and Sewer Service" shall mean that certain contract, dated as of the 1st day of March, 1985, by and between the Authority and the City of Sherman, Texas, together with amendments and supplements thereto (which by the term of such instrument is designated as a supplement to such Contract), a conformed copy of such Contract being attached hereto as Exhibit B for the purposes of identification only.

(f) The term "Cost of the Project" shall have the meaning assigned such term in Section 1.01 of the Contract.

(g) The term "Fiscal Year" shall mean the twelve month operational period of the Authority commencing October 1 of each year; provided, however, the Authority may change the fiscal year to another period of not less than twelve (12) calendar months but in no event may the fiscal year be changed more than one time in any three calendar year period.

(h) The term "Government Obligations" as used herein, unless otherwise provided in the Pricing Certificate, means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the Authority, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the Authority, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other authorized securities or obligations under applicable laws of the State of Texas that may be used to defease obligations such as the Bonds.

(i) The term "Maintenance and Operation Expense of the Project" shall have the meaning assigned such term in Section 1.01 of the Contract.

(j) The term "Outstanding" shall mean when used in this Resolution with respect to Bonds or Bonds Similarly Secured, as of the date of determination, all Bonds or Bonds Similarly Secured theretofore issued and delivered, except:

(i) those Bonds or Bonds Similarly Secured canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(ii) those Bonds or Bonds Similarly Secured paid or deemed to be paid in accordance with the provisions of Section 27 hereof; and

(iii) those Bonds or Bonds Similarly Secured that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 30 hereof or similar provisions with respect to Bonds Similarly Secured.

(k) The term "Pledged Revenue" shall mean (i) the amount received by the Authority as monthly amortization payments by reason of Section 3.01 (a) of the Contract, less the fees and charges of the Paying Agent/Registrar with respect to Bonds Similarly Secured, plus (ii) the amounts deposited into the Bond Fund reaffirmed by Section 12(b) of this Resolution, and the Reserve Fund reaffirmed by Section 12(c) of this Resolution; plus (iii) any amounts on deposit in any construction fund, created and established by a resolution authorizing the issuance of the Bonds or Bonds Similarly Secured, pending the application of such money for the payment of the Cost of a Project.

(l) The term "Previously Issued Bonds" shall mean the Outstanding (1) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2006 (City of Sherman Project)," (2) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2013A (City of Sherman Project)," (3) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014 (City of Sherman Project)," (4) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015

(City of Sherman Project)," (5) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015A (City of Sherman Project)," (6) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015B (City of Sherman Project)," (7) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2017 (City of Sherman Project)," (8) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2017A (City of Sherman Project)," (9) "Greater Texoma Utility Authority Contract Revenue and Refunding Bonds, Series 2019 (City of Sherman Project)," (10) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2019A (City of Sherman Project)," (11) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2020 (City of Sherman Project)," (12) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2021 (City of Sherman Project)," (13) "Greater Texoma Utility Authority Contract Revenue Refunding Bonds, Series 2021 (City of Sherman Project)," (14) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (City of Sherman Project)," (15) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2023 (City of Sherman Project)," (16) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2023A (City of Sherman Project) and (17) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2024 (City of Sherman Project) heretofore issued which are in every respect on a parity with the Bonds.

(m) The term "Project" shall mean, with respect to the Bonds Similarly Secured, collectively, the projects described as such in the resolutions of the Authority that have from time to time authorized the issuance of Bonds Similarly Secured by the Authority for the financing of such projects.

(n) The term "Series 2024A Project" shall mean, with respect to the Bonds, the project described in Section 1 hereof.

SECTION 11: Pledge. The Authority hereby covenants and agrees that all of the Pledged Revenue is hereby irrevocably pledged for the payment of the Bonds Similarly Secured, and the interest thereon, and it is hereby declared and resolved that the Bonds Similarly Secured and the interest thereon shall constitute a first lien upon said Pledged Revenue.

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

SECTION 12: Fund Designations. The Authority hereby covenants and agrees with the Holders of the Bonds Similarly Secured that all income, receipts and revenues derived from the operation and ownership of the Project shall be kept separate from other funds or accounts of the Authority. To that end, the following special Funds (herein so called) were created and established by a resolution authorizing Previously Issued Bonds and shall exist and govern the application of the Pledged Revenue while the Bonds Similarly Secured are Outstanding, to wit:

(a) Greater Texoma Utility Authority Revenue Fund, hereinafter called the "Revenue Fund." This Fund shall be kept in a depository of the Authority.

(b) Greater Texoma Utility Authority Bond Interest and Sinking Fund, hereinafter called the "Bond Fund." This Fund shall be deposited with a depository of the Authority as trustee of the Pledged Revenue, and moneys deposited therein shall be used to pay principal of and interest on Bonds Similarly Secured when and as the same shall become due and payable.

(c) Greater Texoma Utility Authority Bond Reserve Fund, hereinafter called the "Reserve Fund." This Fund shall be deposited with a depository of the Authority and money deposited therein shall be used to pay the principal of and interest on Bonds Similarly Secured falling due at any time where there is insufficient money available in the Bond Fund.

SECTION 13: Revenue Fund. All revenues and income of any kind or character received by the Authority by reason of (i) its ownership of all or a part of the Project, (ii) the operation of the Project, or (iii) the Contract, shall be deposited in the Revenue Fund.

In the event money is deposited in the Revenue Fund from sources other than those specified in Section 3.01 of the Contract, then such money may be invested or reinvested or placed on time deposit in the same manner as the Reserve Fund pending its application to the reduction of payments that would otherwise be required to be made by the City under Section 3.01 of the Contract. Investment income and profits from the investment of the Revenue Fund shall be retained therein until used as provided in this Section.

Money in the Revenue Fund shall be used in the following order of priority:

1. Payments into the Bond Fund, as provided by Section 14;
2. Payments into the Reserve Fund, as provided by Section 15;
3. The curing of any deficiencies, as provided by Section 16;
4. The payment of other costs of the Project including maintenance and operation expenses not paid by the Authority and those purposes for which provision is made by Section 3.01(c) through 3.01(e) of the Contract; and
5. Applied as provided in Section 17.

SECTION 14: Bond Fund. The Authority hereby covenants and agrees to deposit to the credit of the Bond Fund amounts sufficient to pay the principal of and interest on the outstanding Bonds Similarly Secured as the same becomes due. There shall be deposited into the Bond Fund, by reason of the issuance of the Bonds, from the Pledged Revenue on deposit in the Revenue Fund (i) beginning on or before the twenty-fifth (25th) day of the month next following delivery of the Bonds and on or before the twenty-fifth (25th) day of each following month until and including the first interest payment date, an amount equal to not less than the fractional amount required in order to have the amount of the first installment of interest on deposit by the twenty-fifth (25th) day of the month next preceding the first interest payment date, and thereafter on the twenty-fifth (25th) day of each following month, an amount equal to not less than one sixth (1/6) of the next installment of interest; (ii) beginning on or before the twenty-fifth (25th) day of the month next following delivery of the Bonds, and on or before the twenty-fifth (25th) day of each following month until and including the first principal payment date, an amount equal to not less than the fractional amount required in order to have the amount of the first installment of principal on deposit by the twenty-fifth (25th) day of the month preceding the first principal payment date,

and thereafter on or before the twenty-fifth (25th) day of each month, an amount equal to one twelfth (1/12) of the next annual principal payment to become due on the Bonds.

The amounts required to be so deposited shall take into account amounts already on deposit in the Bond Fund.

The monthly deposits to the Bond Fund for the payment of principal and interest on the Bonds shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Bond Fund is equal to the amount required to pay all Outstanding Bonds Similarly Secured (principal and interest) for which said Fund was created and established or (ii) the Bonds Similarly Secured payable therefrom are no longer Outstanding.

Moneys on deposit in the Bond Fund may be invested, to the extent such investments are Authorized Investments, in United States Treasury bills, in similar direct obligations of the United States of America, or in certificates of deposit of any bank that is a member of the Federal Deposit Insurance Corporation (which are fully secured by a pledge of direct obligations of, or obligations of which the principal and interest are guaranteed by, the United States of America to the extent such certificates are not insured) maturing at such dates and in such manner as will provide cash to discharge interest and/or principal payments on Bonds Similarly Secured when and as the same become due.

Investment income and profits realized from the investment of the Bond Fund shall be retained therein until used as provided in this Section. Accrued interest, if any, shall be deposited into the Bond Fund.

SECTION 15: Reserve Fund. Upon the delivery of the Bonds, amounts on deposit in the Reserve Fund, allocated as a part of the Reserve Fund for the security of "Bonds Similarly Secured" under the resolutions authorizing the issuance of such Bonds Similarly Secured (including amounts held in the Reserve Fund by reason of the issuance of the Previously Issued Bonds) shall continue to be held as a part of the Reserve Fund for the security and payment, if required, of Bonds Similarly Secured as defined herein. The Authority hereby covenants and agrees with the holders of the Bonds Similarly Secured that it will provide for the accumulation of, and when accumulated, will thereafter continuously maintain in the Reserve Fund an amount equal to the average annual principal and interest requirement of all Bonds Similarly Secured (the Required Reserve Fund Amount). If any Bonds Similarly Secured are subject to mandatory redemption, the amount required to be redeemed in any Fiscal Year shall be treated as if it matured in that Fiscal Year. The average annual requirement shall be calculated on a Fiscal Year basis on the Outstanding Bonds Similarly Secured on the date of the last series of Bonds Similarly Secured (after giving effect to the issuance of such last series); provided, however, at such time as the Previously Issued Bonds identified in 1-7 of Section 10(I) hereof are no longer Outstanding, the average annual requirement shall also be calculated at the end of each Fiscal Year. Any amounts on deposit in the Reserve Fund in excess of such requirement shall be transferred to the Revenue Fund.

In addition, beginning on or before the twenty-fifth (25th) day of the month following the delivery of the Bonds, and on or before the twenty-fifth (25th) day of each month thereafter, there shall be deposited in the Reserve Fund substantially equal month deposits in an amount which will result in the Required Reserve Fund Amount being on deposit in the Reserve Fund within not more than sixty (60) months from the date of the passage of this Resolution, and such monthly deposits shall take into account the amounts already on deposit in said Reserve Fund.

When the Required Reserve Fund Amount has been fully accumulated, said monthly payments to said Fund may be terminated; provided, however, should the money in the Reserve Fund be utilized so the Reserve Fund balance is less than the Required Reserve Fund Amount, after the same has been accumulated, monthly deposits shall be made in an amount not less than one-twelfth (1/12th) of the amount of the deficiency and shall continue to be made on or before the twenty-fifth (25th) day of each month until the Required Reserve Fund Amount has been fully restored.

Money in the Reserve Fund may be, at the option of the Authority, invested or reinvested from time to time in direct obligations of or obligations the principal and interest of which are guaranteed by the United States of America or invested in direct obligations of or participation certificates guaranteed by the Federal Intermediate Credit Banks, Federal Land Banks, Federal National Mortgage Association, Federal Home Loan Banks, Banks for Cooperatives, and in certificates of deposit of any bank which is a member of the Federal Deposit Insurance Corporation, and such certificates of deposit are fully insured and/or secured by a pledge of the securities of any of the kind hereinabove specified, such obligations or securities to mature in not more than ten years from the date of such investment or not later than the final maturity of the Bonds Similarly Secured Outstanding for which the Reserve Fund is established, whichever is shorter. Any obligations in which money is so invested shall be kept in escrow with the custodian of said Fund, and shall be promptly sold when notified by the Authority that moneys on deposit in the Bond Fund are insufficient to make a current interest and/or principal payment on Bonds Similarly Secured, and the proceeds of sale of such investments and/or moneys on deposit in the Reserve Fund in an amount sufficient to meet the deficiency in the Bond Fund shall be immediately transferred to the Bond Fund, without further notice or authorization. The Authority shall direct the investment of moneys on deposit in the Reserve Fund.

Investment income and profits realized from the investment of the Reserve Fund shall be retained therein as may be necessary to fully establish or restore the Required Reserve Fund Amount and thereafter shall be transferred to the Revenue Fund.

Investments in the Reserve Fund shall be valued at the lower of cost or market on June 1 of each year, by the chief financial officer of the Authority. In the event the amount contained in the Reserve Fund (as the result of such valuation) is less than the amount then required to be on deposit, additional deposits in an amount equal to not less than 1/12th of the deficiency shall be made monthly, beginning on the 25th day of October next following until the deficiency has been corrected. In the event the amount contained in the Reserve Fund (as a result of such valuation) is more than the Required Reserve Fund Amount, the amount of such excess may be transferred to the Revenue Fund and shall be so transferred if directed by the Authority.

SECTION 16: Deficiencies in Funds. If in any month the Authority shall, for any reason, fail to pay into the Bond Fund and Reserve Fund the full amounts above stipulated, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and un-allocated Pledged Revenue of the following month or months, and such payments shall be in addition to the amount hereinabove provided to be otherwise paid into said Funds during such month or months.

SECTION 17: Remainder of Revenues. Money remaining in the Revenue Fund, after making the payments required in items (1) through (4) of the last paragraph of Section 13, shall be transferred to any other fund created by this Resolution and used as a credit to the amount that would otherwise be required to be paid by the City under Section 3.01 of the Contract.

SECTION 18: Security of Funds and Their Transfer. All moneys on deposit in the special Funds for which this Resolution makes provision (except any portions thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and moneys in such special Funds shall be used only for the purposes permitted by this Resolution.

While any of the Bonds are Outstanding, the Board of Directors shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund and, if necessary, in the Reserve Fund, amounts sufficient to fully pay and discharge promptly as each installment of interest and principal of the Bonds accrues or matures or comes due by reason of redemption prior to maturity, such transfer of funds to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the business day next preceding the date of payment for the Bonds.

SECTION 19: Issuance of Additional Parity Bonds. In addition to the right to issue bonds of inferior lien as authorized by the laws of this State, the Authority reserves the right hereafter to issue Additional Bonds. The Additional Bonds, when issued, shall be payable from and secured by a first lien on and pledge of the Pledged Revenue in the same manner and to the same extent as are the Bonds and the Previously Issued Bonds. Bonds Similarly Secured shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more installments provided, however, that no Additional Bonds shall be issued unless and until the following conditions have been met:

(a) The Authority is not then in default as to any covenant, condition or obligation prescribed in a resolution authorizing the issuance of the Outstanding Bonds Similarly Secured or the Contract (including any amendment or supplement thereto).

(b) A consulting engineer certifies to the Authority the need for an estimated amount of additional financing required for completion, expansion, enlargement or improvement of the Project.

(c) The City of Sherman, Texas, shall have approved the resolution(s) authorizing the issuance of the Additional Bonds as to form and content and acknowledged that the payment of principal of and interest on such bonds is payable, in whole or in part, from payments to be made by the City of Sherman, Texas, under and pursuant to the Contract.

(d) The Additional Bonds are made to mature on April 1 or October 1 or both in each of the years in which they are scheduled to mature.

(e) The resolution authorizing the issuance of the Additional Bonds provides for deposits to be made to the Bond Fund in amounts sufficient to pay the principal of and interest on such Additional Bonds as the same become due.

(f) The resolution authorizing the issuance of the Additional Bonds provides that (i) the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the average annual requirement (calculated on a Fiscal Year basis) of the Outstanding Bonds Similarly Secured, as of the date of the last series of Bonds Similarly Secured after giving effect to the issuance of the Additional Bonds) for the payment of principal of and interest on all obligations to be secured by a first lien on and pledge of the Pledged Revenue, and (ii) any additional amount to be maintained in the Reserve Fund shall be accumulated within not

more than 60 months from the date of the passage of the resolution authorizing the issuance of the proposed Additional Bonds.

(g) The Authority will demonstrate to the Executive Administrator of the Texas Water Development Board that the Pledged Revenues will be sufficient to pay the Previously Issued Bonds, the Bonds and the proposed Additional Bonds.

Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the governing body of the Authority may deem to be in the best interest of the Authority, and if less than all such Outstanding Bonds Similarly Secured are refunded the proposed refunding bonds shall be considered as "Additional Bonds" under the provisions of this Section, but the certificate required in subdivision (b) shall not be required or be applicable to the issuance of such refunding bonds.

SECTION 20: Insurance. The Authority covenants that it will at all times keep insured such of its plants, structures, buildings, stations, machinery, equipment, apparatus, distribution pipelines and equipment, as are usually insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents or casualties against which and to the extent insurance is usually carried by corporations operating like properties, and will also at all times maintain worker's compensation insurance and insurance against public liability and property damages to the extent permitted by law, in a reasonable amount with a responsible insurance company or companies; provided, however, that any time while any contractor engaged in construction work shall be fully responsible therefor, or the Authority has assumed such responsibility, the Authority shall not be required to carry such insurance.

SECTION 21: Records - Accounts - Accounting Reports. The Authority hereby covenants and agrees that so long as any of the Bonds Similarly Secured or any interest thereon remain Outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts on a Fiscal Year basis pertaining to the operation of the Project separate and apart from all other records and accounts of the Authority in accordance with accepted accounting practices, and complete and correct entries shall be made of all transactions relating to said Project. The Holder or Holders of any Bonds Similarly Secured, or any duly authorized agent or agents of such Holders, shall have the right at all reasonable times to inspect all such records, accounts and data relating thereto and to inspect the Project and all properties comprising same. The Authority further agrees that within one hundred twenty (120) days following the close of each Fiscal Year, or as soon thereafter as possible, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants or Licensed Public Accountants. Each such audit, in addition to whatever other matters may be thought proper by the Accountant shall particularly include the following:

- (a) A detailed statement of the receipts and disbursements from the Revenue Fund.
- (b) A balance sheet as of the end of such Fiscal Year.

(c) The Accountant's comments regarding the manner in which the Authority and the City have complied with the covenants and requirements of this Resolution and the Contract and his recommendations for any changes or improvements in the operation, records and accounts of the Authority.

(d) A list of the insurance policies in force (if obtained by the Authority) at the end of the Fiscal Year on the Project properties, setting out as to each policy the amount thereof, the risk covered, the name of the insurer, and the policy's expiration date.

(e) A list of the securities which have been on deposit as security for money in the Bond Fund and Reserve Fund throughout the Fiscal Year, a list of the securities, if any, in which money in the Bond Fund and Reserve Fund has been invested, and a statement of the manner in which money in the Revenue Fund has been secured in such Fiscal Year.

Expenses incurred in making the audits above referred to are to be regarded as Maintenance and Operating Expenses of the Project and paid as such. Copies of the aforesaid annual audit shall be immediately furnished to the Executive Director of the Municipal Advisory Council of Texas at his or her office in Austin, Texas, and, upon written request, to the initial Holder and any subsequent Holder of the Bonds Similarly Secured.

By its approval of this Resolution, the City of Sherman, Texas, agrees, in order to secure its obligations under the Contract, to maintain rates and charges for its utility system sufficient to pay all of its obligations secured by and made payable from the revenues derived from the operation of its utility system.

SECTION 22: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the Authority covenants and agrees particularly that in the event the Authority (a) defaults in payments to be made to the Bond Fund or Reserve Fund as required by this Resolution, or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Resolution any Holder shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the Board of Directors and other officers of the Authority to observe and perform any covenant, condition or obligation prescribed in this Resolution.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right or power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 23: Special Covenants. The Authority hereby further covenants as follows:

(a) It has the lawful power to pledge the revenues supporting this issue of Bonds and has lawfully exercised said power under the Constitution and laws of the State of Texas; that the Bonds, Previously Issued Bonds, and the Additional Bonds, when issued, shall be ratably secured under said pledge of the Pledged Revenue in such manner that one bond shall have no preference over any other bond of said issues.

(b) Other than for the Bonds and the Previously Issued Bonds, the Pledged Revenue has in no manner been committed or pledged to the payment of any debt or obligation of the Authority.

(c) So long as any of the Bonds or any interest thereon remain Outstanding, the Authority will not sell or encumber the Project or any substantial part thereof; provided, however, this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the

Project, and, also, with the exception of the Additional Bonds expressly permitted by this Resolution to be issued, it will not encumber the Pledged Revenue unless such encumbrance is made junior and subordinate to all of the provisions of this Resolution.

(d) The Authority will maintain rates and charges to the City sufficient to meet the debt service requirements on the Outstanding obligations of the Authority that are supported by such revenues.

None of the special covenants herein appearing shall be construed in any manner which would deprive the Authority of its right to pledge any revenues produced by modification of the Contract and specifically designated to meet obligations incurred in providing the Authority with enlarged or additional facilities; further, that none of said covenants shall be construed in any manner which would deprive the Authority of its right to pledge that part of any revenue or income derived by it from other future contracts with other cities, towns or villages or the Authority or others and required to satisfy conditions for payment of other bonds or obligations issued by the Authority and such right is especially reserved.

SECTION 24: Bonds are Special Obligations. The Bonds are special obligations of the Authority payable from the Pledged Revenue and the Holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

SECTION 25: Bonds are Negotiable Instruments. Each of the Bonds herein authorized shall be deemed and construed to be a "Security" and as such a negotiable instrument, within the meaning of Texas Business & Commerce Code, Chapter 8, as amended.

SECTION 26: Resolution a Contract - Amendments. This Resolution shall constitute a contract with the Holders from time to time, be binding on the Authority, and shall not be amended or repealed by the Authority so long as any Bond remains Outstanding except as permitted in this Section and in Section 39 hereof. The Authority, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Resolution in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Authority may, with the written consent of Holders holding a majority in aggregate principal amount of the Bonds Similarly Secured then outstanding, amend, add to, or rescind any of the provisions of this Resolution; provided that, without the consent of all Holders of the Bonds then outstanding, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition, or rescission.

SECTION 27: Satisfaction of Obligation of Authority. If the Authority shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Resolution, then the pledge of the Pledged Revenue under this Resolution and all other obligations of the Authority to the Holders shall thereupon cease, terminate, and become void and be discharged and satisfied.

Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity or to the redemption date therefor,

together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Obligations shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Obligations shall mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. In the event of a defeasance of the Bonds, the Authority shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Obligations to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. The Authority covenants that no deposit of moneys or Government Obligations will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Obligations held in trust by the Paying Agent/Registrar or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the Authority or deposited as directed by the Authority. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Bonds such moneys were deposited and are held in trust to pay shall, upon the request of the Authority, be remitted to the Authority against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the Authority shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 28: Notices to Holders-Waiver. Wherever this Resolution provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first class postage prepaid, to the address of each Holder as it appears in the Security Register.

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

SECTION 29: Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the Authority, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The Authority may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the Authority may have acquired in any

manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the Authority.

SECTION 30: Mutilated - Destroyed - Lost and Stolen Bonds. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, only upon the approval of the Authority and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the Authority and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

Every replacement Bond issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Resolution equally and ratably with all other Outstanding Bonds; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

SECTION 31: Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

“Closing Date” means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“Computation Date” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Gross Proceeds” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Regulations” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of (i) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (ii) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The Authority shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Authority receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the Authority shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the Authority shall at all times prior to the last Stated Maturity of Bonds:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the Authority or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the Authority shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is

sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the Authority shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the Authority shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The Authority shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The Authority shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond is discharged. However, to the extent permitted by law, the Authority may commingle Gross Proceeds of the Bonds with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the Authority shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The Authority shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the Authority shall pay to the United States out of the general fund, other appropriate fund, or if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Bond Fund the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date;

and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The Authority shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Authority shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Elections. The Authority hereby directs and authorizes the President, Vice President, Secretary and/or Assistant Secretary of the Board of Directors of the Authority, and the General Manager of the Authority, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

SECTION 32: Sale of Bonds – Official Statement. The Bonds authorized by this Resolution may be sold by the Authority to the purchaser(s) (herein referred to as the "Purchasers") by (i) negotiated sale, in accordance with a bond purchase agreement (the "Purchase Contract"), (ii) private placement, in accordance with an agreement to purchase or other agreement, or (iii) competitive bidding, in accordance with the successful bid submitted therefor, as determined by the Pricing Officer, in accordance with Section 3 hereof. The Pricing Officer is hereby authorized and directed to execute the Purchase Contract, agreement to purchase in the event of a private placement, or the successful bid form in the event of a competitive sale, as applicable, for and on behalf of the Authority and as the act and deed of this Board.

The President and Secretary of the Board of Directors of the Authority are further authorized and directed to execute and deliver for and on behalf of the Authority copies of a Preliminary Official Statement and Official Statement, prepared in connection with the offering of the Bonds by the Purchasers, in final form as may be required by the Purchasers, and such final Official Statement in the form and content as approved by the Pricing Officer shall be deemed to be approved by the Board of Directors of the Authority and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 33: Proceeds of Sale. Immediately following the delivery of the Bonds, the proceeds of sale (less those proceeds of sale designated to pay costs of issuance, and accrued interest received from the Purchasers, if any, of the Bonds) shall be deposited to the credit of a fund kept at a depository bank of the Authority. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments in accordance with the provisions of Texas Government Code, Chapter 2256, including guaranteed investment contracts permitted in Texas Government Code., Section 2256.015, et seq, and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Bond Fund as shall be determined by the Board of Directors; all in accordance with written instructions from the Authority or its financial advisor. Any accrued interest received from the Purchasers and as well as all surplus proceeds of sale of the Bonds, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Bond Fund.

SECTION 34: Control and Custody of Bonds. The President of the Board of Directors of the Authority shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Bonds, and shall take and have charge and control of the Initial Bonds pending approval by the Attorney General, the registration thereof by the Comptroller of Public Accounts, and the delivery thereof to the Purchaser.

SECTION 35: Legal Opinion. The Purchaser's obligation to accept delivery of the Bonds is subject to its being furnished a final opinion of Norton Rose Fulbright US LLP ("Bond Counsel") approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds by the initial purchasers. A true and correct reproduction of said opinion is hereby authorized to be printed on the definitive Bonds or an executed counterpart thereof shall accompany the global Bonds deposited with the Depository Trust Company. The Board of Directors confirms the prior engagement of Norton Rose Fulbright US LLP as the Authority's Bond Counsel.

SECTION 36: CUSIP Numbers. CUSIP numbers may be printed or typed on the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the Authority nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the Bonds.

SECTION 37: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 38: Further Procedures. Any one or more of the President, Vice President, Secretary, and/or Assistant Secretary of the Board of Directors of the Authority, and the General Manager of the Authority, are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the Authority all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution and the issuance of the Bonds. In addition, prior to the initial delivery of the Bonds, the President, Vice President, Secretary, and/or Assistant Secretary of the Board of Directors of the Authority, and the General Manager of the Authority, and Bond Counsel are each hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any of the documents authorized and approved by this Resolution: (i) in order to cure any technical ambiguity, formal defect, or omission in the Resolution

or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Bonds by the Attorney General and if such officer or counsel determines that such ministerial changes are consistent with the intent and purpose of the Resolution, which determination shall be final. In the event that any officer of the Authority whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 39: Continuing Disclosure Undertaking.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

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

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

“SEC” means the United States Securities and Exchange Commission.

(b) Annual Reports. The Authority shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in the year stated in the Pricing Certificate, financial information and operating data with respect to the Authority and the City of the general type included in the final Official Statement approved by the Pricing Officer and described in the Pricing Certificate, and (2) if not provided as part such financial information and operating data, audited financial statements of the Authority and the City, when and if available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in the Pricing Certificate, or such other accounting principles as the Authority and the City, respectively, may be required to employ from time to time pursuant to state law or regulation, and audited, if the Authority commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within twelve (12) months after any such fiscal year end, then the Authority shall file unaudited financial statements within such twelve-month period and audited financial statements when and if such audited financial statements become available.

If the Authority changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Authority otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Web site or filed with the SEC.

(c) Notice of Certain Events. The Authority shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Authority, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph 12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal

agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority, and (b) the Authority intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The Authority shall notify the MSRB, in a timely manner, of any failure by the Authority to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by this Section.

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers, and Amendments. The Authority shall be obligated to observe and perform the covenants specified in this Section with respect to the Authority and the Bonds while, but only while, the Authority remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Authority in any event will give notice required by subsection (c) hereof of any Bond calls and defeasance that cause the Authority to be no longer such an “obligated person”.

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Authority undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the financial results, condition, or prospects of the Authority or the State of Texas or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Authority does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE AUTHORITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE AUTHORITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Authority in observing or performing its obligations under this Section shall constitute a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority under federal and state securities laws.

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the Authority from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the Authority (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the Authority if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the Authority's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the Authority so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 40: Benefits of Resolution. Nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon any person other than the Authority, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the Authority, the Paying Agent/Registrar, and the Holders.

SECTION 41: Inconsistent Provisions. All orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters contained herein.

SECTION 42: Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 43: Incorporation of Findings and Determinations. The findings and determinations of the Board of the Authority contained in the preambles hereof are hereby incorporated by reference and made a part of this Resolution for all purposes as if the same were restated in full in this Section.

SECTION 44: Severability. If any provision of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 45: Municipal Bond Insurance. The Bonds may be sold with the principal of and interest thereon being insured by a municipal bond insurance provider authorized to transact

business in the State of Texas. The Pricing Officer is hereby authorized to make the selection of municipal bond insurance (if any) for the Bonds and make the determination of the provisions of any commitment therefor.

SECTION 46: Contract. The Contract is amended to include the Series 2024A Project and a description of the Series 2024A Project shall be attached to the contract as Exhibit D-17. In all other respects the Contract is reapproved and shall be and remain in full force as the agreement of the parties.

SECTION 47: Public Meeting. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 48: Effective Date. This Resolution shall be in force and effect from and after its passage on the date shown below.

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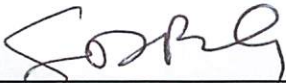
PASSED AND ADOPTED, this June 17, 2024.

GREATER TEXOMA UTILITY AUTHORITY



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(Seal)



EXHIBIT A

Form of Paying Agent/Registrar Agreement

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of _____ (this "Agreement"), by and between _____, _____, Texas, a banking corporation duly organized and existing under the laws of the _____ and authorized to do business in the State of Texas, or its successors (the "Bank") and the Greater Texoma Utility Authority (the "Issuer"),

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2024A (City of Sherman Project)" (the "Securities"), dated _____, such Securities scheduled to be delivered to the initial purchasers thereof on or about _____; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Authorizing Document" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the Authorizing Document.

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

Section 1.02 Compensation. As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A attached hereto; provided however, notwithstanding anything herein or in Annex A to the contrary, the aggregate value of this agreement shall be less than the dollar limitation set forth in Sections 2271.002(a)(2), 2274.002(a)(2) and 2276.002(a)(2) of the Texas Government Code, as amended.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of

the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

“Acceleration Date” on any Security means the date, if any, on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

“Authorizing Document” means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the secretary or any other officer of the Issuer and delivered to the Bank.

“Bank Office” means the designated office of the Bank at the address shown in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Holder” and “Security Holder” each means the Person in whose name a Security is registered in the Security Register.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

“Predecessor Securities” of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Authorizing Document).

“Redemption Date”, when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

“Responsible Officer”, when used with respect to the Bank, means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any

other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Security Register” means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfers of Securities.

“Stated Maturity” means the date specified in the Authorizing Document the principal of a Security is scheduled to be due and payable.

Section 2.02 Other Definitions. The terms “Bank,” “Issuer,” and “Securities (Security)” have the meanings assigned to them in the recital paragraphs of this Agreement.

The term “Paying Agent/Registrar” refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE PAYING AGENT

Section 3.01 Duties of Paying Agent. As Paying Agent, the Bank shall pay, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the following address:

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Current Interest Bond when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Current Interest Bonds (or their Predecessor Securities) on the Record Date (as defined in the Authorizing Document). All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the paying agent account provided in Section 5.05 hereof, sent by United States mail, first class postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder’s risk and expense.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Authorizing Document.

ARTICLE FOUR REGISTRAR

Section 4.01 Security Register - Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the “Security Register”) for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other

information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. The Bank represents and warrants that it will at all times have immediate access to the Security Register by electronic or other means and will be capable at all times of producing a hard copy of the Security Register for use by the Issuer. All transfers, exchanges and replacements of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority, such written instrument to be in a form satisfactory to the Bank and duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02 Securities. The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04 List of Security Holders. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05 Return of Cancelled Securities. The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, all Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06 Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the provisions of the Authorizing Document, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, destroyed, lost or stolen, the Bank may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such mutilated, destroyed, lost or stolen Security, only upon the approval of the Issuer and after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, destroyed, lost or stolen.

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.02 Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and

to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by the Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

(g) The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum or letter as prepared by the Issuer, Issuer's financial advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum or letter acknowledged by the Issuer, the Issuer's financial advisor or other agent as the final closing memorandum or letter. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04 May Hold Securities. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

The Bank is not obligated to pay interest on any money received by it under this Agreement.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as trustee under indentures authorizing other bond transactions of the Issuer, or act in any other capacity not in conflict with its duties hereunder.

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08 DTC Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page(s) hereof.

Section 6.04 Effect of Headings. The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06 Severability. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07 Merger, Conversion, Consolidation, or Succession. Any corporation or association into which the Bank may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank as Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of either parties hereto.

Section 6.08 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.09 Entire Agreement. This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 6.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.11 Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. However, if the Issuer fails to appoint a successor Paying Agent/Registrar within a reasonable time, the Bank may petition a court of competent jurisdiction within the State of Texas to appoint a successor. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with the other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.12 Iran, Sudan and Foreign Terrorist Organizations. The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively

declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Bank within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. .

Notwithstanding anything contained herein, the representation contained in this Section shall survive termination of this Agreement until the statute of limitations has run.

Section 6.13 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[Remainder of page left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

By:_____

Title: _____

Address: _____

GREATER TEXOMA UTILITY AUTHORITY

By: _____
Pricing Officer

Address: 5100 Airport Drive
Denison, Texas 75020

ANNEX A
FEE SCHEDULE

EXHIBIT B

Contract For Water Supply and Sewer Service

CONTRACT FOR WATER SUPPLY AND SEWER SERVICE

THE STATE OF TEXAS

THE COUNTY OF GRAYSON

THIS AGREEMENT is made and entered into as of March 1, 1985, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation Authority, a governmental agency, a political subdivision of the state of Texas, and a body politic corporate, duly created, existing and acting by virtue of Chapter 97, Acts of the 66th Legislature of Texas, Regular Session, 1979, as amended, (the "Act") and the CITY OF SHERMAN, TEXAS, a municipal corporation in the County of Grayson, Texas (hereinafter referred to as the "City") duly created and existing under the laws of the State of Texas:

W I T N E S S E T H:

WHEREAS, the Authority, acting pursuant to the Act, proposes to issue its bonds for the purpose of providing (i) certain sanitary sewer collection and treatment facilities for use by the City, and (ii) an additional supply of water to the City and certain water supply facilities in order to store and transport such water to the City; and

WHEREAS, certain revenues to be received by the Authority from the City under this Agreement are to be pledged to the payment and security of the bonds to be issued by the Authority and will constitute the basis for the Authority's credit in financing such facilities; and

WHEREAS, the Authority and the City, acting through their duly constituted governing bodies, have mutually agreed upon the terms and conditions of this Agreement; now, therefore,

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

Definitions

SECTION 1.01. Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this contract and any contract amendatory or supplemental to this contract, shall be construed or used and are intended to have meanings as follows:

- (a) "Authority" shall mean the Greater Texoma Utility Authority, or its successor.
- (b) "Board" and "Board of Directors" shall mean the Board of Directors of the Authority.
- (c) "Bond Resolution" shall mean any resolution of the Board of Directors authorizing the issuance of the Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted, where the proceeds from the sale of the Bonds will be used to discharge the cost of the Project.
- (d) "Bonds" shall mean any Bonds to be issued by the Authority for the purpose of providing funds to pay the necessary costs of the Project, whether in one or more series or issues, or any bonds issued to refund same.
- (e) "City" shall mean the City of Sherman, Texas.
- (f) "Cost of the Project" shall mean, with respect to the Water Project or the Sewer Project, all cost and expense incurred in connection with the acquisition, construction, improvements, enlargement, extension and repair of the Project, including, without limiting the generality of the foregoing, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest and administrative expenses expected to accrue during the period of construction, the funding of any reserve funds created by the Bond Resolution(s), cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, improving, enlarging, extending, or repairing the Project, and such other expense as may be necessary or incident to the acquisition, construction, improvement, enlargement, extension or repair of the Project and all legal fees, printing and other cost, fees and expenses necessary for or incident to the issuance of the Bonds.
- (g) "Engineer" shall mean a registered, professional engineer (who may be the City Engineer or the Authority's Engineer). The City and Authority agree that the Engineer may be a

different firm on different aspects of the Project; that the Engineers (and the scope of their work) are set forth in Exhibit A; and that the Project will be acquired, constructed, improved, enlarged, extended and repaired in accordance with the plans and specifications prepared under the supervision of the Engineer. It is further agreed that an Engineer may be changed or added and the scope of duties adjusted by the Authority, subject to the consent of the City.

- (h) "Fiscal Year" shall mean the twelve month operating period (under this Agreement) commencing October 1st of each year, provided such twelve month period may be changed one time in any three calendar year period by agreement of the Authority and the City (which agreement, if made, shall be attached hereto as an exhibit).
- (i) "Maintenance and Operation Expense of the Project" shall mean the expense of maintenance and operation of the Project including all salaries, labor, materials, interest, repairs, and replacements necessary to render efficient service, or which might be necessary to meet some physical accident or condition which would otherwise impair the security of the Bonds. Such term shall not include depreciation.
- (j) "Operator" shall mean the party to this contract who is designated (in Exhibit B) as the party responsible for the act to be performed.
- (k) "Project" shall mean, collectively, the Water Project and the Sewer Project.
- (l) "Sewer Project" shall mean the sanitary sewer facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder, and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the City under this Agreement, or obtained as grant funds, from any source, for the purpose of paying all or part of the cost of the Project described in Exhibit C (as now or hereafter amended).

- (n) "Water Project" shall mean the water supply, storage and transmission facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the City under this Agreement or obtained as grant funds, from any source; for the purpose of paying all or part of the cost of the Project described in Exhibit "D" (as now or hereafter amended).

ARTICLE II

Representations and Agreements

SECTION 2.01: The City's Representations and Agreements.
In connection with its undertakings hereunder, the City represents to the Authority and agrees with the Authority as follows:

- (a) In its capacity as a duly incorporated City of Texas, it is empowered under applicable laws of Texas, particularly under the Interlocal Cooperation Act, to enter into the engagements prescribed for it under this agreement and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this contract.
- (b) It will timely pay to the Authority the full amount it is required to pay under the provisions of this contract for the services supplied by the Project.
- (c) That it will plan, construct, maintain, operate and finance its own utility system and set retail rates to individual customers for water and sanitary sewer service adequate to pay all City obligations secured by and made payable from the revenues derived from the operation of the City's combined Water and Sanitary Sewer System.
- (d) That it will cooperate with the Authority in the performance of the duties and responsibilities assigned to the Authority by this contract.

SECTION 2.02: Representations and Agreements of Authority.
In connection with its undertakings hereunder, the Authority represents to the City and agrees with the City as follows:

- (a) In its capacity as a conservation and reclamation Authority created by the Act, pursuant to Article XIV, Section 59 of the Texas Constitution, it is empowered under applicable laws of the State of Texas, particularly under the Interlocal Cooperation Act and the Texas Water Code, to enter into the engagements prescribed for it under this agreement and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this contract.
- (b) That it will finance all costs of the Project not provided by the City and any grant secured for the construction of the Project.

SECTION 2.03: Construction. The Operator agrees to assume responsibility for the construction of the Project and the Authority will enter into such contracts as are necessary to provide the Project. To this end, the Authority and the City agree that:

- (a) Unless otherwise agreed by the parties, the Operator shall be responsible for the preparation of final plans and specifications for the Project.
- (b) Final plans and specifications for the Project shall be subject to the approval of the Authority and the City.
- (c) All construction contracts shall be let and awarded pursuant to the laws applicable to the Authority.
- (d) The Authority shall let and award all construction contracts, subject to the approval of each contract by the City.
- (e) The Authority shall deposit from the proceeds from the sale of its Bonds in a special Construction Fund to be created and established by the Bond Resolution(s), an amount of money which shall be specified in said Bond Resolution(s). The Authority shall draw on and use said Construction Fund to pay the cost of acquiring, constructing, improving, extending, enlarging and repairing the Project.

- (f) Unless otherwise agreed by the parties, the Operator shall be responsible for the acquisition of all land, rights-of-way, property rights, easements and interest required to provide the Project, subject to the approval of the City and the Authority.

ARTICLE III

Fiscal Matters

SECTION 3.01: Payment for Service. The Authority will provide from the proceeds received through the issuance and sale of its Bonds such funds as are necessary, when coupled with any funds or property provided by the City and any grant received for the purpose of providing all or part of the Project. It is agreed that the City and its customers shall have the exclusive use of the entire Project for the useful life of the Project. In consideration for the Authority's obligation hereunder, the City recognizes and agrees that the Authority will acquire an undivided interest in the Project equivalent to the percentage of the total cost of the Project provided by the Authority through the issuance and sale of its Bonds. It is further agreed that the City's obligations to make any and all payments specified in this Article will terminate when all of the Authority's Bonds issued in connection with the Project have been paid in full and retired and are no longer outstanding. It is further understood and agreed that the Authority's only source of funds to pay the principal of and interest on its Bonds is from the payments to be made by the City to the Authority under this contract, and the City agrees that it will make to the Authority the following payments:

- (a) Monthly amortization payment -- Such amounts, payable monthly on or before the 25th day of each month, in approximately equal installments, as are necessary to pay (i) the principal coming due on the Authority's Bonds on the next succeeding principal payment date; (ii) the interest coming due on the Authority's Bonds on the next succeeding interest payment date; and, (iii) the fees and charges of the Paying Agent(s) for paying or redeeming the Bonds and interest thereon coming due on each applicable date.
- (b) Reserve Fund Payment -- Such amount as is required to be paid into the Reserve Fund from the Revenue Fund (out of payments to be made by the City) under the Bond Resolution in order to establish, maintain or replenish the Reserve for the security and payment of Bonds similarly secured.

- (c) Administrative Payment -- An amount sufficient to pay the administrative and overhead expenses of the Authority, directly attributable and chargeable to the Bonds and the Project, including the cost of routine annual accounting reports.
- (d) Extraordinary Expense Payment -- Such amounts, as are necessary to pay, or reimburse the Authority for any extraordinary or unexpected expenses or costs reasonably and necessarily incurred by the Authority in connection with the Bonds and the Project, such as expenses of litigation, if any, and costs of special studies and special professional services, if and when required by any governmental directive or regulation or as may be agreed between City and Authority.
- (e) The cost of Maintenance and Operation of the Project (for which provision is made in Section 3.03) if the Authority is the Operator under that Section.

SECTION 3.02: Time for Making of Payments. The City agrees to make the payments required by Section 3.01 at the times hereafter specified:

- (a) Monthly Amortization Payments -- the City shall commence making monthly amortization payments at such time as any amount required by the Bond Resolution(s) to be deposited into an escrow account for the payment of interest on the Bonds during the Project construction period has been fully exhausted, provided that such payments shall commence in no event later than the earlier of (i) twelve months prior to the first principal payment date specified in the Bond Resolution(s), or (ii) six months prior to the first interest payment date, for which monies are not set aside for the payment of the interest coming due on such date from the proceeds of the Bonds. Monthly amortization payments shall continue to be made throughout the term of the contract and shall be adjusted by the City so as to provide for the accumulation of the full amount of debt service requirements (principal, interest and paying agent fees due on any given payment date) on or before the first day of the month such debt service requirements become due.

- (b) Reserve Fund Payment -- the City shall commence making these payments on the 25th day of a month, as may be provided in the Bond Resolution, after the delivery of the initial series of Bonds to provide the project, and upon the issuance of additional Bonds, shall increase the payments in accordance with the Resolution authorizing such Bonds.
- (c) Administrative Payment -- the City shall commence making the administrative payment on the 10th day following the effective date of this Contract, and thereafter such payment shall be made on the 25th day of each month thereafter throughout the term of this contract.
- (d) Extraordinary Expense Payment -- the City shall make any extraordinary expense payment immediately upon receipt of the statement therefor.
- (e) Maintenance and Operating Expenses: (i) if the City is designated as the Operator under Section 3.03, such expenses shall be paid by the City as the same become due; or (ii) if the Authority is designated as the Operator under Section 3.03, the City shall pay (up to the amount annually budgeted for such expenses) the amount which the Authority determines shall be required in such months, such payments to be made on or before the 25th day of each month after the project becomes operational. The annual budget shall be prepared by the Authority at least thirty (30) days prior to the date the project is to become operational, or, thereafter prior to the beginning of each fiscal year; the budget shall then be submitted to the City which may indicate exceptions or suggestions, which shall then be considered by the Board. If an annual budget is found to be insufficient or excessive, the parties agree the same shall be taken into consideration by an amendment as well as the budget for the following year, with the view that additional payments shall be made or credit shall be given so that expenditures match receipts over the fiscal year or an adjustment is made in the following month.

SECTION 3.03: Maintenance and Operation of the Project.
 Unless otherwise agreed by the parties, it is agreed that the Operator will be responsible for maintaining and operating the Project for the entire term of this Contract, and shall

pay all costs and expenses incurred in regard to the maintenance and operation of the Project. The Operator hereby agrees and covenants to operate and maintain the Project in accordance with accepted good business and engineering practices and in accordance with all applicable federal and state laws, including any rules and regulations issued by appropriate agencies in the administration of said laws. If the City is the Operator under this section, the City agrees to indemnify and to save and hold harmless the Authority from any and all claims, damages, losses, costs and expenses, including reasonable attorney fees, arising at any time from the acquisition, existence, ownership, operation and maintenance of the Project.

SECTION 3.04: Insurance. The Operator specifically agrees to carry fire, casualty, public liability, or other insurance on the Project for purposes and in amount which would ordinarily be carried by a municipal corporation owning and operating such facilities. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment so as to minimize the interruption of services of such facilities. All premiums for such insurance shall constitute a maintenance and operation expense of the Project.

SECTION 3.05: Covenant of Timely Payment. The City covenants that it will timely make (i) the monthly amortization payments and (ii) the additional payments specified hereunder in accordance with the provisions of this contract as the same shall become due and payable, irrespective of whether service of the Project has been abandoned or discontinued, or if the Project has been rendered wholly or partially unuseful by reason for "force majeure". The City recognizes the fact that the Authority will use the payment received from the City hereunder to pay, secure and finance the issuance of the Bonds, and the holders of the Bonds shall be entitled to rely on the foregoing covenant of payment regardless of any other agreement that may exist between the Authority and the City.

SECTION 3.06: Late Payment Penalty. Should the city fail to make any payment at the times herein specified, interest on such amounts shall accrue at the rate of ten per centum (10%) per annum from the date such payment becomes due until paid in full with interest as herein specified. In the event such payment is not made within sixty (60) days from the date such payment becomes due, the Authority may institute a proceeding for a mandatory injunction requiring the payment of the amount due and interest thereon, such action to be instituted in a court of competent jurisdiction.

SECTION 3.07: Priority of Charges - City to Fix Adequate Rates.

- (a) The City represents and covenants that all payments to be made by it hereunder shall constitute "operating expenses" of the City's combined Water and Sanitary Sewer System.
- (b) The City further agrees to fix and collect such rates and charges for water and sanitary sewer services to its customers as will make possible the prompt payment of all expenses of operating and maintaining its combined Water and Sewer System, including all payments, obligations and indemnities contracted hereunder.

SECTION 3.08: Nature of Obligation of City. The payments required to be made by the City under the terms of this Contract shall be due and payable in any and all events regardless of whether there shall be, for any reason, a delay in the completion of all or any part of the Project and regardless of whether the Project shall have been wholly or partially destroyed or damaged. The agreements of the City shall be and are separate and independent covenants and the City shall have no rights of setoff, recoupment, or counterclaim. The Authority shall never have the right to demand payment of any amounts due hereunder by the City out of funds raised or to be raised by taxation. Any obligations assumed or imposed on either party hereto shall never be construed to be a debt of such party of a kind that would require it to levy and collect taxes to discharge any such obligation, it being expressly understood by the parties hereto that the funds required for all payments due from the City pursuant to this Contract are to be collected from the sources referenced herein, and by no other.

ARTICLE IV

Miscellaneous Provisions

SECTION 4.01: Contract Term. The obligation of the City to promptly make all prescribed payments shall commence with the delivery of the first series of Bonds issued to fund the cost of the Project and continue for the period during which the Bonds are outstanding and unpaid.

SECTION 4.02: Useful Life of Project. The City and Authority agree and mutually find that the anticipated useful life of the Project equals or exceeds the period specified in the Bond Resolution(s) for the maturity of all Bonds authorized to be issued.

SECTION 4.03: Abandonment of Use of Project. It is specifically recognized by the parties hereto that the City, during the term of this contract, may acquire other sewer facilities so as to make the continued operation of the Project uneconomical so it will be to the best interest of the parties to discontinue the operation of the Project.

Should the City choose to discontinue the operation of all or part of the Project, the City shall have the exclusive right to the salvage of all of the properties and improvements constituting the Project so discontinued. Any cost of salvage will be a maintenance and operating expense of the City, and any money realized from such salvage will serve as a reduction of such expense. The City shall retain the use of the land where the Project is situated and all remaining improvements thereon for its corporate purposes.

The abandonment of the use of the Project shall have no effect upon the obligations of the City to the Authority provided for by this contract and all payments provided for by this contract shall remain obligations of the City of the same nature as provided for by this contract.

SECTION 4.04: Modification of Provisions. This contract may be changed and modified only with the consent of the governing bodies of all parties signatory. Such modification may be requested by either party, in which event a joint meeting of the governing bodies or of their duly authorized and appointed representatives shall be held not less than thirty (30) days after the giving of such notice. At such joint meeting, the suggested changes or modifications shall be considered, discussed and settled. No such change or modification may be made which will affect adversely the payment when due of all monies required to be paid by the City under the terms of this contract and no such change will be effective which affects adversely or causes a violation of any covenants contained in the Bond Resolution(s).

If for any reason the City may desire the construction of additional facilities over and above those now contemplated, and provided that same are within the legal and economic capabilities of the Authority, provision therefor shall be made by means of a supplement hereto, the terms of which are to be negotiated between the City and the Authority.

SECTION 4.05: Regulatory Provisions. This contract shall be subject to all valid rules, regulations and laws applicable thereto, as promulgated by the United States of America, the State of Texas, or any other governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

SECTION 4.06: Taxes. In the event any sales or use taxes, or taxes of any nature, are hereafter imposed upon the Project, or the Authority on account of the acquisition, existence, ownership, operation and maintenance of the Project, the amount of such taxes shall be treated as operating expenses of the Project.

SECTION 4.07: Title to Water and Sewage. Title to all water and sewage put into the Project under this agreement shall be in the city.

SECTION 4.08: Notices. Any notice, request, demand, statement or bill provided for in this agreement shall be in writing and shall be considered to have been duly delivered when sent by registered mail, addressed as follows:

To the Authority:

5100 Airport Drive
Denison, Texas 75020
Attention: President, Board of
Directors

To the City:

City Hall
P. O. Box 1106
Sherman, Texas 75090
Attention: Mayor, City of Sherman

as the case may be, except that routine communications may be sent by ordinary mail and except that either party, by the filing of an appropriate written notice to the other, may specify some other individual to whom communications thereafter are to be addressed.

SECTION 4.09: Covenant to Enforce Contractual Obligations. The Authority covenants that it will enforce the obligations of the City hereunder as may be required to accomplish the purpose of this contract. Either party may enforce any obligations hereunder owed to it by the other party.

SECTION 4.10: Consequences of City Default. The Authority and the City agree that in the event of default or threatened default, in the payment of principal or interest on the Bonds, any court of competent jurisdiction upon petition of the holders of twenty-five percent (25%) of the principal amount of the then outstanding Bonds of the Authority shall appoint a receiver with authority to collect and receive all resources pledged to the payment of the Bonds, enforce all rights arising from default, if any, by the City in making payment under this contract, and take charge of the pledged funds on hand and manage the proprietary affairs of the Authority insofar as such affairs relate to the

Project. The court may further vest the receiver with such powers and duties as the court may find necessary for the protection of the holders of the Bonds.

SECTION 4.11: Further Agreements of the Parties. The parties hereto specifically recognize that the City has heretofore issued, sold and delivered revenue bonds that are payable from and secured by a lien on and pledge of the net revenue of its combined Water and Sanitary Sewer System; that the bonds so issued and delivered (which remain outstanding) are fully described in Exhibit E.

The City represents to the Authority:

- (a) There is no provision in the ordinances authorizing the issuance of such revenue bonds which prohibits the City from entering into and executing this contract.
- (b) The execution of this contract and the operation thereunder will not in any way impair the obligation of contract by and between the City and the owners of its outstanding Bonds payable from revenues of its Water and Sanitary Sewer System since the Project is in furtherance of governmental policy, not inconsistent with the existing contractual obligations of the City.

SECTION 4.12: Control of Project by Operator. The parties hereto recognize and it is specifically agreed that after completion of the Project and during the term of this contract, the Operator shall have the exclusive right to the use and utilization of the Project, for the benefit of the City; that the Operator without hindrance from the Authority or the City, or the employees or other agents of either of them, may operate, maintain, repair, enlarge, improve, extend, provide for additions to or otherwise control, manage and keep up the said Project.

Except as specified in this Article, the abandonment of the use of all or part of such Project has no effect upon the obligations of the parties.

SECTION 4.13: Force Majeure:

- (a) If for any reason of "force majeure" either of the parties hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, other than the obligation of City to make the payments required under the terms of Section 3.01 hereof, then if such party shall

give notice and full particulars of such reasons in writing to the other party within a reasonable time after the occurrence of the event, or cause relied on, the obligation of the party giving such notice, so far as it is affected by such "force majeure" shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such parties shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lock-outs, or other industrial disturbances, acts of a public enemy, orders or actions of any kind of the Government of the United States of America or of the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakages or accident to dams, machinery, partial or entire failure of water supply and inability on the part of the Authority to deliver water hereunder or to provide sewage treatment or of the City to receive water or to deliver sewage treatment, on account of any other cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch, shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. No failure of Authority to meet any obligation by reason for force majeure shall relieve the City from its obligations to make the payments required under the terms of Section 3.01 hereof.

(b) No damage shall be recoverable from Authority by reason of the suspension of the operation of the Project due to any of the causes above mentioned. If Operator's ability to operate the Project is affected by any of such causes, the Operator shall promptly notify the other party in writing giving the particulars as soon as practicable after the occurrence of the cause or causes for such interruption.

(c) It is expressly recognized by City that the Operator may be compelled to make necessary alterations, repairs or extensions of new or additional facilities from time to time during the life of this Agreement and any suspensions of the operation of the Project due to such operation shall not be cause for claim of damage on part of the Operator provided all reasonable effort is used by the Operator to provide City with the service afforded by the Project in accordance with this Agreement. In such case, the Operator shall give

the other party as much advance notice as may be practicable of the suspension of operation and of the estimated duration thereof.

SECTION 4.14: Easements. City agrees that Authority may have such easements over any easements, right of way or property held by City so that the facilities herein anticipated and the placement thereof and of all required equipment may be appropriately provided.

SECTION 4.15: Bond Approval by the City.

- (a) Prior to the issuance and delivery of any bonds which are: (i) payable as to principal, interest or redemption premium out of the debt service payments, or (ii) to provide facilities or service or any item which is to be maintained by the Authority utilizing any part of the base monthly payments, the City shall approve the issuance thereof as provided in this section.
- (b) If the bonds are to be sold at a public sale, the governing body of the City shall, by resolution, approve (i) the "Notice of Sale" issued or proposed to be issued by the Authority prior to their delivery; and, (ii) the facilities to be constructed or acquired; if the bonds are refunding bonds, the governing body of the City shall, by resolution, approve either (i) the form of purchase contract or (ii) the resolution authorizing the issuance of the refunding bonds.
- (c) If the bonds are to be exchanged for property or services, the governing body of the City shall, by resolution, approve (i) the resolution adopted by the governing body of the Authority which authorizes the issuance of such bonds; and, (ii) the facilities to be constructed or acquired, or the services to be provided.

SECTION 4.16: Effective Date of this Contract. (a) The parties hereto, and the Texas Water Development Board, by virtue of its approval evidenced by the signature of the Development Fund Manager appearing hereon, recognize this Contract is an amendment to and replacement of a "Water Supply Contract" dated June 1, 1980, and a "Sewer Service Contract" dated as of October 1, 1981, (the "prior contracts"). Upon the effective date of this Contract, the prior contracts and their effect shall cease to be of effect.

(b) This Contract shall be effective and be in full force and effect at such time as:

(1) The Board of Directors of the Authority has adopted a resolution authorizing the issuance of bonds, to refund the outstanding bonds of the Authority described as:

- (i) "Greater Texoma Municipal Utility District Revenue Bonds, Series 1981 - City of Sherman Water Supply";
- (ii) "Greater Texoma Municipal Utility District Revenue Bonds, Series 1982-A - City of Sherman Sewer Service"; and
- (iii) "Greater Texoma Utility Authority Revenue Bonds, Series 1983 - City of Sherman Sewer Service"

and the Attorney General of Texas has approved such refunding bonds; and

(2) The Development Fund Manager of the Texas Water Development Board has consented to the execution of this Contract, as evidenced by his signature appearing hereon.

SECTION 4.17: Severability. The parties hereto agree that if any of the provisions of this Agreement contravene or be held invalid under the laws of the State, same shall not invalidate the whole Agreement but it shall be construed as through not containing that particular provision and the rights and obligations of the parties shall be construed and in force accordingly.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Agreement to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

By: Robert B. Smith
President, Board of
Directors

ATTEST:

James M. Smith
Secretary, Board of Directors
(Authority Seal)

CITY OF SHERMAN, TEXAS

BY: [Signature]
Mayor, City of Sherman

ATTEST:

[Signature]
City Clerk, City of Sherman

APPROVED AS TO LEGAL FORM:

[Signature]
City Attorney, City of Sherman

(City Seal)

The Development Fund Manager of the Texas Water Development Board has consented to the execution of this Contract as authorized by the Texas Water Development Board on July 21, 1983.

[Signature]
Development Fund Manager

EXHIBIT A – SUPPLEMENTAL PROJECT

City of Sherman Wastewater Project

Engineer:

J. Terry Millican
Freeman-Millican, Inc.
9500 Forest Lane, Suite 201
Dallas, TX 75243

(214) 503-0555
(214) 503-1148 (fax)

EXHIBIT A
SUPPLEMENTAL PROJECT (2009)

ENGINEER

U.S. 75 North Sewer Project

Freeman-Millican, Inc.
12225 Greenville Ave., Suite 121
Dallas, TX 75253

EXHIBIT B – SUPPLEMENTAL PROJECT (2009)

City of Sherman

EXHIBIT C – SUPPLEMENTAL PROJECT

Wastewater Project Description

Construction of the North Central relief Sanitary, Sewer and purchase and installation of ultraviolet equipment for the Sherman wastewater treatment plant.

EXHIBIT C-1 – SUPPLEMENTAL PROJECT

Project Description

The sewer system improvements project for the City of Sherman involves improvements to the biological capacity of the wastewater treatment plant, adding a third aeration basin; and construction of Relief Sewer C in the south central portion of the City of Sherman.

EXHIBIT C-2 – SUPPLEMENTAL PROJECT

Project Description

The construction, acquisition and improvement of wastewater system facilities and necessary appurtenances for use by the City of Sherman, to wit: construction of the North Central Relief Sanitary Sewer and purchase and installation of ultraviolet equipment for the Sherman wastewater treatment plant.

EXHIBIT C-3 – SUPPLEMENTAL PROJECT

Project Description (2008)

Wastewater Treatment Plant Digester Rehabilitation consisting of replacement of compressors, piping, burners, ancillary equipment, and other appurtenances as necessary in sludge digesters; Major Sewer Rehabilitation - Relief Sewer K-4 Phase 1, consisting of construction of relief sewer between McGee Street and Lamberth Road; and Major Sewer Rehabilitation, consisting of sewer mains along US Highway 75 corridor to FM 691, including lift stations and other appurtenances as necessary.

EXHIBIT C-4 - SUPPLEMENTAL PROJECT

PROJECT DESCRIPTION (2009)

Major sewer rehabilitation, consisting of sewer mains along US Highway 75 North of the City of Sherman, including lift stations and other appurtenances as necessary.

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EXHIBIT C-5 -- SUPPLEMENTAL PROJECT

PROJECT DESCRIPTION (2009-A)

Wastewater Treatment Plant Improvements:

The improvements to the wastewater treatment plant include two digester roof projects, a primary clarifier rehabilitation and a fine screen installment, and other appurtenances as necessary.

Relief Sewers:

Relief Sewer C-1 will replace an existing sewer main that is deteriorated and has infiltration problems. Relief Sewer K-4 replaces a deteriorated sewer line that is also experiencing infiltration problems, and other appurtenances as necessary.

EXHIBIT C-6 – SUPPLEMENTAL PROJECT (2012)

Project Description

Wastewater

Modifications to the Sherman wastewater treatment plant headworks, including upgrading the variable frequency drive pumps, Phases I and II; East Side Lift Station engineering and design; biosolids engineering, design and construction; relief headworks preliminary engineering and design and storm water storage contingency.

EXHIBIT C-7 – SUPPLEMENTAL PROJECT (2013)

Project Description

Wastewater Treatment Plant Improvements

Improvements to the wastewater treatment plant, including biosolids engineering, design and construction.

Sewers

Construction of Blalock Industrial sewer replacement, all other appurtenances as necessary, and construction of SH289 Sewer Line A and other appurtenances as necessary.

EXHIBIT C-8 – SUPPLEMENTAL PROJECT (2013-A)

WASTEWATER PROJECT DESCRIPTION

Wastewater Treatment Plant Improvements

Relief Headworks Engineering and Construction

Sewers

Construction of South Sherman Relief Sewer and other appurtenances as necessary.

EXHIBIT C-9 – SUPPLEMENTAL PROJECT (2014)

WASTEWATER PROJECT DESCRIPTION

Wastewater Treatment Plant Improvements

Upgrading the UV disinfection system to replace sensors, control elements and other equipment as necessary with more reliable components, reconstructing the head works for lift station.

Wastewater Collection System

Replacement of existing 12" and 18" sewer and new 18" sewer main.

EXHIBIT C-10 – SUPPLEMENTAL PROJECT (2015-A)

Project Description (Sewer)

The construction, acquisition, and improvement of sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the construction of improvements to the wastewater treatment plant head works life station and electrical upgrade Improvements and other appurtenances as necessary

EXHIBIT C-11 – SUPPLEMENTAL PROJECT (2017A)

Project Description (Sewer)

construction, acquisition, and improvement of sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition, design and construction of sewer lines, and other appurtenances as necessary

EXHIBIT C-12 – SUPPLEMENTAL PROJECT (2019)

Project Description (Sewer)

Sewer System Improvements to include construction and professional services associated with improvements to the wastewater treatment plant, including the aeration basin, biological clarifier, control building, and storm water lift station; construction and professional services associated with sewer line construction projects, including the construction of the Northwest Sewer, Sewer between Rosedale and First, and Moore Street Sewer and appurtenances and other costs as necessary for such sewer system improvements.

EXHIBIT C-13 – SUPPLEMENTAL PROJECT (2020)

Project Description (Sewer)

construction, acquisition, and improvement of wastewater system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including aeration basin upgrades, control building expansion, and rehabilitation to the biological clarifier, storm water lift station, equalization basin, primary clarifier No. 1, sludge pump station, and other appurtenances as necessary for wastewater treatment plant improvements, construction of a brine line from the water treatment plant to an existing lift station, and other appurtenances and costs to transport the water treatment plant reject water

EXHIBIT D -- SUPPLEMENTAL PROJECT

Water Project Description

None

EXHIBIT D-1 – SUPPLEMENTAL PROJECT

Project Description

The water system improvements project for the City of Sherman includes a major water transmission line from US 82 to Taylor Street.

EXHIBIT D-2 – SUPPLEMENTAL PROJECT

Project Description

City of Sherman various water line replacements and relocations, various water main extensions and various water main relocations and reconstructions and other water appurtenances as needed.

EXHIBIT D-3 – SUPPLEMENTAL PROJECT

WATER PROJECT DESCRIPTION (2008)

Construction of water line(s) along U. S. 75 from approximately U. S. 82 to FM 691, to including piping and all other appurtenances necessary for the construction of the water line.

EXHIBIT D-4 - SUPPLEMENTAL PROJECT (2011)

Water Project Description

Lake Texoma Pump Station Expansion including installation of two (2) 6,000 HP pumps along with necessary electrical, SCADA, and instrumentation equipment; installation of discharge piping, pump control valves, butterfly valves, and miscellaneous appurtenances; power improvements as needed to supply power to operate the new equipment; condition assessment modifications of Section 1 of the existing 72-inch Texoma Pipeline to upgrade condition and pressure capacity of pipe

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EXHIBIT D-5 - SUPPLEMENTAL PROJECT (2012)

Project Description

Water

Construction of a second water transmission line from the water treatment plant to the distribution system (Phases I and II), including engineering, right of way and construction; modifications to the Lake Texoma Raw Water Pipeline to provide for cleaning facilities to clean zebra mussels from pipeline; and flocculation basin and piping relining.

EXHIBIT D-6 – SUPPLEMENTAL PROJECT (2015)

Project Description (Water)

The construction, acquisition, and improvement of water system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition and design associated with the City of Sherman expansion and upgrade and expansion of the water treatment plant, disposal pipeline to the lift station located at the southwest corner of the intersection of U.S. 75 and FM 691 and other appurtenances as necessary

EXHIBIT D-7 – SUPPLEMENTAL PROJECT (2015B)

Project Description (Water)

construction, acquisition, and improvement of water system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition, design and construction for a water treatment plant expansion and new elevated storage tank and other appurtenances as necessary,

EXHIBIT D-8 -- SUPPLEMENTAL PROJECT (2017)

Project Description (Water)

construction, acquisition, and improvement of water system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition, design and construction for a water treatment plant, and other appurtenances as necessary

EXHIBIT D-9 – SUPPLEMENTAL PROJECT (2017A)

Project Description (Water)

construction, acquisition, and improvement of water system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition, design and construction of water lines and rehabilitation of the Gallagher elevated storage tank, and other appurtenances as necessary

EXHIBIT D-10 – SUPPLEMENTAL PROJECT (2019)

Project Description (Water)

Water System Improvements to include construction and professional services associated with improvements to the construction of the water crossing under US 75 at Choctaw, and cathodic protection improvements at the Lake Texoma Pump Station; and appurtenances and other costs as necessary for such water system improvements.

EXHIBIT D-11 – SUPPLEMENTAL PROJECT (2019A)

Project Description (Water)

Construction, acquisition and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas and the payment of all costs incident and related to the acquisition and financing thereof.

EXHIBIT D-12 – SUPPLEMENTAL PROJECT (2021)

Project Description (Sewer)

Construction, acquisition and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas and the payment of all costs incident and related to the acquisition and financing thereof.

EXHIBIT D-13 – SUPPLEMENTAL PROJECT (2022)

Project Description (Water and Sewer)

Construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the “City”), and the acquisition of land and rights-of-way necessary therefor or incidental thereto, and the payment of all costs incident and related to the acquisition and financing thereof.

EXHIBIT D-14 – SUPPLEMENTAL PROJECT (2023)

Project Description (Water and Sewer)

Construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the “City”), and the acquisition of land and rights-of-way necessary therefor or incidental thereto, and the payment of all costs incident and related to the acquisition and financing thereof.

EXHIBIT D-15 – SUPPLEMENTAL PROJECT (2023A)

Project Description (Water and Sewer)

Construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the “City”), and the acquisition of land and rights-of-way necessary therefor or incidental thereto, and the payment of all costs incident and related to the acquisition and financing thereof.

EXHIBIT D-16 – SUPPLEMENTAL PROJECT (2024)

Project Description (Water and Sewer)

Construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the “City”), and the acquisition of land and rights-of-way necessary therefor or incidental thereto, and the payment of all costs incident and related to the acquisition and financing thereof.

EXHIBIT D-17 – SUPPLEMENTAL PROJECT (2024A)

Project Description (Water and Sewer)

Construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the “City”), and the acquisition of land and rights-of-way necessary therefor or incidental thereto, and the payment of all costs incident and related to the acquisition and financing thereof.

EXHIBIT E – SUPPLEMENTAL PROJECT (2009)

Outstanding Debt on the System

NONE

PRICING CERTIFICATE

I, the undersigned, Paul Sigle, General Manager of the Greater Texoma Utility Authority (the "Authority"), pursuant to Section 3 of the resolution (the "Resolution") authorizing the issuance of obligations designated as "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2024A (City of Sherman Project)" (the "Bonds") do hereby approve the following terms of the Bonds:

1. Capitalized terms not otherwise defined herein have the meaning assigned in the Resolution.
2. The Bond Date of the Bonds shall be October 1, 2024.
3. The principal amount of the Bonds shall be \$91,880,000, which amount does not exceed \$99,500,000 in accordance with the Resolution.
4. The true interest cost rate for the Bonds is 4.3315510%, which rate does not exceed the highest rate permitted by law in accordance with the Resolution.
5. The Bonds shall become due on and payable on October 1 in each of the years and bear interest at the per annum rates as follows:

<u>Year of Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rates (%)</u>
2027	805,000	5.000
2028	1,655,000	5.000
2029	1,735,000	5.000
2030	1,825,000	5.000
2031	1,920,000	5.000
2032	2,020,000	5.000
2033	2,120,000	5.000
2034	2,230,000	5.000
2035	2,345,000	5.000
2036	2,465,000	5.000
2037	2,590,000	5.000
2038	2,725,000	5.000
2039	2,865,000	5.000
2040	3,010,000	5.000
2041	3,165,000	5.000
2042	3,330,000	5.000
2043	3,500,000	5.000
2044	3,660,000	4.000
***	***	***
2049	21,210,000	5.000
***	***	***
2054	26,705,000	4.250

6. The Bonds shall bear interest from the date of delivery to the initial purchaser, anticipated to be October 1, 2024 (the "Delivery Date") and interest shall be payable on April 1 and October 1 in each year, commencing April 1, 2025, until maturity or prior redemption.

7. (a) The Bonds having Stated Maturities on and after October 1, 2033 shall be subject to redemption prior to maturity, at the option of the Authority, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected by lot by the Paying Agent/Registrar), on October 1, 2032 or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

(b) At least forty five (45) days prior to an optional redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the Authority shall notify the Paying Agent/Registrar of the decision to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date of redemption therefor. The decision of the Authority to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the Authority.

(c) The Bonds having Stated Maturities of October 1, 2049 and October 1, 2054 (the "Term Bonds") shall be subject to mandatory redemption prior to maturity at the price of par plus accrued interest to the mandatory redemption date on the respective dates and in principal amounts as follows:

Term Bonds Due October 1, 2049		Term Bonds Due October 1, 2054	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
October 1, 2045	\$3,830,000	October 1, 2050	\$4,895,000
October 1, 2046	\$4,025,000	October 1, 2051	\$5,110,000
October 1, 2047	\$4,230,000	October 1, 2052	\$5,330,000
October 1, 2048	\$4,450,000	October 1, 2053	\$5,565,000
October 1, 2049	\$4,675,000 (maturity)	October 1, 2054	\$5,805,000 (maturity)

Approximately forty-five (45) days prior to each mandatory redemption date for the Term Bonds, the Paying Agent/Registrar shall select by lot the numbers of the Term Bonds within the applicable Stated Maturity to be redeemed on the next following October 1 from moneys set aside for that purpose in the Bond Fund. Any Term Bonds not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of the Term Bonds for a Stated Maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the Authority, by the principal amount of Term Bonds of like Stated Maturity which, at least 50 days prior to the mandatory redemption date, (1) shall have been acquired by the Authority at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions set forth in paragraph 8(a) hereof and not theretofore credited against a mandatory redemption requirement.

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

(e) Not fewer than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States mail, first class postage prepaid, in the name of the Authority and at the Authority's expense, to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

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

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

8. The use of the Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the Bonds is hereby ratified, confirmed and approved in all respects. The final Official Statement, being a modification and amendment of the Preliminary Official Statement to reflect the terms of sale (together with such changes approved by the President, Vice President and Secretary of the Board of Directors or the General Manager of the Authority, any one or more of said officials), shall be and is hereby in all respects approved, and the Purchasers may and shall use and distribute said final Official Statement, dated August 28, 2024, in the reoffering, sale, and delivery of the Bonds to the public.

9. The form of the Bonds, including the Initial Bond, shall be as set forth in **Exhibit B** attached hereto and incorporated herein by reference as a part hereof for all purposes.

10. The selection and appointment of BOKF, NA, Houston, Texas to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. The designated office of the

Paying Agent/Registrar in Kansas City, Missouri, is the "Designated Payment/Transfer Office" for the Bonds.

11. The financial information and operating data to be provided annually (beginning with the fiscal year ending September 30, 2024) in accordance with Section 39 of the Resolution is the information contained under Tables 1 through 11 of the Official Statement. The accounting principles referred to in such Section with respect to the Authority are the accounting principles described in the notes to the financial statements appearing in Appendix B and Appendix C to the Official Statement.

12. The Bonds authorized and approved by the Resolution are hereby sold by the Authority to Robert W. Baird & Co. Incorporated, Raymond James & Associates, Inc., SAMCO Capital Markets, Inc. and BOK Financial Securities, Inc. (herein referred to collectively as the "Purchasers") in accordance with the Bond Purchase Agreement (the "Bond Purchase Agreement"), dated August 28, 2024, attached hereto as **Exhibit A** and incorporated herein by reference as a part of the Pricing Certificate for all purposes, which terms of sale are declared to be in the best interests of the Authority. The undersigned, as authorized and directed in the Resolution to execute said Bond Purchase Agreement for and on behalf of the Authority and as the act and deed of the Board of Directors of the Authority (the "Board"), has so executed such Bond Purchase Agreement as the Board's act and deed. Terms of such sale are declared to be in the best interest of the Authority.

13. The Bonds are being insured by Build America Mutual Assurance Company ("BAM").

(a) Notice and Other Information to be given to BAM. The Issuer will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement set forth in Section 39 of the Resolution and (ii) to the holders of Insured Obligations or the Paying Agent/Registrar under the Resolution.

The notice address of BAM is: Build America Mutual Assurance Company, 200 Liberty Street, 27th Floor, New York, NY 10281, Attention: Surveillance, Re: Policy No. 2024____, Telephone: (212) 235-2500, Telecopier: (212) 962-1710, Email: notices@buildamerica.com. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 962-1524 and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(b) Defeasance. The investments in the defeasance escrow relating to Insured Obligation shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise may be authorized under Texas law and approved by BAM.

At least (three) 3 Business Days prior to any defeasance with respect to the Insured Obligations, the Issuer shall deliver to BAM draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Insured Obligations and a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be

addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

1) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Insured Obligations is excludable) from gross income of the holders of the Insured Obligations of the interest on the Insured Obligations for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.

2) The Issuer will not exercise any prior optional redemption of Insured Obligations secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

3) The Issuer shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

(c) Paying Agent/Registrar.

1) BAM shall receive prior written notice of any name change of Paying Agent/Registrar for the Insured Obligations or the resignation or removal of the Paying Agent/Registrar.

2) No removal, resignation or termination of the the Paying Agent/Registrar shall take effect until a successor shall be qualified and appointed.

(d) Amendments, Supplements and Consents. BAM's prior written consent is required for all amendments and supplements to the Resolution, with the exceptions noted below. The Issuer shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Insured Obligations.

1) *Consent of BAM.* Any amendments or supplements to the Resolution shall require the prior written consent of BAM with the exception of amendments or supplements:

i. To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or

ii. To grant or confer upon the holders of the Insured Obligations any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Insured Obligations, or

iii. To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Resolution other conditions, limitations and restrictions thereafter to be observed, or

iv. To add to the covenants and agreements of the Issuer in the Resolution other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power therein reserved to or conferred upon the Issuer, or

v. To issue additional parity debt in accordance with the requirements set forth in the Resolution (unless otherwise specified herein).

2) *Consent of BAM in Addition to Bondholder Consent.* Whenever the Resolution requires the consent of holders of Insured Obligations, BAM's consent shall also be required. In addition, any amendment, supplement, modification to, or waiver of, any of the Resolution that adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.

3) *Consent of BAM in the Event of Insolvency.* Any reorganization or liquidation plan with respect to the Issuer must be acceptable to BAM. In the event of any reorganization or liquidation of the Issuer, BAM shall have the right to vote on behalf of all holders of the Insured Obligations absent a continuing failure by BAM to make a payment under the Policy.

4) *Consent of BAM Upon Default.* Anything in the Resolution to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Obligations or the Paying Agent/Registrar for the benefit of the holders of the Insured Obligations under the Resolution. No default or event of default may be waived without BAM's written consent.

5) *BAM as Owner.* Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole owner of the Insured Obligations for all purposes under the Resolution, including, without limitations, for purposes of exercising remedies and approving amendments.

6) *Grace Period for Payment Defaults.* No grace period shall be permitted for payment defaults on the Insured Obligations. No grace period for a covenant default shall exceed 30 days without the prior written consent of BAM.

7) *Special Provisions for Insurer Default.* If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs 13(d)(1)-(5) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the Insured Obligations for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default

is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

8) *Consent of BAM for acceleration.* To the extent applicable, BAM's prior written consent is required as a condition precedent to and in all instances of acceleration.

(e) BAM As Third Party Beneficiary. BAM is recognized as and shall be deemed to be a third party beneficiary of the Resolution and may enforce the provisions of the Resolution as if it were a party thereto.

(f) Payment Procedure Under the Policy.

In the event that principal and/or interest due on the Insured Obligations shall be paid by BAM pursuant to the Policy, the Insured Obligations shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Insured Obligations.

In the event that on the second (2nd) business day prior to any payment date on the Insured Obligations, the Paying Agent/Registrar has not received sufficient moneys to pay all principal of and interest on the Insured Obligations due on such payment date, the Paying Agent/Registrar shall immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent/Registrar shall so notify BAM or its designee.

In addition, if the Paying Agent/Registrar has notice that any holder of the Insured Obligations has been required to disgorge payments of principal of or interest on the Insured Obligations pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Paying Agent/Registrar shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept

delivery on behalf of BAM.

The Paying Agent/Registrar shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Insured Obligations as follows:

1) If there is a deficiency in amounts required to pay interest and/or principal on the Insured Obligations, the Paying Agent/Registrar shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holders of the Insured Obligations in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Insured Obligations, (ii) receive as designee of the respective holders (and not as Paying Agent/Registrar) in accordance with the tenor of the Policy payment from BAM with respect to the claims for interest so assigned, and (iii) disburse the same to such respective holders; and

2) If there is a deficiency in amounts required to pay principal of the Insured Obligations, the Paying Agent/Registrar shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holder of the Insured Obligations in any legal proceeding related to the payment of such principal and an assignment to BAM of the Insured Obligations surrendered to BAM, (ii) receive as designee of the respective holders (and not as Paying Agent/Registrar) in accordance with the tenor of the Policy payment therefore from BAM, and (iii) disburse the same to such holders.

The Paying Agent/Registrar shall designate any portion of payment of principal on Insured Obligations paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Obligations registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Obligation to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent/Registrar's failure to so designate any payment or issue any replacement Insured Obligation shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Obligation or the subrogation or assignment rights of BAM.

Payments with respect to claims for interest on and principal of Insured Obligations disbursed by the Paying Agent/Registrar from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Insured Obligations, and BAM shall become the owner of such unpaid Insured Obligations and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.

Irrespective of whether any such assignment is executed and delivered, the Issuer, and the Paying Agent/Registrar agree for the benefit of BAM that:

1) They recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Paying Agent/Registrar), on account of principal of or interest on the Insured Obligations, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Issuer, with interest thereon, as provided and solely from the sources stated in the

Resolution and the Insured Obligations; and

2) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured Obligations, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Obligations to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

(g) Additional Payments. The Issuer agrees unconditionally that it will pay or reimburse BAM, to the extent permitted by Texas law and subject to annual appropriation, on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Resolution ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Issuer agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything herein to the contrary, the Issuer agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Policy ("BAM Policy Payment"); and (ii) to the extent permitted by Texas law and subject to annual appropriation, interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the Issuer, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. The Issuer hereby covenants and agrees that the BAM Reimbursement Amounts are, payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Insured Obligations on a parity with debt service due on the Insured Obligations.

(h) Debt Service Reserve Fund and Construction Fund.

1) The prior written consent of BAM shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Debt Service Reserve Fund, if any. Amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Insured Obligations.

2) Unless BAM otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Insured Obligations.

(i) Exercise of Rights by BAM. The rights granted to BAM under the Documents to request, consent to or direct any action are rights granted to BAM in Resolution of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual

rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Insured Obligations and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Insured Obligations or any other person is required in addition to the consent of BAM.

(j) BAM shall be entitled to pay principal or interest on the Insured Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Policy) and any amounts due on the Insured Obligations as a result of acceleration of the maturity thereof in accordance with the Resolution, whether or not BAM has received a claim upon the Policy.

(k) So long as the Insured Obligations are outstanding or any amounts are due and payable to BAM, the Issuer shall not sell, lease, transfer, encumber or otherwise dispose of the water and sewer system for use by the City of Sherman or any material portion thereof, except upon obtaining the prior written consent of BAM.

(l) No contract shall be entered into or any action taken by which the rights of BAM or security for or source of payment of the Insured Obligations may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of BAM.

(m) If an event of default occurs under any agreement pursuant to which any Obligation of the Issuer has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Insured Obligations or BAM, as BAM may determine in its sole discretion, then an event of default shall be deemed to have occurred under the Resolution for which BAM or the Paying Agent/Registrar, at the direction of BAM, shall be entitled to exercise all available remedies under the Resolution, at law and in equity. For purposes of the foregoing "Obligation" shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Insured Obligations.

(n) Definitions.

1. "BAM" shall mean Build America Mutual Assurance Company, or any successor thereto.

2. "Insured Obligations" shall mean the bonds.

3. "Issuer" shall mean the Authority.

4. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 5%, and (ii) the then applicable highest rate of interest on the Insured Obligations and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates, including Chapter 1204, Texas Government Code. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount

owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

5. "Policy" shall mean the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Insured Obligations when due.

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APPROVED, this August 28, 2024.

GREATER TEXOMA UTILITY AUTHORITY

A handwritten signature in black ink, appearing to read "P. M. S.", is written over a horizontal line.

General Manager and Pricing Officer

EXHIBIT A

BOND PURCHASE AGREEMENT

GREATER TEXOMA UTILITY AUTHORITY
(Grayson, Collin, Fannin and Cooke Counties, Texas)

\$91,880,000
Contract Revenue Bonds, Series 2024A
(City of Sherman Project)

BOND PURCHASE AGREEMENT

August 28, 2024

Board of Directors
Greater Texoma Utility Authority
5100 Airport Drive
Denison, Texas 75020

City of Sherman, Texas
220 W. Mulberry
Sherman, Texas 75090

Ladies and Gentlemen:

The undersigned, Robert W. Baird & Co. Incorporated (the "*Representative*"), acting on its own behalf and on behalf of the other underwriters listed on Schedule I hereto (each individually, an "*Underwriter*" and collectively, the "*Underwriters*"), and not acting as a fiduciary or agent for the Greater Texoma Utility Authority (the "*Issuer*"), offers to enter into the following agreement (this "*Agreement*") with the Issuer which, upon written acceptance of this offer by a representative authorized by the Issuer's Board of Directors, will be binding upon the Issuer and the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Central Time, on August 28, 2024, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined herein shall have the meanings set forth in the Resolution (as defined herein) or in the Official Statement (as defined herein).

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree, jointly and severally, to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's \$91,880,000 Contract Revenue Bonds, Series 2024A (City of Sherman Project) (the "*Bonds*"). The Issuer acknowledges and agrees that (i) the primary role of the Underwriters is to purchase securities for resale to investors in an arm's length

transaction between the Issuer and the Underwriters; (ii) the Underwriters have financial and other interests that differ from those of the Issuer; (iii) the Underwriters are not acting as municipal advisors, financial advisors or fiduciaries to the Issuer and have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction described herein or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided or are currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction described herein are expressly set forth in this Agreement; and (v) the Issuer has consulted its own financial, municipal, legal, accounting, tax and/or other advisors, as applicable, to the extent it deems appropriate. The Issuer hereby acknowledges that the Underwriters have provided to the Issuer prior disclosures regarding their role as underwriters and under Rule G-17 of the Municipal Securities Rulemaking Board (the “MSRB”), which have been received by the Issuer. The Issuer has a municipal advisor in this transaction. The Representative warrants and represents that it has been duly authorized by the Underwriters to execute this Agreement and to act hereunder on behalf of itself and the other Underwriters.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, sinking fund and optional redemption provisions and interest rates per annum are set forth in Schedule II hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of (i) the bond resolution adopted by the Issuer on June 17, 2024 (the “*Bond Resolution*”) and (ii) a pricing certificate (the “*Pricing Certificate*”), dated the date of this Agreement, signed by an authorized representative of the Issuer appointed by the Board of Directors and duly authorized to approve the pricing and terms of sale for the Bonds (collectively, the “*Resolution*”).

The purchase price for the Bonds shall be \$95,903,696.35 (representing the par amount of the Bonds, plus a net reoffering premium of \$4,584,893.60, and less an underwriting discount of \$561,197.25).

The Representative has delivered to the Issuer the Representative’s good faith deposit in the amount of \$984,900.00 (the “*Good Faith Deposit*”) in the form of (i) a corporate check payable to the order of the Issuer or (ii) a wire transfer of immediately available funds to an account specified by the Issuer. In the event the Issuer accepts this offer, the Good Faith Deposit shall be held by the Issuer until the time of Closing (as defined herein), at which time the Good Faith Deposit shall be returned to the Representative or applied as a credit against the purchase price of the Bonds, as the Issuer and the Representative shall mutually agree. In the event that the Issuer does not accept this Agreement, the Good Faith Deposit shall be immediately returned to the Representative. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Agreement (unless waived by the Representative), or should such obligations of the Underwriters be terminated for any reason permitted by this Agreement, the Good Faith Deposit shall immediately be returned to the Representative. In the event that the Underwriters fail

(other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, the Good Faith Deposit shall be retained by the Issuer as and for fully liquidated damages for such failure of the Underwriters, and, except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder (except with respect to any breach or failure relating to the representations made by the Underwriters in Section 18 hereof, which damages shall not be liquidated or otherwise limited). The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters for their failure to purchase, accept delivery of and pay for the Bonds. In the event the Good Faith Deposit is provided in the form of a check, the Representative hereby agrees not to stop or cause payment on such check to be stopped unless the Issuer has breached the terms of this Agreement and the Underwriters have exercised their right to terminate this Agreement under Section 7 hereof.

The Bonds are to be issued pursuant to the Constitution and general laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283, as amended; Chapter 1371, Texas Government Code, as amended; and the Resolution. The Bonds are special obligations of the Issuer payable, both as to principal and interest, solely from and secured by payments to be received by the Issuer from the City of Sherman, Texas (the "*Pledged Revenue*"), which consists of certain of the revenues to be received under the Contract for Water Supply and Sewer Service dated March 1, 1985, as amended (the "*Contract*") between the Issuer and the City of Sherman, Texas (the "*City*").

Prior to the execution of this Agreement by the Issuer and the Representative, (1) the Representative and SAMCO Capital Markets, Inc. have delivered a Certificate of Interested Parties Form 1295, signed by an authorized agent of the Representative (the "*Form 1295*"), and (2) Raymond James & Associates, Inc. and BOK Financial Securities, Inc. have each delivered a written representation by electronic mail or otherwise to the effect that the respective Underwriter is a publicly traded business entity (as described in Section 2252.908(c)(4), Texas Government Code) or a wholly owned subsidiary of a publicly traded business entity. The Underwriters and the Issuer understand that neither the Issuer nor its consultants have the ability to verify the information included in the Form 1295, and neither the Issuer nor its consultants have an obligation, nor have undertaken any responsibility, for advising the Underwriters with respect to the proper completion of the Form 1295 other than, with respect to the Issuer, providing the identification numbers required for the completion of the Form 1295.

2. *Establishment of Issue Price of Bonds.*

(a) The Underwriters agree to make a *bona fide* public offering of all of the bonds at prices not to exceed the public offering prices set forth on page 2 of the Official Statement and may, subject to the provisions of Section 2(b) hereof,

subsequently change such offering prices or yields without any requirement of prior notice. Subject to the provisions of Section 2(b) hereof, after the initial public offering, the Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower (or yields greater) than the public offering prices or yields stated on page 2 of the Official Statement. The Representative shall, at or before closing, execute and deliver to Norton Rose Fulbright US LLP, Dallas, Texas (“*Bond Counsel*”), an ‘issue price’ or similar certificate for the Bonds, together with the supporting pricing wires or equivalent communications, prepared by Bond Counsel and in substantially the form attached hereto as Exhibit A and in accordance with paragraph (b) below (the “*Issue Price Certificate*”).

(b) Notwithstanding any provision of this Agreement to the contrary, the following provisions related to the establishment of the issue price of the Bonds apply:

(1) For purposes of this section, the following definitions apply:

(i) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Issue Price Underwriter or a Related Party to an Issue Price Underwriter.

(ii) “Issue Price Underwriter” (A) means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Bonds to the Public).

(iii) a purchaser of any of the Bonds is a “*Related Party*” to an Issue Price Underwriter if the Issue Price Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(iv) “Sale Date” means the date of execution of this Agreement by all parties.

(2) The Representative, on behalf of the Underwriters, agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing the Issue Price Certificate, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the Initial Offering Price (as hereinafter defined) or prices to the Public of the Bonds. All actions to be taken by the Issuer under this section to establish the issue price of the Bonds may be taken on behalf of the Issuer by the Issuer's municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer's municipal advisor or to Bond Counsel.

(3) Except as set forth in Exhibit A attached hereto, the Issuer will treat the first price at which 10% of each maturity of the Bonds (the "10% Test") is sold to the Public as of the Sale Date as the issue price of that maturity. At or promptly after the execution of this Agreement, the Representative shall report to the Issuer the price or prices at which the Underwriters have sold to the Public each maturity of Bonds. Those maturities of the Bonds that do not satisfy the 10% Test as of the Sale Date will be identified in the Issue Price Certificate and will be subject to the Hold-The-Offering-Price Rule (as hereinafter defined). For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(4) The Representative confirms that the Issue Price Underwriters have offered the Bonds to the Public on or before the date of this Agreement at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in Schedule II attached hereto, except as otherwise set forth therein. The Issue Price Certificate will set forth the maturities, if any, of the Bonds for which the 10% Test has not been satisfied as of the Sale Date (the "Held Maturities"). The Issuer and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply to the Held Maturities, which will allow the Issuer to treat the Initial Offering Price to the Public of each such maturity as of the Sale Date as the issue price of that maturity (the "Hold-The-Offering-Price Rule"). So long as the Hold-The-Offering-Price Rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the Initial Offering Price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the Sale Date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public.

The Representative shall promptly advise the Issuer when the Underwriters have sold 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

(5) The Issuer acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Issue Price Underwriter to comply with the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, as set forth in an agreement among the Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Issue Price Underwriter is a party to a retail or other third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Bonds, as set forth in the retail or other third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that each Issue Price Underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-The-Offering-Price Rule and that no Issue Price Underwriter shall be liable for the failure of any other Issue Price Underwriter, any dealer who is a member of a selling group or any broker-dealer that is a party to a retail or other third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Bonds.

(6) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail or other third-party distribution agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Issue Price Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail or other third-party distribution agreement, as applicable, (i) (A) to comply with the Hold-The-Offering-Price Rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires, (B) to promptly notify the Representative of any sales of Bonds that, to its knowledge, are made to a purchaser who is a Related Party to an Issue Price Underwriter participating in the initial sale of the Bonds to the Public, and (C) to

acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Representative shall assume that each order submitted by the dealer or broker-dealer is a sale to the Public; and

(ii) any selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to comply with the Hold-The-Offering-Price Rule, if applicable, if and for so long as directed by the Representative or the dealer and as set forth in the related pricing wires.

The Representative acknowledges that sales of any Bonds to any person that is a Related Party to an Issue Price Underwriter shall not constitute sales to the Public for purposes of this section.

3. The Official Statement.

(a) The Issuer previously has delivered, or caused to be delivered, to the Underwriters the Preliminary Official Statement dated August 13, 2024 (the “*Preliminary Official Statement*”) in a “designated electronic format,” as defined in the MSRB’s Rule G-32 (“*Rule G-32*”). The Issuer will prepare, or cause to be prepared, a final Official Statement relating to the Bonds, which will be (i) dated the date of this Agreement, (ii) complete within the meaning of the United States Securities and Exchange Commission’s Rule 15c2-12, as amended (the “*Rule*”), (iii) in a “designated electronic format” and (iv) substantially in the form of the most recent version of the Preliminary Official Statement provided to the Underwriters before the execution hereof. Such final Official Statement, including the cover page thereto, all exhibits, schedules, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the “*Official Statement*.” Until the Official Statement has been prepared and is available for distribution, the Issuer shall provide to the Underwriters sufficient quantities (which may be in electronic format) of the Preliminary Official Statement as the Representative deems reasonably necessary to satisfy the obligation of the Underwriters under the Rule with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

(b) The Preliminary Official Statement has been prepared for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement has been deemed “final” by the Issuer within the meaning of the Rule as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of the Rule.

(c) The Issuer hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than within seven (7) business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) the Official Statement which is complete as of the date of its delivery to the Underwriters. The Issuer shall provide the Official Statement, or cause the Official Statement to be provided, (i) in a "designated electronic format" consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Representative shall reasonably request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) ninety (90) days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than twenty-five (25) days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Underwriters with such information as the Representative may from time to time reasonably request), and if, in the reasonable opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Representative, such approval not to be unreasonably withheld), either an amendment or a supplement to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or so that the Official Statement will comply with law; provided, however, that for all purposes of this Agreement and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York ("DTC"), or its book-entry-only system, or information therein under the caption "OTHER INFORMATION – Underwriting",

or information provided by Build America Mutual Assurance Company (the "*Bond Insurer*") under the caption therein entitled "BOND INSURANCE" or its municipal bond insurance policy (the "*Municipal Bond Insurance Policy*"). If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. The Issuer shall provide any such amendment or supplement or cause any such amendment or supplement to be provided, in a "designated electronic format" consistent with the requirements of Rule G-32.

(e) The Representative hereby agrees to timely file the Official Statement with the MSRB through its Electronic Municipal Market Access ("*EMMA*") system on or before the date of the Closing. Unless otherwise notified in writing by the Representative, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. Representations and Warranties of the Issuer. The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) **Existence; Power; and Authority.** The Issuer is a governmental agency, a political subdivision, and a body politic and corporate of the State of Texas (the "*State*"), duly created, existing, and acting under the provisions of Article XVI, Section 59 of the Constitution and by virtue of Texas Special District Local Laws Code, Chapter 8283, as amended (the "*Act*"), and has full legal right, power and authority under the Act and under Chapter 1371 of the Texas Government Code (i) to enter into this Agreement, (ii) to adopt the Bond Resolution (this Agreement and the Resolution are hereinafter referred to as the "Issuer Documents"), (iii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iv) to carry out and consummate all other transactions described in each of the aforesaid documents and the Official Statement;

(b) **Due Authorization.** By official action of the Issuer on June 17, 2024, the Issuer's Board of Directors duly adopted the Bond Resolution (which is unmodified from its date of adoption, except for any modification approved by the Representative, and is in full force and effect at the time of the execution hereof) and has duly approved the execution and delivery of this Agreement and has authorized the taking of any and all such actions as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions described in this Agreement and the Official Statement;

(c) **No Adverse Actions.** At the time of the Issuer's acceptance of this offer by the execution hereof, there is, and on the date of the Closing there will be, no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, pending or known to be threatened against or affecting the existence of the Issuer or the title of its officials to their respective positions, nor to the knowledge of the Issuer is there

any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the Resolution, this Agreement, or any agreement or instrument relating thereto, used or contemplated for use in the consummation of the transactions described in the Resolution or this Agreement;

(d) **No Defaults.** Except as may be disclosed in the Official Statement, the Issuer is not, in any material respect which would adversely affect the validity or marketability of the Bonds, in material breach of or default in any material respect under any applicable law or administrative regulation of the State of Texas or any department, division, agency or instrumentality thereof, or of the United States or any agency or instrumentality thereof or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject; and the execution and delivery of the Resolution, the Bonds and this Agreement, and compliance with the provisions of each thereof, will not conflict with or constitute a material breach of or default in any material respect under any applicable law or administrative regulation of the State of Texas or any department, division, agency or instrumentality thereof, or of the United States or any agency or instrumentality thereof or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject;

(e) **Binding Obligations.** The Issuer Documents constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, subject to governmental immunity of political subdivisions to the extent applicable, bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Resolution and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Resolution and enforceable in accordance with their terms, subject to governmental immunity of political subdivisions to the extent applicable, bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Resolution will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge and lien on the Pledged Revenues it purports to create as set forth in the Resolution;

(f) **All Approvals.** All approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to the performance by the Issuer of its obligations hereunder and under the Resolution and this Agreement will be obtained prior to Closing, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(g) **Financial Statements.** Excerpts from the financial statements of the Issuer contained in Appendix B to the Official Statement present fairly the financial position of the Issuer as of September 30, 2023, and the results of its operations for its fiscal year then ended, and such statements have been prepared in accordance with the format described therein, and between the date as of which information is given in the Official Statement and the date of the delivery of the Bonds, except as described in the Official Statement, the Issuer has not incurred and will not incur any material long-term liabilities secured by the Pledged Revenues (other than in the ordinary course of business), without the prior written consent of the Representative, which consent shall not be unreasonably withheld;

(h) **Prohibition Against Incurring Debt.** Except in the ordinary course of business, between the date of this Agreement and the delivery of the Bonds, the Issuer will not, without the prior written consent of the Representative (which consent shall not be unreasonably withheld), issue bonds, certificates, notes or other obligations for borrowed money secured in the same manner as the Bonds;

(i) **Maintaining Tax-Exemption of Interest on the Bonds.** The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Resolution and will not take or omit to take any action which will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(j) **Preliminary Official Statement.** As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) **Official Statement.** At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that if the Issuer notifies the Representative of any fact or event as required by Section 3(d) hereof, and the Representative determines that such fact or event does not require preparation and publication of a supplement or amendment to the Official Statement, then the Official Statement in its then current form shall be conclusively deemed to be complete and correct in all material respects and the Issuer shall have no further obligation under this section or Section 3(d) with respect to such event; and

(l) **Official Statement Supplement or Amendment.** If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that if the Issuer notifies the Representative of any fact or event as required by Section 3(d) hereof, and the Representative determines that such fact or event does not require preparation and publication of a supplement of amendment to the Official Statement, then the Official Statement in its then current form shall be conclusively deemed to be complete and correct in all material respects and the Issuer shall have no further obligation under this section or Section 3(d) with respect to such event.

5. Closing.

(a) At 10:00 a.m. Central Time, on October 1, 2024, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the “*Closing*”), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to BOKF, NA, Dallas, Texas (the “*Paying Agent/Registrar*”), as the entity appointed by the Issuer to take delivery of the Bonds, duly executed and authenticated, together with the other documents hereinafter mentioned, and the Paying Agent/Registrar, as the entity appointed by the Issuer to take delivery of the Bonds, will, subject to the terms and conditions hereof, accept such delivery and the Underwriters will pay the purchase price of the Bonds as set forth in Section 1 of this Agreement in immediately available funds by wire transfer to the account of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of *Paying Agent/Registrar*, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds in definitive form shall be made through DTC, utilizing the book-entry only form of issuance, and the Issuer, if it has not done so previously, agrees to enter into such agreement, including a “Letter of Representations,” as may be required to allow for the use of such book-entry only system. The definitive Bonds shall be delivered in fully registered form, bearing CUSIP numbers without coupons, with one certificate for each maturity of the Bonds, registered in the name of Cede & Co., and shall be made available to the Representative at least one (1) business day before Closing for purposes of inspection (i) at DTC or (ii) at the Paying Agent/Registrar, if the definitive Bonds are to be held in safekeeping for DTC by the Paying Agent/Registrar pursuant to DTC’s FAST System.

6. Closing Conditions. The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative, unless waived in writing by the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer and the City shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing;

(c) At the time of the Closing, (i) the Resolution, the Official Statement and all related actions of the Issuer with respect to the issuance of the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented, except as may be required by the Attorney General of Texas or except as may have been agreed to by the Representative; and (ii) all actions of the Issuer and the City required to be taken by the Issuer and the City, respectively, shall be performed in order for Bond Counsel and counsel to the Underwriters to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been approved by the Representative;

(e) At or prior to the Closing, the Bond Resolution shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the Paying Agent/Registrar shall have duly authenticated the definitive Bonds;

(f) At or prior to the Closing, the Municipal Bond Insurance Policy issued by the Bond Insurer shall have been duly executed, issued and delivered by the Bond Insurer;

(g) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set

forth in the Official Statement that in the reasonable judgment of the Representative is material and adverse and that makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(h) Except as disclosed in the Official Statement, the Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(i) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Representative;

(j) At or prior to the Closing, the Representative or counsel to the Underwriters shall have received at least one copy of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, as may have been agreed to by the Representative;

(2) A copy of the Bond Resolution, certified as having been duly adopted and in full force and effect, and the Pricing Certificate, each with such supplements or amendments as may have been agreed to by the Representative;

(3) The undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule (the "*Continuing Disclosure Undertaking*");

(4) An executed copy of the Contract, certified by the Issuer as being in full force and effect, with such supplements or amendments as may be agreed to by the Representative;

(5) An executed copy of the City Ordinance (as defined in the Official Statement), certified by the City as being in full force and effect;

(6) The approving opinion of Bond Counsel, dated as of the date of the Closing, in form and substance as described in the Official Statement;

(7) A supplemental opinion of Bond Counsel addressed to the Underwriters, dated as of the date of the Closing, substantially to the effect that:

(i) the Bond Resolution has been duly adopted by the Issuer and the Pricing Certificate has been duly executed by the

Pricing Officer pursuant to the Bond Resolution, and both of the foregoing documents are in full force and effect;

(ii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the “1933 Act”), and the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Resolution under the Trust Indenture Act; and

(iii) such firm was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the statements and information contained in the Official Statement under the captions and subcaptions “THE BONDS” (exclusive of subcaptions “Book-Entry-Only System,” “Bondholders’ Remedies,” and “Sources and Uses of Funds”), “THE CONTRACT,” “SELECTED PROVISIONS OF THE BOND RESOLUTION,” “TAX MATTERS,” “CONTINUING DISCLOSURE OF INFORMATION” (with the exception of the information set forth under the subcaption “Compliance with Prior Undertakings”), “OTHER INFORMATION – Registration and Qualification of Bonds for Sale,” “OTHER INFORMATION – Legal Opinion” (excluding the last sentence of the first paragraph thereof) and “OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas” and such firm is of the opinion that the information relating to the Bonds and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Resolution;

(8) The opinion, dated as of the date of the Closing and addressed to the Underwriters, of counsel for the Underwriters, to the effect that:

(i) the Bonds are exempt securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act and the Bond Resolution need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriters and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine

independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system and the information regarding the Bond Insurer, in each case as to which no view need be expressed);

(9) A certificate, dated as of date of the Closing, of an appropriate official of the Issuer to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation, proceeding or tax challenge against the Issuer is pending or, to his or her knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting revenues from the City, including for payments on the Bonds, pursuant to the Resolution, and the collection of the revenues pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of this Agreement, or contesting in any way the completeness or accuracy of the information regarding the Issuer contained in the Preliminary Official Statement or the Official Statement, or contesting the powers of the Issuer or its authority with respect to this Agreement; (iii) all official action of the Issuer relating to the Official Statement, the Bonds and the Issuer Documents have been duly taken by the Issuer or any appropriate official of the Issuer, are in full force and effect and have not been modified, amended, supplemented or repealed; (iv) to his or her knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any material respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (v) there has not been any material adverse change in the financial

condition of the Issuer since September 30, 2023, the latest date as of which audited financial information is available;

(10) A certificate, dated the date of the Closing, of an appropriate official of the City to the effect that (i) no litigation or proceeding against the City is pending or, to his or her knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (A) contest the title of the present members of the governing body of the City and officers of the City to their respective offices, (B) contest the due organization and valid existence of the City, or (C) attempt to limit, enjoin or otherwise restrict or prevent the City from functioning and collecting revenues for the purpose of making payments under the Contract, or the anticipated receipt of such revenues; (ii) the waterworks and sewer system of the City (the "System") condensed operating statement contained in the Official Statement fairly and accurately presents a condensed version of the operating position of the System as of the dates and for the periods therein set forth, and there has not been a material adverse change in such condensed operating statement of the City since September 30, 2023, the latest date as of which such condensed operating statement for the City is available; (iii) except as set forth in the Official Statement, the City is in compliance with its obligation to provide certain operating and financial information pursuant to the City's continuing disclosure agreement, as set forth in the City Ordinance;

(11) A certificate signed by an authorized official of the Issuer that sets forth facts, estimates and circumstances in existence on the date of the Closing, which facts, estimates and circumstances shall be sufficiently set forth therein to support the conclusion that it is not expected that the proceeds of the Bonds will be used in a manner or that the Issuer will take any action or omit to take any action that would cause the Bonds to be "arbitrage bonds", within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations, temporary regulations and proposed regulations promulgated under the Code;

(12) Any other certificates and opinions required by the Bond Resolution for the issuance thereunder of the Bonds;

(13) The approving opinion of the Attorney General of the State of Texas with respect to the Bonds and the registration certificate of the Comptroller of Public Accounts of the State of Texas in respect of the Bonds;

(14) Evidence satisfactory to the Representative that the Bonds have been rated "AA"/"A" (enhanced/unenhanced) by S&P Global Ratings, the enhanced rating in reliance upon the issuance of the Municipal Bond Insurance Policy by the Bond Insurer, and that such rating is in effect as of the date of the Closing;

(15) A copy of the Municipal Bond Insurance Policy together with an opinion of counsel to the Bond Insurer in form and substance satisfactory to the Representative;

(16) A certificate of the Bond Insurer with respect to the accuracy of statements contained in the Official Statement regarding the Municipal Bond Insurance Policy and the Bond Insurer and the due authorization execution issuance and delivery of the Municipal Bond Insurance Policy; and

(17) Such additional legal opinions, certificates, instruments and other documents as the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 1 (with respect to the Good Faith Deposit), 4, 8 and 18 hereof shall continue in full force and effect.

7. Termination. The Representative shall have the right to cancel the Underwriters' obligation to purchase the Bonds if (as evidenced by a written notice to the Issuer terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds) between the date of this Agreement and the Closing, the market price or marketability of the Bonds, or the ability of the Underwriters to enforce contracts for the sale of Bonds, shall be materially adversely affected, in the reasonable judgment of the Representative, by the occurrence of any one of the following events:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either Chamber of the Congress by any committee of such Chamber to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or

proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions described herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act or the Securities Exchange Act of 1934, as amended and then in effect, or that the Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as described herein or in the Official Statement or otherwise, is or would be in violation of any provision of the federal securities laws as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body in any state in which more than 15% of the Bonds have been sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange, the establishment of minimum prices on such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other United States national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters, which change shall occur subsequent to the date of this Agreement and shall not be due to the malfeasance, misfeasance or nonfeasance of the Underwriters;

(f) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority

materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon), or the validity or enforceability of the collection of the Pledged Revenue to pay principal of and interest on the Bonds;

(g) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any material statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement discloses are expected to occur;

(i) there shall have occurred (whether or not foreseeable) any (i) new material outbreak of hostilities involving the United States (including, without limitation, an act of terrorism) or (ii) new material national or international calamity or crisis including, but not limited to, an escalation in the scope or magnitude of any pandemic or natural disaster, or (iii) material financial crisis or adverse change in the financial or economic conditions affecting the United States government or the securities markets in the United States;

(j) any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or any published notice shall have been given of any intended review for possible downgrade, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Issuer's obligations that are secured in a like manner as the Bonds (including the ratings to be accorded to the Bonds) or any rating on the Bond Insurer; and

(l) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; provided, however, that such prohibition occurs after the date of this Agreement and is not caused by the action, or failure to act, of the Underwriters.

With respect to the conditions described in subparagraphs (e) and (l) above, the Underwriters are not aware of any current, pending or proposed law or government inquiry or investigation as of the date of execution of this Agreement which would permit the Representative to invoke the Underwriters' termination rights thereunder.

8. Expenses.

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, (ii) the fees and disbursements of Bond Counsel and any other counsel to the Issuer; (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (iv) the fees for bond ratings and municipal bond insurance, if any; (v) the costs of preparing, printing and mailing the Preliminary Official Statement and the Official Statement; (vi) the fees and expenses of the Paying Agent/Registrar; (vii) advertising expenses (except any advertising expenses of the Underwriters as set forth below); (viii) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officers and officials of the Issuer; (ix) the Attorney General's review fee; and (x) any other expenses mutually agreed to by the Issuer and the Representative to be reasonably considered expenses of the Issuer which are incident to the transactions described herein.

(b) The Underwriters shall pay (i) the cost of preparation and printing of this Agreement, the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; (iii) all other expenses incurred by them in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters, any fees of the MSRB, the cost of obtaining CUSIP number(s), the fees and costs for the Bond's DTC-eligibility, IPREO (electronic book-running/sales order system) charges, Municipal Advisory Council fees (if any), day loan charges (currently at a rate of 1% per annum of the par amount of the Bonds) and (iv) other expenses incurred at the Underwriters' discretion (including, but not limited to, travel, lodging, meals, entertainment, deal mementos and similar expenses).

(c) The Issuer acknowledges that the Representative will pay from the Underwriters' expense allocation of the underwriting discount the applicable per bond assessment charged by the Municipal Advisory Council of Texas, a non-profit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities. An employee of one or more of the Underwriters serves on the Board of the Municipal Advisory Council of Texas. The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

9. Notices. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to the Issuer: Greater Texoma Utility Authority, 5100 Airport Drive, Denison, Texas 75020, Attention: President, Board of Directors; and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to

Robert W. Baird & Co. Incorporated, 1700 Post Oak Boulevard, Suite 600, Houston, Texas 77056, Attention: Mark Nitcholas.

10. *Parties in Interest.* This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations and warranties contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

11. *Effectiveness.* This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. *Choice of Law.* This Agreement shall be governed by and construed in accordance with the laws of the State.

13. *Severability.* If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision or provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

14. *Business Day.* For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

15. *Section Headings.* Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. *Counterparts.* This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

17. *No Personal Liability.* None of the members of the Board of Directors, nor any officer, agent, or employee of the Issuer or of the City, shall be charged personally by the Underwriters with any liability, or be held liable to the Underwriters under any term or provision of this Agreement or any other document relating to the Bonds, or because of execution or attempted execution, or because of any breach or

attempted or alleged breach, of this Agreement or any other document relating to the Bonds.

18. Statutory Verifications. Each of the Underwriters makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the “*Government Code*”), in entering into this Agreement. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with such Underwriter within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

(a) Not a Sanctioned Company. Each of the Underwriters represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes such Underwriter and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. Each of the Underwriters hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. Each of the Underwriters hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. Each of the Underwriters hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

19. Attorney General Standing Letter. Each Underwriter represents that it has, or will have prior to the date of Closing, on file with the Texas Attorney General a standing letter addressing the representations and verifications contained in Section 18 of this Agreement in a form accepted by the Texas Attorney General. The Underwriters further each represent and warrant that they have not received a letter (a “*Request Letter*”) from either the Attorney General or Texas Comptroller seeking written verification related to the representations in Section 18. In addition, at the request of the Issuer or Bond Counsel or if any Underwriter or the parent company, a wholly- or majority-owned subsidiary or another affiliate of such Underwriter receives a Request Letter from the Attorney General or the Texas Comptroller in connection with a review of their standing letter, such Underwriter shall promptly notify the Issuer and Bond Counsel (if it has not already done so) and provide to the Issuer and Bond Counsel, at least two business days prior to the Closing and additionally upon request by the Issuer or Bond Counsel, written verification to the effect that its standing letter described in the preceding sentence remains in effect and may be relied upon by the Issuer and the Attorney General (the “*Bringdown Verification*”). The Bringdown Verification may be in the form of an e-mail.

20. Entire Agreement. This Agreement represents the entire agreement between the Issuer and the Underwriters with respect to the preparation of the Preliminary Official Statement and the Official Statement, the conduct of the offering, and the purchase, sale, and delivery of the Bonds.

[Execution Page Follows]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between the Issuer and the Underwriters when at least the counterpart of this Agreement shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

ROBERT W. BAIRD & CO.
INCORPORATED, as Representative of
the Underwriters

By: _____
Name: _____
Title: _____

Accepted this _____, 2024 at _____ a.m./p.m., Central Time

GREATER TEXOMA UTILITY AUTHORITY

By: _____
Name: _____
Title: _____

Schedule I – List of Underwriters

Schedule II – Schedule of Terms

Exhibit A - Form of Issue Price Certificate

Execution Page
Greater Texoma Utility Authority Contract Revenue Bonds, Series 2024A (City of
Sherman Project)

SCHEDULE I
LIST OF UNDERWRITERS

Robert W. Baird & Co. Incorporated

Raymond James & Associates, Inc.

SAMCO Capital Markets, Inc.

BOK Financial Securities, Inc.

SCHEDULE II**\$91,880,000****Greater Texoma Utility Authority****Contract Revenue Bonds, Series 2024A (City of Sherman Project)**

Interest accrues from: Date of Initial Delivery

Dated Date: October 1, 2024

\$43,965,000 Serial Bonds

Maturity (Oct. 1)	Principal	Interest Rate	Initial Reoffering Yield ^(a)	Maturity (Oct. 1)	Principal	Interest Rate	Initial Reoffering Yield ^(a)
2027	\$805,000	5.00%	2.81%	2036 ^(b)	\$2,465,000	5.00%	3.44% ^(c)
2028	1,655,000	5.00%	2.85%	2037 ^(b)	2,590,000	5.00%	3.51% ^(c)
2029	1,735,000	5.00%	2.86%	2038 ^(b)	2,725,000	5.00%	3.52% ^(c)
2030	1,825,000	5.00%	2.92%	2039 ^(b)	2,865,000	5.00%	3.60% ^(c)
2031	1,920,000	5.00%	3.01%	2040 ^(b)	3,010,000	5.00%	3.68% ^(c)
2032	2,020,000	5.00%	3.10%	2041 ^(b)	3,165,000	5.00%	3.77% ^(c)
2033 ^(b)	2,120,000	5.00%	3.18% ^(c)	2042 ^(b)	3,330,000	5.00%	3.89% ^(c)
2034 ^(b)	2,230,000	5.00%	3.26% ^(c)	2043 ^(b)	3,500,000	5.00%	3.91% ^(c)
2035 ^(b)	2,345,000	5.00%	3.34% ^(c)	2044 ^(b)	3,660,000	4.00%	4.17%

\$47,915,000 Term Bonds\$21,210,000 5.00% Term Bonds, due October 1, 2049, Priced to Yield 4.10% ^{(a)(b)(c)(d)}\$26,705,000 4.25% Term Bonds, due October 1, 2054, Priced to Yield 4.40% ^{(a)(b)(d)}

- ^(a) The initial reoffering prices or yields of the Bonds are furnished by the Underwriters and represent the initial offering prices or yields to the public, which may be changed by the Underwriters at any time.
- ^(b) The Issuer reserves the right, at its option, to redeem Bonds having stated maturities on and after October 1, 2033, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on October 1, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.
- ^(c) Priced to first optional redemption date of October 1, 2032.
- ^(d) The Term Bonds scheduled to mature on October 1 in the years 2049 and 2054 are also subject to mandatory sinking fund redemption on the dates and in the amounts set forth in the following schedule(s):

<u>Mandatory Redemption</u>	<u>Principal Amount</u>	<u>Mandatory Redemption</u>	<u>Principal Amount</u>
October 1, 2045	\$3,830,000	October 1, 2050	\$4,895,000
October 1, 2046	4,025,000	October 1, 2051	5,110,000
October 1, 2047	4,230,000	October 1, 2052	5,330,000
October 1, 2048	4,450,000	October 1, 2053	5,565,000
October 1, 2049*	4,675,000	October 1, 2054*	5,805,000

*Stated Maturity.

EXHIBIT A

FORM OF ISSUE PRICE CERTIFICATE

\$91,880,000 Greater Texoma Utility Authority Contract Revenue Bonds, Series 2024A (City of Sherman Project)

The undersigned, on behalf of Robert W. Baird & Co. Incorporated, as representative (the "Representative") of the underwriters (the "Underwriters"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") of the Greater Texoma Utility Authority (the "Issuer"):

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Representative offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, the Representative agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Representative sold at

least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 28, 2024.

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US LLP in connection with rendering their opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. Notwithstanding anything set forth herein, the Representative is not engaged in the practice of law. Accordingly, the Representative makes no representation as to the legal sufficiency of the factual matters set forth herein.

[Signature Page Follows]

EXECUTED and DELIVERED as of this _____, 2024.

ROBERT W. BAIRD & CO.
INCORPORATED, as Purchaser

By: _____

Name: _____

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-MATURITY-OFFERING-PRICE MATURITIES

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

EXHIBIT B

FORM OF BONDS

A. Form of Definitive Bonds.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTIES OF GRAYSON, COLLIN, FANNIN AND COOKE
GREATER TEXOMA UTILITY AUTHORITY
CONTRACT REVENUE BONDS, SERIES 2024A
(CITY OF SHERMAN PROJECT)

Bond Date:	Interest Rate:	Stated Maturity:	Delivery Date:	CUSIP NO.
October 1, 2024	_____ %	October 1, 20__	October 1, 2024	_____

Registered Owner:

Principal Amount: _____ DOLLARS

The Greater Texoma Utility Authority (hereinafter referred to as the "Authority"), for value received, hereby promises to pay to the Registered Owner named above (the "Holder") or the registered assigns thereof, solely from the revenues hereinafter identified, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is the delivery date of this Bond (or its Predecessor Bond) to the initial Holder, in which case it shall bear interest from the Delivery Date) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on April 1, 2025, and each April 1 and October 1 thereafter until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or date of redemption to the Holder hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of BOKF, NA, the Paying Agent/Registrar, or its successor. Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the fifteenth (15th) day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

If the date for payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$91,880,000 (herein referred to as the "Bonds") for the purpose of providing funds for the construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), and the acquisition of land and rights-of-way necessary therefor or incidental thereto, and the payment of all costs incident and related to the acquisition and financing thereof, pursuant to authority conferred by and in conformity with the Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 and Chapter 1371, Texas Government Code, as amended, and pursuant to a Resolution adopted by the Board of Directors of the Authority (herein referred to as the "Resolution").

The Bonds maturing on dates hereinafter identified (the "Term Bonds") are subject to mandatory redemption prior to maturity with funds on deposit in the Bond Fund established and maintained for the payment thereof in the Resolution, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

Term Bonds Due October 1, 2049		Term Bonds Due October 1, 2054	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
October 1, 2045	\$3,830,000	October 1, 2050	\$4,895,000
October 1, 2046	\$4,025,000	October 1, 2051	\$5,110,000
October 1, 2047	\$4,230,000	October 1, 2052	\$5,330,000
October 1, 2048	\$4,450,000	October 1, 2053	\$5,565,000
October 1, 2049	\$4,675,000 (maturity)	October 1, 2054	\$5,805,000 (maturity)

The particular Term Bonds to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of Term Bonds for a Stated Maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the Authority, by the principal amount of Term Bonds of like maturity which, at least 50 days prior to the mandatory redemption date, (1) shall have been acquired by the Authority at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions appearing below and not theretofore credited against a mandatory redemption requirement.

The Bonds maturing on and after October 1, 2033, may be redeemed prior to their Stated Maturities, at the option of the Authority, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected by lot by the Paying Agent/Registrar) on October 1, 2032, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

Not fewer than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the

Authority and at the Authority's expense, to each Registered Owner of a Bond to be redeemed and subject to the terms and provisions relating thereto contained in the Resolution. If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed.

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

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

The Bonds constitute special obligations of the Authority, and, together with the outstanding Previously Issued Bonds and any Additional Bonds, if issued, are payable as to principal and interest solely from and equally secured by a first lien on the Pledged Revenue of the Authority (identified and defined in the Resolution, and including revenues to be received under and pursuant to a Contract For Water Supply and Sewer Service between the Authority and the City of Sherman, Texas, dated as of March 1, 1985, together with all amendments thereto). Reference is hereby made to the Resolution, copies of which are on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the revenues pledged for the payment of the Bonds; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Authority and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be discharged at or prior to its maturity, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein have the same meanings assigned in the Resolution.

The Authority expressly reserves the right to issue further and additional revenue bond obligations in all things on a parity with the Bonds and the Previously Issued Bonds, payable solely from and equally secured by a first lien on the Pledged Revenue described above; provided, however, that any and all such Additional Bonds may be so issued only in accordance with and subject to the covenants, conditions, limitations and restrictions relating thereto which are set out and contained in the Resolution, to which reference is hereby made for more complete and full particulars.

The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

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

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

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to or in the issuance of this Bond in order to render the same a legal, valid and binding obligation of the Authority have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that the issuance of the Bonds does not exceed any constitutional or statutory limitation. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Board of Directors of the Authority has caused this Bond to be duly executed under the official seal of the Authority.

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(SEAL)

B. Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS

THE STATE OF TEXAS

(
(
(
(

REGISTER NO. _____

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

WITNESS my signature and seal of office this _____.

(SEAL)

Comptroller of Public Accounts
of the State of Texas

- C. Form of Certificate of Paying Agent/Registrar to appear on Definitive Bonds only.

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

The principal office of the Paying Agent/Register in Kansas City, Missouri, is the "Designated Payment/Transfer Office" for this Bond.

BOKF, NA, Houston, Texas,
as Paying Agent/Registrar

Registration Date:

By: _____
Authorized Signature

- D. Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto
(Print or typewrite name, address, and zip code of transferee): _____

(Social Security or other identifying number: _____
_____) the within Bond and all rights thereunder, and hereby
irrevocably constitutes and appoints _____

attorney to transfer the within Bond on the books kept for registration thereof, with full power of
substitution in the premises.

DATED: _____

Signature guaranteed:

NOTICE: The signature on this assignment
must correspond with the name of the
registered owner as it appears on the face of
the within Bond in every particular.

E. The Initial Bond shall be in the form set forth therefor in paragraph A, except as follows:

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

REGISTERED
NO. T-1

REGISTERED
\$91,880,000

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTIES OF COOKE, FANNIN, GRAYSON AND COLLIN
GREATER TEXOMA UTILITY AUTHORITY
CONTRACT REVENUE BONDS, SERIES 2024A
(CITY OF SHERMAN PROJECT)

Bond Date:
October 1, 2024

Delivery Date:
October 1, 2024

Registered Owner: ROBERT W. BAIRD & CO., INC.

Principal Amount: NINETY ONE MILLION EIGHT HUNDRED EIGHTY THOUSAND DOLLARS

The Greater Texoma Utility Authority (hereinafter referred to as the "Authority"), for value received, hereby promises to pay to the Registered Owner named above (the "Holder") or the registered assigns thereof, solely from the revenues hereinafter identified, on October 1 in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

<u>YEAR OF STATED MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATES (%)</u>
------------------------------------	----------------------------------	-------------------------------

(Information to be inserted from schedule in the Pricing Certificate)

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is the delivery date of this Bond (or its Predecessor Bond) to the initial Holder, in which case it shall bear interest from the Delivery Date) at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on April 1, 2025, and each April 1 and October 1 thereafter until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or redemption to the Holder hereof by BOKF, NA, Houston, Texas (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in Kansas City, Missouri (the "Designated Payment/Transfer Office"), or its successor. Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the fifteenth (15th) day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United

States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.



City Council Regular Meeting

Agenda Item No. E.7.

Meeting Date: 9/3/2024

Prepared By: Clint Philpott, Assistant City Manager

Approved By: Robby Hefton, City Manager

Caption:

INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6772

Approving the 2024-25 Annual Service and Assessment Plan Update for the Bel Air Village Public Improvement District

Issue:

To approve the 2024-25 Annual Service Plan Update for the Bel Air Village Public Improvement District

Background:

The Bel Air Village Public Improvement District (the "PID") was created pursuant to the PID Act and Resolution No. 6711 of the City Council on March 15, 2021, to finance certain public improvement projects for the benefit of the property in the PID. The PIDs are required to undergo annual review of the Service and Assessment Plan to update any projected changes to the Plan, such as changes in cost estimates or changes in values created with the PID area.

A service and assessment plan (the "Service and Assessment Plan") was prepared at the direction of the City identifying the public improvements (the "Authorized Improvements") to be provided by the PID, the costs of the Authorized Improvements, the indebtedness to be incurred for the Authorized Improvements, and the manner of assessing the property in the PID for the costs of the Authorized Improvements. Pursuant to the PID Act, the Service and Assessment Plan must be reviewed and updated annually.

The City also adopted the Phase #1 and Phase #2 Assessment Roll attached as Appendix D and E to the Service and Assessment Plan, identifying the assessments on each Parcel within the PID by Phase, based on the method of assessment identified in the Service and Assessment Plan. This Annual Service Plan Update also updates the Assessment Rolls for 2024-25.

Origination:

City Manager's Office

Financial Consideration:

The City determined the estimated total costs of public improvements for the benefit of the property within Phase 1 District Improvements and to be financed by the District is \$9,060,054. The City determined the estimated total costs of public improvements for the benefit of the property within Phase 2 District Improvements and to be financed by the District is \$20,186,042, all of which is expected to be collected through the PID Assessments. There is no cost to the City related to this PID.

Staff Recommendation:

Staff recommends approval of this Ordinance

Alternatives:

As directed by the City Council

Attachments:

1. Ordinance No. 6772
2. Bel Air Village PID - Annual SAP Update - 2024-25 v3
3. Bel Air Village - 2024-25 Annual SAP Presentation
4. Location Map

ORDINANCE NO. 6772

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPROVING THE 2024-2025 ANNUAL SERVICE AND ASSESSMENT PLAN UPDATE FOR THE BEL AIR VILLAGE PUBLIC IMPROVEMENT DISTRICT; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, the City of Sherman (the “City”) is authorized pursuant to Texas Local Government Code, Chapter 372, as amended (the “PID Act”) to create public improvement districts for the purposes described therein; and

WHEREAS, the City received a petition (the “Petition”) requesting the creation of the Bel Air Village Public Improvement District (the “PID”); and

WHEREAS, on March 15, 2021, the City held a public hearing then passed and adopted Resolution 6711 establishing the Bel Air Village Public Improvement District in accordance with the PID Act; and

WHEREAS, on May 3, 2021, the City passed and adopted Ordinance 6377 approving a Service and Assessment Plan (the “SAP”) for the PID;

WHEREAS, the City Council of the City wishes to approve the 2024-2025 Annual Update of the SAP (the “Annual Service Plan Update”) for the PID.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF SHERMAN, TEXAS, as follows:

SECTION 1. The facts recited in the preamble hereto are found to be true and correct.

SECTION 2. The 2024-2025 Annual Service Plan Update, attached to this Ordinance, is hereby approved and adopted on behalf of the PID.

SECTION 3. All Ordinances, and agreements and parts of Ordinances and agreements in conflict herewith are hereby repealed to the extent of the conflict only.

SECTION 4. It is hereby found and determined that the meeting at which this Ordinance was passed was open to the public and that advance public notice of the time, place and purpose of said meeting was given as required by law. The Ordinance shall become effective immediately upon passage. The City Secretary shall cause this Ordinance to be filed with the City clerk in each City in which all or a part of the PID is located not later than seven (7) days after the date the governing body of the City approves this Annual Service Plan Update.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
SHERMAN, TEXAS.**

INTRODUCED on this the 3rd day of September 2024.

ADOPTED on this the 3rd day of September 2024.

EFFECTIVE DATE on this the 3rd day of September 2022.

.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM
AND CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

**BEL AIR VILLAGE
PUBLIC IMPROVEMENT DISTRICT
CITY OF SHERMAN, TEXAS**

**ANNUAL SERVICE PLAN UPDATE
(ASSESSMENT YEAR 9/1/24 - 8/31/25)**

**AS APPROVED BY CITY COUNCIL ON:
SEPTEMBER 3, 2024**

PREPARED BY:

MUNICAP, INC.
— PUBLIC FINANCE —

BEL AIR VILLAGE PUBLIC IMPROVEMENT DISTRICT

ANNUAL SERVICE PLAN UPDATE (ASSESSMENT YEAR 9/1/24 – 8/31/25)

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APPENDIX A - BEL AIR VILLAGE PID MAP

APPENDIX B - PREPAID PARCELS

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APPENDIX D-2 -PHASE #1 ASSESSMENT ROLL SUMMARY – 2024-25 – FOR LOTS TRIGGEREDD IN 2024-25

APPENDIX E – PHASE #2 ASSESSMENT ROLL SUMMARY – 2024-25 – ALL PARCELS

APPENDIX F – PID ASSESSMENT NOTICE

I. INTRODUCTION

The Bel Air Village Public Improvement District (the “PID”) was created pursuant to the PID Act and Resolution No. 6711 of the City Council on March 15, 2021, to finance certain public improvement projects for the benefit of the property in the PID.

On April 4, 2022, the City approved Phase #1 Reimbursement Agreement in the amount of \$9,060,054 (the “Phase #1 Reimbursement Agreement”) to finance, refinance, provide or otherwise assist in the acquisition, construction and maintenance of the public improvements provided for the benefit of the property in the PID.

A service and assessment plan (the “Service and Assessment Plan”) was prepared at the direction of the City identifying the public improvements (the “Authorized Improvements”) to be provided by the PID, the costs of the Authorized Improvements, the indebtedness to be incurred for the Authorized Improvements, and the manner of assessing the property in the PID for the costs of the Authorized Improvements. The Service and Assessment Plan was updated for the Phase #2 Reimbursement Agreement in the aggregate principal amount of \$20,186,042 (the “Phase #2 Reimbursement Agreement”) on December 5, 2022 (the “Updated Service and Assessment Plan”). Pursuant to Chapter 372 of the Texas Local Government Code, as amended (the “PID Act”), the Updated Service and Assessment Plan must be reviewed and updated annually for the purpose of determining the annual budget for the Authorized Improvements. This document is the annual update of the Updated Service and Assessment Plan for 2024-25 (the “Annual Service Plan Update”).

The City also adopted the Phase #1 Assessment Roll and Phase #2 Assessment Roll attached as Appendices F and G, respectively, to the Updated Service and Assessment Plan, identifying the assessments on each Parcel within the PID, based on the method of assessment identified in the Service and Assessment Plan. This Annual Service Plan Update also updates the Assessment Rolls for 2024-25.

The Texas legislature passed House Bill 1543 as an amendment to the PID Act, requiring, among other things, (i) all Service and Assessment Plans and Annual Service Plan Updates be approved through City ordinance or order to be filed with the county clerk of each county in which all or part of the PID is located within seven days and (ii) include a copy of the notice form required by Section 5.014 of the Texas Property Code (the “PID Assessment Notice”) as disclosure of the obligation to pay PID Assessments. In light of these amendments to the PID Act, this Annual Service Plan Update includes a copy of the PID Assessment Notice as Appendix F and copy of this Annual Service Plan Update will be filed with the county clerk in each county in which all or a part of the PID is located not later than seven (7) days after the date the governing body of the City approves this Annual Service Plan Update.

Section 372.013 of the PID Act, as amended, stipulates that a person who proposes to sell or otherwise convey real property that is located in the PID, except in certain situation described in the PID Act, shall first give to the purchaser of the property a copy of the completed PID Assessment Notice. The PID Assessment Notice shall be given to a prospective purchase before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without

the seller provided the required notice, the purchaser, subject to certain exceptions described in the PID act, is entitled to terminate the contract.

The PID Assessment Notice shall be executed by the seller and must be filed in the real property records of the County in which the property is located at the closing of the purchase and sale of the property.

Capitalized terms shall have the meanings set forth in the Updated Service and Assessment Plan unless otherwise defined herein.

(remainder of this page is intentionally left blank)

II. UPDATE OF THE SERVICE PLAN

A. UPDATED SOURCES AND USES FOR PUBLIC IMPROVEMENTS

Phase #1 Improvements Sources and Uses

Pursuant to the original Service and Assessment Plan adopted on April 4, 2022, the initial total estimated costs of the Phase #1 Improvements, including the proportional share of the Major Improvement costs, were equal to \$9,060,054. According to the Updated Service and Assessment Plan dated December 5, 2022, the estimated costs of Phase #1 Improvements increased to \$9,607,702. According to Bel Air Village SFR, LLC (the “Developer”), the actual costs of the Phase #1 Improvements were equal to \$10,361,727.

According to the City, the Phase #1 Improvements were completed and accepted by the City on September 26, 2022.

Table II-A-1 below summarizes the updated sources and uses of funds required to (1) construct the Phase #1 Improvements and (2) establish the PID.

Table II-A-1
Updated Sources and Uses – Phase #1

Sources of Funds	Initial Estimated Budget	Actual Amount Spent	Variance
Assessments	\$9,060,054	\$9,060,054	\$0
Other funding sources	\$0	\$1,301,673	\$1,301,673
Total Sources	\$9,060,054	\$10,361,727	\$1,301,673
Uses of Funds			
<u>Phase #1 Improvements</u>			
Roadway Improvements	\$2,168,179	\$3,849,764	\$1,681,585
Water Improvements	\$729,393	\$832,756	\$103,363
Sanitary Sewer Improvements	\$1,021,867	\$1,238,197	\$216,330
Storm Drainage Improvements	\$2,422,332	\$1,693,170	(\$729,162)
Landscaping and Hardscaping	\$641,447	\$1,235,645	\$594,198
Other Soft and Miscellaneous Costs	\$2,076,836	\$1,512,195	(\$564,641)
<i>Subtotal: Phase #1 Improvements</i>	<i>\$9,060,054</i>	<i>\$10,361,727</i>	<i>\$1,301,673</i>
Total Uses	\$9,060,054	\$10,361,727	\$1,301,673

1 – According to the Developer as of July 28, 2023.

Phase #1 Improvement Cost Variances

As stated in Table II-A-1 above, there is a significant variance of \$1,301,673 between the initial estimated budget and the actual amount spent. The net increase in actual costs were funded by the Developer.

Phase #2 Improvements Sources and Uses

Pursuant to the Updated Service and Assessment Plan, the initial total estimated costs of the Phase #2 Improvements, including the proportional share of the Major Improvement costs, were equal to \$20,186,042. According to the Developer, the actual costs of the Phase #2 Improvements were equal to \$20,296,417.

According to the City, the Phase #2 Improvements were completed and accepted by the City on July 2, 2024.

Table II-A-2 below summarizes the updated sources and uses of funds required to (1) construct the Phase #2 Improvements and (2) establish the PID, according to the Developer as of July 31, 2024.

Table II-A-2
Updated Sources and Uses – Phase #2

Sources of Funds	Initial Estimated Budget	Actual Amount Spent	Variance
Assessments	\$20,186,042	\$20,186,042	\$0
Other funding sources	\$0	\$110,376	\$110,376
Total Sources	\$20,186,042	\$20,296,417	\$110,376
Uses of Funds			
<u>Phase #2 Improvements</u>			
Roadway Improvements	\$5,261,258	\$4,761,152	(\$500,106)
Water Improvements	\$2,012,039	\$1,998,921	(\$13,118)
Sanitary Sewer Improvements	\$2,756,226	\$3,100,570	\$344,344
Storm Drainage Improvements	\$4,324,151	\$4,412,654	\$88,503
Landscaping and Hardscaping	\$1,720,657	\$2,261,880	\$541,223
Other Soft and Miscellaneous Costs	\$4,111,711	\$3,761,240	(\$350,471)
<i>Subtotal: Phase #2 Improvements</i>	<i>\$20,186,042</i>	<i>\$20,296,417</i>	<i>\$110,375</i>
Total Uses	\$20,186,042	\$20,296,417	\$110,375

1 – According to the Developer as of July 31, 2024.

Phase #2 Improvement Cost Variances

As stated in Table II-A-2 above, there is a significant variance of \$110,375 between the initial estimated budget and the actual amount spent. The net increase in actual costs were funded by the Developer.

B. FIVE YEAR SERVICE PLAN

According to the PID Act, a service plan must cover a period of five years. All of the Phase #1 Improvements and Phase #2 Improvements are expected to be built within a period of five years. The anticipated budget for the Phase #1 Improvements and Phase #2 Improvements are shown in Section II.A of this report, and the Annual Installments expected to be collected for these costs is shown by Tables II-B-1 and Table II-B-2 below.

Table II-B-1
Phase #1 Projected Annual Installments (2021-2030)

Assessment Year Ending 9/01	Phase #1 Projected Annual Installments^{1,2,3}
2021-24	\$495,820
2025	\$765,567
2026	\$767,636
2027	\$768,487
2028	\$756,331
2029	\$676,585
2030	\$610,136
Total	\$4,840,562

1 – Projected Annual Installments for Assessment Years ending 2021-25 represent actual amounts billed and include applicable credits. Assessment Years ending 2026-2030 represent projected amounts and will be updated in future Annual Service Plan Updates.

2 – Represents the Annual Installments billed for all Phase #1 Lots. Amounts do not include prepayments.

3 - Refer to Section D of this report for additional information regarding Phase #1's annual budget and Annual Installments.

Table II-B-2
Phase #2 Projected Annual Installments (2024-2030)

Assessment Year Ending 9/01	Phase #2 Projected Annual Installments^{1,2,3}
2024	\$0
2025	\$0
2026	\$1,938,302
2027	\$1,939,409
2028	\$1,940,540
2029	\$1,941,695
2030	\$1,942,876
Total	\$9,702,822

1 – Projected Annual Installments for Assessment Years ending 2024-25 represent actual amount billed and include applicable credits. Assessment Years ending 2026-2030 represent projected amounts and will be updated in future Annual Service Plan Updates.

2 – Represents the Annual Installments billed for Phase #2 Lots triggered as of June 30, 2024. As of June 30, 2024, no Phase #2 lots have been triggered for collection.

3 - Refer to Section F of this report for additional information regarding Phase #2's annual budget and Annual Installments.

C. STATUS OF DEVELOPMENT

According to the City, two-hundred and sixty-seven (267) building permits have been issued for Phase #1 of the PID as of June 30, 2024, representing approximately 81.65 percent of the 327 total building permits expected to be issued within Phase #1.

According to the City, no building permits have been issued for Phase #2 of the PID as of June 30, 2024, representing 0.00 percent of the 561 total building permits expected to be issued within Phase #2.

See Table II-C-1 below for the status of building permits issued within Phase #1 and Phase #2 as of June 30, 2024.

Table II-C-1
Building Permits Issued¹

	Cumulative as of June 30, 2022	Cumulative as of July 31, 2023	Cumulative as of June 30, 2024
Phase #1 Building Permits	24	185	267
Phase #2 Building Permits	0	0	0

1 – Based on the building permit issuances according to the City.

See Table II-C-2 below for the status of completed homes within Phase #1 and Phase #2 as of June 30, 2024.

Table II-C-2
Completed Homes¹

Status	Cumulative as of June 30, 2022	Cumulative as of June 30, 2023	Cumulative as of June 30, 2024
Phase #1 Completed Homes	0	77	199
Phase #2 Completed Homes	0	0	0

1 – Based on the certificates of occupancy issuances according to the City.

See Appendix C for 2024 assessed values of all Parcels within Phase #1 of the PID.

D. ANNUAL BUDGET – PHASE #1

Phase #1 - Annual Installments

The Assessment imposed on any Parcel may be paid in full at any time. If not paid in full, the Assessment shall be payable in thirty Annual Installments of principal and interest beginning with the tax year following the collection of the first Annual Installment for a Phase #1 Lot or Parcel shall commence upon the earlier of: (i) with tax bills sent the first October following the issuance of the first building permit for each Lot within Phase #1, such that Assessments are billed only for Lots for which a building permit has been issued, (ii) with tax bills sent the first October after issuance of any Bonds secured by the respective reimbursement agreement for Phase #1 Assessed Property, or (iii) with tax bills sent the first October following the second anniversary of the levy

of Assessments on the Phase #1 Assessed Property such that all Assessments in the applicable Phase begin collection immediately after the expiration of such two-year period.

Table II-D-1 below shows the amount of Assessments applicable to all Phase #1 Lots triggered as of June 30, 2024.

Table II-D-1
Assessments on Phase #1 Lots Triggered for Annual
Installment Collection as of June 30, 2024¹

Trigger Period	Annual Installment Condition Trigger	Number of Lots²	Total EU	Total Assessments³
2022-23	Condition (i)	24	22.78	\$708,086.57
2023-24	Condition (i)	161	142.22	\$4,421,223.45
2024-25	Condition (iii)	142	126.44	\$3,930,743.98
Total		327	291.44	\$9,060,054.00

1 – Number of Lots represents the building permits issued according to the City.

2 – See Section II.C. of this report for building permit issuance information relating to the reported lots triggered.

3 – Total Assessments for lots triggered as of June 30, 2024 represent 100 percent of the total Phase #1 Assessments. See various Assessment Rolls for the current total outstanding Assessment balances.

Pursuant to the Updated Service and Assessment Plan, each Assessment securing the Phase #1 Reimbursement Agreement obligation shall bear interest at the rate on the Phase #1 Reimbursement Agreement obligation commencing with the effective date of the Phase #1 Reimbursement Agreement obligation. The interest rate applicable to the Phase #1 Reimbursement Agreement obligation is 7.95 percent per annum for 2024-25 and is used to calculate the interest on the Assessments securing the Phase #1 Reimbursement Agreement Obligation.

Pursuant to the Updated Service and Assessment Plan, the Annual Service Plan Update shall show the remaining balance of the Assessments, the Annual Installment due for 2024-25 and the Administrative Expenses to be collected from each Parcel. Administrative Expenses shall be allocated to each Parcel pro rata based upon the amount the Annual Installment on a Parcel bears to the total amount of Annual Installments in the PID as a whole that are payable at the time of such allocation. Each Annual Installment shall be reduced by any credits applied under applicable documents including the Updated Service and Assessment.

These payments, the “Annual Installments” of the Assessments, shall be billed by the City in 2024 and will be delinquent on February 1, 2025.

Annual Budget for the Repayment of Indebtedness

Debt service proportionately allocated to each Lot will be paid on the Phase #1 Reimbursement Agreement from the collection of the Annual Installments of the Assessments on the Assessed Property. In addition, Administrative Expenses are to be collected with the Annual Installments to pay expenses related to the collection of the Annual Installments.

Annual Installments to be collected for 2024-25 for Lots Triggered in 2022-23

The proportional Phase #1 budget for the PID will be paid from the collection of Annual Installments collected for 2024-25 as shown in Table II-D-2 below.

Table II-D-2
**Phase #1 Budget for the Annual Installments
to be Collected for 2024-25**

Descriptions	Budget for Lots Based on Trigger Period			Total
	2022-23	2023-24	2024-25	
Interest payment on or after March 1, 2025	\$28,140	\$174,489	\$156,247	\$358,876
Interest payment on or after September 1, 2025	\$28,140	\$174,489	\$156,247	\$358,876
Principal payment on September 1, 2025	\$78	\$485	\$434	\$997
<i>Subtotal debt service on R.A.</i>	<i>\$56,359</i>	<i>\$349,462</i>	<i>\$312,928</i>	<i>\$718,749</i>
Administrative Expenses	\$3,671	\$22,763	\$20,384	\$46,818
<i>Subtotal Expenses</i>	<i>\$60,030</i>	<i>\$372,226</i>	<i>\$333,312</i>	<i>\$765,567</i>
Available Administrative Expense account	\$0	\$0	\$0	\$0
Subtotal funds available	\$0	\$0	\$0	\$0
Annual Installments	\$60,030	\$372,226	\$333,312	\$765,567

Debt Service Payments

Table II-D-3 below shows the Annual Installments to be collected for principal and interest based on the outstanding Assessment balance for each trigger period and the effective interest rate of 7.95 percent.

Table II-D-3
Principal and Interest to be Collected for 2024-25

Lots in Trigger Period	Outstanding Assessment Balance	Principal Due	Effective Interest Rate	3/1 Interest Due	9/1 Interest Due	Annual Installments to be Collected for P&I
2022-23	\$707,930	\$78	7.95%	\$28,140	\$28,140	\$56,359
2023-24	\$4,389,652	\$485	7.95%	\$174,489	\$174,489	\$349,462
2024-25	\$3,930,744	\$434	7.95%	\$156,247	\$156,247	\$312,928
Total	\$9,028,326	\$997		\$358,876	\$358,876	\$718,749

Administrative Expenses

The Phase #1 proportional annual administrative expenses include the City, Administrator, and contingency fees for 2024-25 and are shown in Table II-D-4 on the following page.

Table II-D-4
Administrative Budget Breakdown

Lots in Trigger Period	2024-25 Estimated Budget (09/01/2024-08/31/2025)
2022-23	\$3,671
2023-24	\$22,763
2024-25	\$20,384
Total	\$46,818

Available Administrative Expense Account

There are no available administrative expense funds to reduce the 2024-25 Annual Installment.

E. ANNUAL INSTALLMENTS PER UNIT – PHASE #1

According to the Updated Service and Assessment Plan, the Annual Installments shall be collected in an amount sufficient to pay principal and interest on Phase #1 Reimbursement Agreement and to cover Administrative Expenses of the PID.

According to the Updated Service and Assessment Plan, 327 units representing 291.44 total Equivalent Units were anticipated to be built within the PID. As of June 30, 2024, three-hundred and twenty-seven (327) Phase #1 Lots have been triggered for Annual Installment collection, representing 291.44 Equivalent Units. See Table II-D-1 of this report for the trigger period breakdown of the lots triggered in Phase #1. As of June 30, 2024, one 50' Lot has prepaid their Phase #1 Assessment in full. As a result, the outstanding Phase #1 total Equivalent Units are 290.44 (291.44 – 1.00 = 290.44).

The Annual Installment to be collected from each Parcel within Phase #1 of the PID is calculated by multiplying the Annual Installment for each unit shown in Table II-D-5 below by the total estimated Equivalent Units for each Parcel in the PID.

Table II-D-5
Annual Installment Per Equivalent Unit

Lots in Trigger Period	Principal	Interest	Administrative Expense	Annual Installment
2022-23	\$3.43	\$2,470.85	\$161.17	\$2,635.45
2023-24	\$3.43	\$2,471.12	\$161.19	\$2,635.74
2024-25	\$3.43	\$2,471.39	\$161.21	\$2,636.03

The list of Parcels triggered per period within the PID, the number of units to be developed on the current residential Parcels, the corresponding total units, the total outstanding Assessment, the annual principal and interest, the Administrative Expenses, and the Annual Installment to be collected for 2024-25 are shown in the Assessment Roll Summaries attached hereto as Appendix D-1, D-2 and D-3.

F. ANNUAL BUDGET – PHASE #2

Phase #2 - Annual Installments

The Assessment imposed on any Parcel may be paid in full at any time. If not paid in full, the Assessment shall be payable in thirty Annual Installments of principal and interest beginning with the tax year following the collection of the first Annual Installment for a Phase #2 Lot or Parcel shall commence upon the earlier of: (i) with tax bills sent the first October following the issuance of the first building permit for each Lot within each Phase, such that Assessments are billed only for Lots for which a building permit has been issued, (ii) with tax bills sent the first October after issuance of any Bonds secured by the respective reimbursement agreement for Phase #2 Assessed Property, or (iii) with tax bills sent the first October following the second anniversary of the levy of Assessments on the Phase #2 Assessed Property such that all Assessments in the applicable Phase begin collection immediately after the expiration of such two year period.

As of June 30, 2024, the above conditions have not been met and as a result, Phase #2 Annual Installments will not be collected for the 2024-25 Assessment Year.

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III. UPDATE OF THE ASSESSMENT PLAN

The Updated Service and Assessment Plan adopted by the City Council describes that the Authorized Improvement costs shall be allocated to the Assessed Property equally based on the equivalent number of residential dwelling units anticipated to be built on each Parcel once such property is fully developed, and that such method of allocation will result in the imposition of equal shares of the Authorized Improvement costs to Parcels similarly benefited.

Assessment Methodology

This method of assessing the Phase #1 property, as updated in prior Annual Service Plan Updates, has not been changed and Assessed Property will continue to be assessed as provided for in the Updated Service and Assessment Plan.

Projected Tax Rate Equivalent per Unit

According to the Developer, the Phase #2 estimated finished lot value per unit has been revised from the values reported in the Updated Service and Assessment Plan. According to the Developer, the Phase #2 revised estimated finished lot value per unit reported in the Updated Service and Assessment Plan reported the incorrect values in error. Table III-A-1 below shows the corrected estimated finished lot value per unit for Phase #2 of the PID.

Table III-A-1
Revised Projected Tax Rate Equivalent per unit – Phase #2

Lot Type	Planned No. of Units	Estimated Finished Lot Value per unit	Projected Home Value per unit	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (50 Ft Lot)	123	\$100,000	\$466,000	\$3,287	\$3.29	\$0.71
Lot Type 2 (40 Ft Lot)	280	\$90,000	\$446,000	\$3,146	\$3.50	\$0.71
Lot Type 4 (Townhomes)	128	\$70,000	\$386,000	\$2,723	\$3.03	\$0.71
Lot Type 5 (60 Ft Lot)	30	\$120,000	\$518,000	\$3,654	\$5.96	\$0.71

¹Provided by Developer.

²Assumes projected home value per unit remains static.

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IV. UPDATE OF THE ASSESSMENT ROLL

Pursuant to the Updated Service and Assessment Plan, the Assessment Rolls shall be updated each year to reflect:

(i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by the Updated Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.I of the Service and Assessment Plan.

The summary of the updated Assessment Roll is shown in Appendix D of this report. Each Parcel in the PID is identified, along with the Assessment on each Parcel and the Annual Installment to be collected from each Parcel. Assessments are to be reallocated for the subdivision of any Parcels.

A. PARCEL UPDATES

According to the Updated Service and Assessment Plan, upon the subdivision of any Parcel, the Administrator shall reallocate the Assessment for the Parcel prior to the subdivision among the new subdivided Parcels according to the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Assessment for each new subdivided Parcel.
B = the Assessment for the Parcel prior to subdivision.
C = the estimated Equivalent Units to be built on each newly subdivided Parcel
D = the sum of the estimated Equivalent Units to be built on all of the new subdivided Parcels

The calculation of the estimated number of units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

According to the Developer and the Grayson Central Appraisal District (the “GCAD”), three-hundred and thirty-three (333) Lots in Phase #1 of the PID were subdivided from Parcels 125515, 220351, and 125513 in 2021. The final plat was recorded in June of 2021 and the Assessments were allocated proportionally according to Lot Type.

According to the Grayson County Clerk’s Office, an amended Phase #1 plat was filed and recorded on March 24, 2022. According to the City, the amended Phase #1 plat was filed to address utility easements needed for the development and did not impact the total lot count, or any lot sizes, subdivided in the original Phase #1 plat.

According to the Developer and the GCAD, five-hundred and sixty-one (561) Lots in Phase #2 of the PID were subdivided from Parcels 437109 and 125515 in 2024. The final plat was recorded in June of 2024 and the Assessments are expected to be allocated proportionally according to Lot Type in Tax Year 2025.

B. PREPAYMENT OF ASSESSMENTS

As of June 30, 2024, one Parcel has prepaid their Assessments in full. See Appendix B for more information related to the prepaid Parcel.

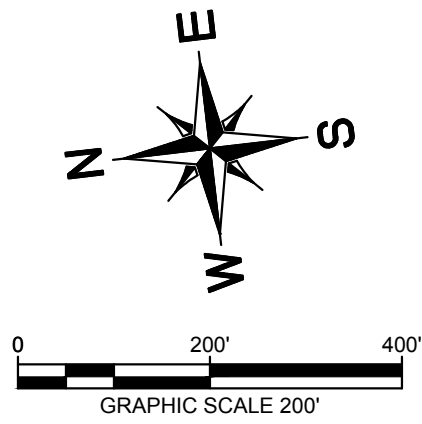
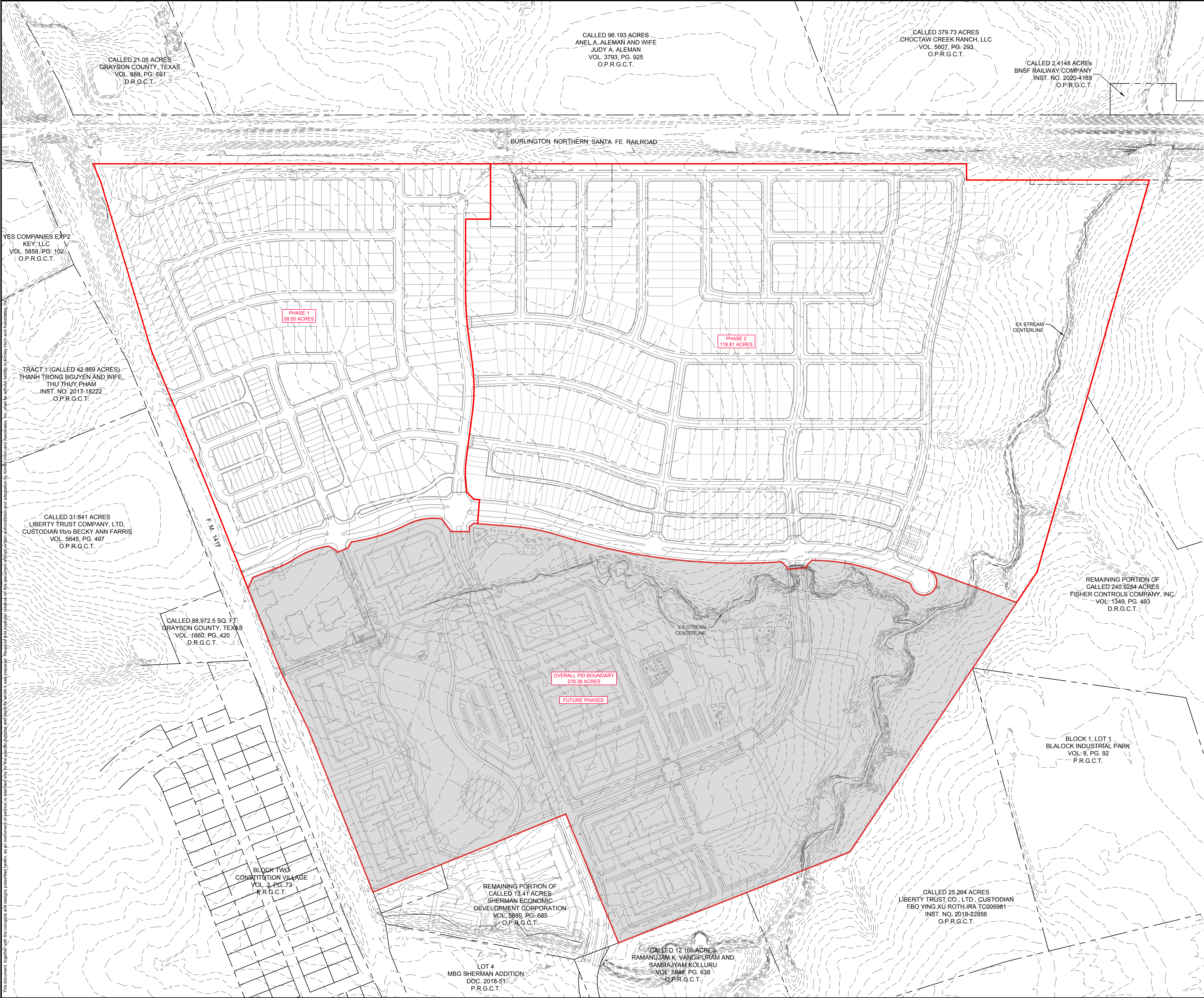
The complete Assessment Rolls are available for review at the City Hall, located at 222 W. Mulberry Street, Sherman, Texas 75090.

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APPENDIX A
BEL AIR VILLAGE PID MAP

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LAST SAVED: 11/02/2023 10:57 PM
DRAWN BY: KIMLEY-HORN
CHECKED BY: MICHAEL J. CARLISLE
DATE: 11/02/2023
PROJECT: BEL-AIR VILLAGE EXHIBIT 1 (PLOT 1)

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Know what's below.
Call before you dig.

BENCH MARK LIST	
TBM #11	X-CUT IN CONCRETE ON BRIDGE 145'+/- SOUTHWEST OF THE CENTERLINE OF BURLINGTON NORTHERN SANTA FE RAIL ROAD AND 26'+/- SOUTHEAST OF THE CENTERLINE OF F. M. HIGHWAY 1417 ELEV: 706.31'
TBM #10	X-CUT IN CONCRETE CURB 70'+/- SOUTHEAST OF THE CENTERLINE OF F. M. HIGHWAY 1417 AND 120'+/- NORTHEAST OF NORTH DAKOTA DRIVE ELEV: 719.54'

KIMLEY-HORN		REVISIONS		BY
© 2022 KIMLEY-HORN AND ASSOCIATES, INC. 260 EAST DAVIS STREET, SUITE 100, MCKINNEY, TX 75069 PHONE: 469-301-2580 FAX: 972-293-9820 WWW.KIMLEY-HORN.COM TX F-828		No.		DATE
KHA PROJECT 064462003		DATE NOV 2022		
SCALE AS SHOWN		DESIGNED BY MJC		
DRAWN BY		CAT		
CHECKED BY		MJC		
BEL-AIR VILLAGE		SHERMAN, TEXAS		
PID BOUNDARY EXHIBIT		SHEET NUMBER		

APPENDIX B
PREPAID PARCELS

PREPAID PARCELS

Parcel ID	Prepayment Date	Amount	Full/Partial
437230	Sep-23	\$31,086.73	Full
Total		\$31,086.73	

APPENDIX C
PHASE #1 ASSESSED VALUES

Appendix C
2024 Assessed Value

Phase	Parcels	2024 Assessed Value ¹
Phase #1 ²	332	\$71,874,711
Phase #2	1	\$4,550,322
Total²	333	\$76,425,033

1 - Includes 327 single family residential lots and five HOA lots

2 - Includes parent Parcel 437109 which is 119.384 acres.

APPENDIX D-1
PHASE #1 ASSESSMENT ROLL SUMMARY – 2024-25
LOTS TRIGGERED FOR COLLECTION IN 2022-23

Appendix D-1

**BEL AIR VILLAGE PUBLIC IMPROVEMENT DISTRICT
PHASE #1 2024-25 ASSESSMENT ROLL
Lots Triggered for Collection in 2022-23**

CAD Parcel ID	Tax Parcel ID	Block	Lot	Lot Size	Equivalent Unit	Outstanding Assessments	Principal	Interest	Administrative Expenses	2024-25 Annual Installment
437219	R711474	C	17	40'	0.89	\$27,626.55	\$3.05	\$2,196.31	\$143.26	\$2,342.62
437220	R711479	C	18	40'	0.89	\$27,626.55	\$3.05	\$2,196.31	\$143.26	\$2,342.62
437221	R711484	C	19	40'	0.89	\$27,626.55	\$3.05	\$2,196.31	\$143.26	\$2,342.62
437224	R711499	C	22	40'	0.89	\$27,626.55	\$3.05	\$2,196.31	\$143.26	\$2,342.62
437225	R711504	C	23	40'	0.89	\$27,626.55	\$3.05	\$2,196.31	\$143.26	\$2,342.62
437226	R711509	C	24	40'	0.89	\$27,626.55	\$3.05	\$2,196.31	\$143.26	\$2,342.62
437238	R711569	C	36	50'	1.00	\$31,079.87	\$3.43	\$2,470.85	\$161.17	\$2,635.45
437241	R711584	E	1	50'	1.00	\$20,699.19	\$2.29	\$1,645.59	\$107.34	\$1,755.21
452869	TBD					\$10,380.67	\$1.15	\$825.26	\$53.83	\$880.24
437242	R711589	E	2	50'	1.00	\$31,079.87	\$3.43	\$2,470.85	\$161.17	\$2,635.45
437245	R711604	E	5	50'	1.00	\$31,079.87	\$3.43	\$2,470.85	\$161.17	\$2,635.45
437246	R711609	E	6	50'	1.00	\$31,079.87	\$3.43	\$2,470.85	\$161.17	\$2,635.45
437247	R711614	E	7	50'	1.00	\$31,079.87	\$3.43	\$2,470.85	\$161.17	\$2,635.45
437251	R711634	E	11	50'	1.00	\$31,079.87	\$3.43	\$2,470.85	\$161.17	\$2,635.45
437252	R711638	E	12	50'	1.00	\$31,079.87	\$3.43	\$2,470.85	\$161.17	\$2,635.45
437253	R711643	E	13	50'	1.00	\$31,079.87	\$3.43	\$2,470.85	\$161.17	\$2,635.45
437256	R711658	E	16	50'	1.00	\$31,079.87	\$3.43	\$2,470.85	\$161.17	\$2,635.45
437257	R711663	E	17	50'	1.00	\$31,079.87	\$3.43	\$2,470.85	\$161.17	\$2,635.45
437258	R711668	E	18	50'	1.00	\$31,079.87	\$3.43	\$2,470.85	\$161.17	\$2,635.45
437279	R711769	E	39	50'	1.00	\$31,079.87	\$3.43	\$2,470.85	\$161.17	\$2,635.45
437281	R711778	E	41	40'	0.89	\$27,626.55	\$3.05	\$2,196.31	\$143.26	\$2,342.62
437282	R711782	E	42	40'	0.89	\$27,626.55	\$3.05	\$2,196.31	\$143.26	\$2,342.62
437283	R711786	E	43	40'	0.89	\$27,626.55	\$3.05	\$2,196.31	\$143.26	\$2,342.62
437289	R711810	F	2	40'	0.89	\$27,626.55	\$3.05	\$2,196.31	\$143.26	\$2,342.62
437294	R711835	F	7	40'	0.89	\$27,626.55	\$3.05	\$2,196.31	\$143.26	\$2,342.62
Total					22.78	\$707,930.26	\$78.15	\$56,280.46	\$3,671.10	\$60,029.71

APPENDIX D-2
PHASE #1 ASSESSMENT ROLL SUMMARY – 2024-25
LOTS TRIGGERED FOR COLLECTION IN 2023-24

Appendix D-2

**BEL AIR VILLAGE PUBLIC IMPROVEMENT DISTRICT
PHASE #1 2024-25 ASSESSMENT ROLL
Lots Triggered for Collection in 2022-23**

CAD Parcel ID	Tax Parcel ID	Block	Lot	Lot Size	Original Equivalent Unit	Outstanding Equivalent Unit	Outstanding Assessments	Principal	Interest	Administrative Expenses	2024-25 Annual Installment
437118	R710912	A	1	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437119	R710919	A	2	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437132	R711000	A	15	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437133	R711006	A	16	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437134	R711012	A	17	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437135	R711018	A	18	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437136	R711023	A	19	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437137	R711030	A	20	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437138	R711037	A	21	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437139	R711043	A	22	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437140	R711049	A	23	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437141	R711055	A	24	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437142	R711061	A	25	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437143	R711067	A	26	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437144	R711073	A	27	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437145	R711080	A	28	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437146	R711086	A	29	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437169	R711206	A	52	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437170	R711211	A	53	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437171	R711216	A	54	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437196	R711354	B	20	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437223	R711494	C	21	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437263	R711693	E	23	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437276	R711756	E	36	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437285	R711795	E	45	40'	0.89	0.89	\$13,814.80	\$1.53	\$1,098.28	\$71.64	\$1,171.44
448173	R739250	E	45	40'	0.89	0.89	\$13,814.80	\$1.53	\$1,098.28	\$71.64	\$1,171.44
437339	R712002	G	6	40'	0.89	0.89	\$9,228.29	\$1.02	\$733.65	\$47.85	\$782.52
452709	TBD	G	6	40'	0.89	0.89	\$18,401.31	\$2.03	\$1,462.90	\$95.42	\$1,560.36
437380	R712203	H	9	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437414	R712335	I	1	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437419	R712354	I	6	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437447	R712459	I	34	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437448	R712463	I	35	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437120	R710926	A	3	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437121	R710933	A	4	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437148	R711098	A	31	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437149	R711104	A	32	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437150	R711110	A	33	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437151	R711116	A	34	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437152	R711122	A	35	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437153	R711128	A	36	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437154	R711134	A	37	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437155	R711140	A	38	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437156	R711145	A	39	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437157	R711150	A	40	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437158	R711155	A	41	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437159	R711160	A	42	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437160	R711164	A	43	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437161	R711168	A	44	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437162	R711172	A	45	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437167	R711196	A	50	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437168	R711201	A	51	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437172	R711221	A	55	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437173	R711225	A	56	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437174	R711231	A	57	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437175	R711236	A	58	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437176	R711242	A	59	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437186	R711299	B	10	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437187	R711305	B	11	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437188	R711310	B	12	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437189	R711315	B	13	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437190	R711321	B	14	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437191	R711327	B	15	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437192	R711332	B	16	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437193	R711337	B	17	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437194	R711343	B	18	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437195	R711348	B	19	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437197	R711360	B	21	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437198	R711365	B	22	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437199	R711370	B	23	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437200	R711375	B	24	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437201	R711380	B	25	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437202	R711386	B	26	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437203	R711392	C	1	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437204	R711397	C	2	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437205	R711403	C	3	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437206	R711409	C	4	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437207	R711414	C	5	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437208	R711419	C	6	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437209	R711424	C	7	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02

Appendix D-2

**BEL AIR VILLAGE PUBLIC IMPROVEMENT DISTRICT
PHASE #1 2024-25 ASSESSMENT ROLL
Lots Triggered for Collection in 2022-23**

CAD Parcel ID	Tax Parcel ID	Block	Lot	Lot Size	Original Equivalent Unit	Outstanding Equivalent Unit	Outstanding Assessments	Principal	Interest	Administrative Expenses	2024-25 Annual Installment
437210	R711429	C	8	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437211	R711434	C	9	25'	0.78	0.78	\$24,175.90	\$2.67	\$1,921.98	\$125.37	\$2,050.02
437217	R711464	C	15	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437218	R711469	C	16	40'	0.89	0.89	\$13,814.80	\$1.53	\$1,098.28	\$71.64	\$1,171.44
452705	TBD						\$13,814.80	\$1.53	\$1,098.28	\$71.64	\$1,171.44
437222	R711489	C	20	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437227	R711514	C	25	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437229	R711524	C	27	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437230	R711529	C	28	50'	1.00	0.00	PREPAID	PREPAID	PREPAID	PREPAID	PREPAID
437235	R711554	C	33	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437236	R711559	C	34	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437237	R711564	C	35	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437243	R711594	E	3	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437244	R711599	E	4	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437248	R711619	E	8	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437249	R711624	E	9	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437250	R711629	E	10	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437254	R711648	E	14	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437255	R711653	E	15	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437261	R711683	E	21	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437262	R711688	E	22	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437267	R711712	E	27	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437268	R711717	E	28	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437269	R711722	E	29	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437270	R711727	E	30	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437272	R711737	E	32	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437273	R711742	E	33	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437274	R711746	E	34	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437275	R711751	E	35	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437278	R711766	E	38	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437280	R711773	E	40	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437284	R711791	E	44	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437286	R711800						\$13,814.80	\$1.53	\$1,098.28	\$71.64	\$1,171.44
448319	R739274	E	46	40'	0.89	0.89	\$13,814.80	\$1.53	\$1,098.28	\$71.64	\$1,171.44
437287	R711805	E	47	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437290	R711815	F	3	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437293	R711830	F	6	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437297	R711850	F	10	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
442240	R712494	F	16	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
442243	R712505	F	33	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437334	R711977	G	1	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437336	R711987	G	3	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437337	R711992	G	4	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437338	R711997	G	5	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437340	R712007	G	7	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437341	R712011	G	8	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437342	R712016	G	9	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437343	R712021	G	10	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437348	R712046	G	15	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437349	R712051	G	16	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437353	R712071	G	20	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437372	R712166	H	1	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437373	R712171	H	2	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437374	R712176	H	3	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437375	R712181	H	4	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437377	R712191	H	6	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437378	R712195	H	7	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437379	R712199	H	8	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437381	R712207	H	10	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437385	R712222	H	14	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437388	R712234	H	17	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437389	R712238	H	18	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437406	R712304	H	35	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437410	R712320	H	39	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437413	R712331	H	42	40'	0.89	0.89	\$27,629.60	\$3.05	\$2,196.55	\$143.28	\$2,342.88
437415	R712339	I	2	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437416	R712343	I	3	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437420	R712357	I	7	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437421	R712360	I	8	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437424	R712371	I	11	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437425	R712375	I	12	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437429	R712391	I	16	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437430	R712395	I	17	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437431	R712399	I	18	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437436	R712418	I	23	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437437	R712421	I	24	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437438	R712425	I	25	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437439	R712429	I	26	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437440	R712433	I	27	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437441	R712437	I	28	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74

Appendix D-2

BEL AIR VILLAGE PUBLIC IMPROVEMENT DISTRICT
PHASE #1 2024-25 ASSESSMENT ROLL
Lots Triggered for Collection in 2022-23

CAD Parcel ID	Tax Parcel ID	Block	Lot	Lot Size	Original Equivalent Unit	Outstanding Equivalent Unit	Outstanding Assessments	Principal	Interest	Administrative Expenses	2024-25 Annual Installment
437442	R712441	1	29	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437443	R712445	1	30	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437444	R712449	1	31	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437445	R712453	1	32	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
437446	R712456	1	33	50'	1.00	1.00	\$31,083.30	\$3.43	\$2,471.12	\$161.19	\$2,635.74
Total					142.22	141.22	\$4,389,652.17	\$484.99	\$348,977.35	\$22,763.33	\$372,225.66

APPENDIX D-3
PHASE #1 ASSESSMENT ROLL SUMMARY – 2024-25
LOTS TRIGGERED FOR COLLECTION IN 2024-25

Appendix D-3

**BEL AIR VILLAGE PUBLIC IMPROVEMENT DISTRICT
PHASE #1 2024-25 ASSESSMENT ROLL
Lots Triggered for Collection in 2024-25**

CAD Parcel ID	Tax Parcel ID	Block	Lot	Lot Size	Equivalent Unit	Outstanding Assessments	Principal	Interest	Administrative Expenses	2024-25 Annual Installment
437122	R710939	A	5	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437123	R710945	A	6	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437124	R710951	A	7	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437125	R710957	A	8	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437126	R710964	A	9	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437127	R710970	A	10	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437128	R710976	A	11	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437129	R710982	A	12	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437130	R710988	A	13	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437131	R710995	A	14	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437147	R711092	A	30-HOA	HOA	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
437163	R711177	A	46	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437164	R711182	A	47	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437165	R711187	A	48	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437166	R711191	A	49	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437177	R711248	B	1	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437178	R711254	B	2	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437179	R711259	B	3	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437180	R711265	B	4	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437181	R711271	B	5	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437182	R711277	B	6	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437183	R711283	B	7	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437184	R711288	B	8	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437185	R711294	B	9	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437212	R711439	C	10	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437213	R711444	C	11	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437214	R711449	C	12	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437215	R711454	C	13	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437216	R711459	C	14	25'	0.78	\$24,178.57	\$2.67	\$1,922.20	\$125.38	\$2,050.25
437228	R711519	C	26	HOA	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
437231	R711534	C	29	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437232	R711539	C	30	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437233	R711544	C	31	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437234	R711549	C	32	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437239	R711574	C	37	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437240	R711579	D	1-HOA	HOA	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
437259	R711673	E	19	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437260	R711678	E	20	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437264	R711697	E	24	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437265	R711702	E	25	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437266	R711707	E	26	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437271	R711732	E	31	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437277	R711761	E	37	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437291	R711820	F	4	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437292	R711825	F	5	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437295	R711840	F	8	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437296	R711845	F	9	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
442235	R712475	F	11	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
442236	R712479	F	12	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
442237	R712483	F	13	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
442238	R712487	F	14	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
442239	R712490	F	15	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
442241	R712497	F	18	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437306	R711855	F	19	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437307	R711860	F	20	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437308	R711865	F	21	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437309	R711870	F	22	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437310	R711874	F	23	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437311	R711879	F	24	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437312	R711884	F	25	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437313	R711889	F	26	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437314	R711894	F	27	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437315	R711899	F	28	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437316	R711904	F	29	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437317	R711909	F	30	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437318	R711913	F	31	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
442242	R712501	F	32	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
442244	R712509	F	34	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
442245	R712513	F	1-HOA	HOA	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Appendix D-3

**BEL AIR VILLAGE PUBLIC IMPROVEMENT DISTRICT
PHASE #1 2024-25 ASSESSMENT ROLL
Lots Triggered for Collection in 2024-25**

CAD Parcel ID	Tax Parcel ID	Block	Lot	Lot Size	Equivalent Unit	Outstanding Assessments	Principal	Interest	Administrative Expenses	2024-25 Annual Installment
442246	R712517	F	2-HOA	HOA	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
437322	R711918	F	35	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437323	R711923	F	36	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437324	R711928	F	37	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437325	R711933	F	38	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437326	R711938	F	39	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437327	R711942	F	40	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437328	R711947	F	41	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437329	R711952	F	42	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437330	R711957	F	43	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437331	R711962	F	44	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437332	R711967	F	45	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437333	R711972	F	46	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437335	R711982	G	2	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437344	R712026	G	11	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437345	R712031	G	12	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437346	R712036	G	13	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437347	R712041	G	14	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437350	R712056	G	17	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437351	R712061	G	18	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437352	R712066	G	19	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437354	R712076	G	21	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437355	R712081	G	22	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437356	R712086	G	23	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437357	R712091	G	24	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437358	R712096	G	25	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437359	R712101	G	26	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437360	R712106	G	27	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437361	R712111	G	28	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437362	R712116	G	29	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437363	R712121	G	30	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437364	R712126	G	31	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437365	R712131	G	32	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437366	R712136	G	33	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437367	R712141	G	34	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437368	R712146	G	35	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437369	R712151	G	36	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437370	R712156	G	37	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437371	R712161	G	38	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437376	R712186	H	5	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437382	R712211	H	11	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437383	R712214	H	12	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437384	R712218	H	13	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437386	R712226	H	15	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437387	R712230	H	16	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437390	R712242	H	19	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437391	R712245	H	20	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437392	R712249	H	21	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437393	R712252	H	22	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437394	R712256	H	23	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437395	R712260	H	24	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437396	R712264	H	25	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437397	R712268	H	26	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437398	R712272	H	27	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437399	R712276	H	28	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437400	R712280	H	29	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437401	R712284	H	30	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437402	R712288	H	31	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437403	R712292	H	32	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437404	R712296	H	33	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437405	R712300	H	34	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437407	R712308	H	36	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437408	R712312	H	37	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437409	R712316	H	38	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437411	R712324	H	40	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437412	R712328	H	41	40'	0.89	\$27,632.65	\$3.05	\$2,196.80	\$143.29	\$2,343.14
437417	R712347	I	4	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437418	R712350	I	5	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437422	R712364	I	9	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03

Appendix D-3

**BEL AIR VILLAGE PUBLIC IMPROVEMENT DISTRICT
PHASE #1 2024-25 ASSESSMENT ROLL
Lots Triggered for Collection in 2024-25**

CAD Parcel ID	Tax Parcel ID	Block	Lot	Lot Size	Equivalent Unit	Outstanding Assessments	Principal	Interest	Administrative Expenses	2024-25 Annual Installment
437423	R712367	I	10	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437426	R712379	I	13	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437427	R712383	I	14	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437428	R712387	I	15	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437432	R712403	I	19	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437433	R712407	I	20	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437434	R712410	I	21	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437435	R712414	I	22	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437449	R712467	I	36	50'	1.00	\$31,086.73	\$3.43	\$2,471.39	\$161.21	\$2,636.03
437450	R712471	J	1	HOA	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total					126.44	\$3,930,743.98	\$433.85	\$312,494.15	\$20,383.58	\$333,311.58

APPENDIX E
PHASE #2 ASSESSMENT ROLL SUMMARY – 2023-24
ALL PARCELS

Appendix E
Phase #2 Assessment Roll

**Parcel
Equivalent Units
Assessment**

**437109 and 125515
\$20,186,042
530.36**

Year¹	Principal	Interest²	Administrative Expenses³	Total Annual Installment
1	\$1,000	\$1,877,302	\$60,000	\$1,938,302
2	\$1,000	\$1,877,209	\$61,200	\$1,939,409
3	\$1,000	\$1,877,116	\$62,424	\$1,940,540
4	\$1,000	\$1,877,023	\$63,672	\$1,941,695
5	\$1,000	\$1,876,930	\$64,946	\$1,942,876
6	\$368,000	\$1,271,406	\$66,245	\$1,705,650
7	\$389,000	\$1,248,222	\$67,570	\$1,704,791
8	\$412,000	\$1,223,715	\$68,921	\$1,704,636
9	\$436,000	\$1,197,759	\$70,300	\$1,704,058
10	\$462,000	\$1,170,291	\$71,706	\$1,703,996
11	\$489,000	\$1,141,185	\$73,140	\$1,703,324
12	\$519,000	\$1,110,378	\$74,602	\$1,703,980
13	\$550,000	\$1,077,681	\$76,095	\$1,703,775
14	\$582,000	\$1,043,031	\$77,616	\$1,702,647
15	\$617,000	\$1,006,365	\$79,169	\$1,702,533
16	\$655,000	\$967,494	\$80,752	\$1,703,246
17	\$694,000	\$926,229	\$82,367	\$1,702,596
18	\$736,000	\$882,507	\$84,014	\$1,702,521
19	\$781,000	\$836,139	\$85,695	\$1,702,833
20	\$829,000	\$786,936	\$87,409	\$1,703,344
21	\$879,000	\$734,709	\$89,157	\$1,702,865
22	\$933,000	\$679,332	\$90,940	\$1,703,272
23	\$990,000	\$620,553	\$92,759	\$1,703,311
24	\$1,051,000	\$558,183	\$94,614	\$1,703,797
25	\$1,115,000	\$491,970	\$96,506	\$1,703,476
26	\$1,184,000	\$421,725	\$98,436	\$1,704,161
27	\$1,257,000	\$347,133	\$100,405	\$1,704,538
28	\$1,334,000	\$267,942	\$102,413	\$1,704,355
29	\$1,416,000	\$183,900	\$104,461	\$1,704,361
30	\$1,503,042	\$94,692	\$106,551	\$1,704,284
Total	\$20,186,042	\$29,675,048	\$2,434,085	\$52,295,174

1 - Each year represents the assessment year ending September 1.

2 - The interest is calculated at an interest rate of 9.30% for years 1 through 5 and 6.30% thereafter on the Phase #2 Reimbursement Agreement.

3 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs.

APPENDIX F
PID ASSESSMENT NOTICE

PID Assessment Notice

NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT
TO
CITY OF SHERMAN, TEXAS
CONCERNING THE FOLLOWING PROPERTY

[insert property address]

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Sherman, Texas (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the Bel Air Village Public Improvement District (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the City Council in the Annual Service Plan Update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City or MuniCap, Inc., the District Administrator for the City, located at 600 E. John Carpenter Fwy, Suite 150, Irving, Texas 75062 and available by telephone at (469) 490-2800 or (866) 648-8482 (toll free) and email at txpid@municap.com.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

Date: _____

Signature of Seller

Signature of Seller

STATE OF TEXAS

§

§

COUNTY OF _____

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed, in the capacity stated and as the act and deed of the above-referenced entities as an authorized signatory of said entities.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas

The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

Date: _____

Signature of Purchaser

Signature of Purchaser

STATE OF TEXAS

§

§

COUNTY OF _____

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed, in the capacity stated and as the act and deed of the above-referenced entities as an authorized signatory of said entities.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas

Bel Air Village Public Improvement District City of Sherman, Texas

Presented to City Council on
September 3, 2024

Annual Service and Assessment

Plan Update

- Authorized Improvements budget
- Outstanding Assessments
- Annual Budgets
- Annual Installments
- Changes to Assessment Methodology
- Projected Tax Rate Equivalent per Unit
- Parcel Subdivisions and Consolidations
- Prepayments
- Next Steps

Authorized Improvements

■ Phase #1 Improvements completed

Sources of Funds	Initial Estimated Budget	Actual Amount Spent	Variance
Assessments	\$9,060,054	\$9,060,054	\$0
Other funding sources	\$0	\$1,301,673	\$1,301,673
Total Sources¹	\$9,060,054	\$10,361,727	\$1,301,673

Uses of Funds			
<i>Phase #1 Improvements</i>			
Roadway Improvements	\$2,168,179	\$3,849,764	\$1,681,585
Water Improvements	\$729,393	\$832,756	\$103,363
Sanitary Sewer Improvements	\$1,021,867	\$1,238,197	\$216,330
Storm Drainage Improvements	\$2,422,332	\$1,693,170	(\$729,162)
Landscaping and Hardscaping	\$641,447	\$1,235,645	\$594,198
Other Soft and Miscellaneous Costs	\$2,076,836	\$1,512,195	(\$564,641)
<i>Subtotal: Phase #1 Improvements</i>	<i>\$9,060,054</i>	<i>\$10,361,727</i>	<i>\$1,301,673</i>
Total Uses¹	\$9,060,054	\$10,361,727	\$1,301,673

1 – According to the Developer as of July 28, 2023.

Authorized Improvements

■ Phase #2 Improvements completed

Sources of Funds	Initial Estimated Budget	Actual Amount Spent	Variance
Assessments	\$20,186,042	\$20,186,042	\$0
Other funding sources	\$0	\$110,376	\$110,376
Total Sources	\$20,186,042	\$20,296,417	\$110,376
Uses of Funds			
<i>Phase #2 Improvements</i>			
Roadway Improvements	\$5,261,258	\$4,761,152	(\$500,106)
Water Improvements	\$2,012,039	\$1,998,921	(\$13,118)
Sanitary Sewer Improvements	\$2,756,226	\$3,100,570	\$344,344
Storm Drainage Improvements	\$4,324,151	\$4,412,654	\$88,503
Landscaping and Hardscaping	\$1,720,657	\$2,261,880	\$541,223
Other Soft and Miscellaneous Costs	\$4,111,711	\$3,761,240	(\$350,471)
<i>Subtotal: Phase #2 Improvements</i>	<i>\$20,186,042</i>	<i>\$20,296,417</i>	<i>\$110,375</i>
Total Uses	\$20,186,042	\$20,296,417	\$110,375

1 – According to the Developer as of July 1, 2024.

Annual Installment Conditions

Annual Installment Conditions refer to when the assessment for each parcel should be collected. The earlier of the three conditions below will trigger the commencement of the collection of Annual Installments for each parcel.

- **Condition i:** Annual Installment collection for a specific parcel shall commence when the building permit for the parcel has been issued.
- **Condition ii:** Annual Installment collection for all parcels in the Phase shall commence the first October after issuance of any Bonds secured by the respective reimbursement agreement for the Assessed Property.
- **Condition iii:** Annual Installment collection for all parcels (or remaining parcels that yet to be triggered) shall commence the first October occurring after the expiration of two years from the date of the levy of Assessments on the Phase.

Phase #1 Lots Triggered

Trigger Period	Annual Installment Condition Trigger	Number of Lots²	Total EU	Total Assessments³
2022-23	Condition (i)	24	22.78	\$708,086.57
2023-24	Condition (i)	161	142.22	\$4,421,223.45
2024-25	Condition (iii)	142	126.44	\$3,930,743.98
Total		327	291.44	\$9,060,054.00

- Total expected number of Lots in Phase #1 – 327
- 327 Lots triggered as of June 30th represents 100% of the total within Phase #1.
- Each Trigger Period has a separate debt service schedule and annual budget.

Annual Budget

Phase #1

	Budget for all Lots Based on Trigger Period			
Descriptions	2022-23	2023-24	2024-25	TOTAL
Interest payment on or after March 1, 2025	\$28,140	\$174,489	\$156,247	\$358,876
Interest payment on or after September 1, 2025	\$28,140	\$174,489	\$156,247	\$358,876
Principal payment on September 1, 2025	\$78	\$485	\$434	\$997
<i>Subtotal debt service on R.A.</i>	<i>\$56,359</i>	<i>\$349,462</i>	<i>\$312,928</i>	<i>\$718,749</i>
Administrative Expenses	\$3,671	\$22,763	\$20,384	\$46,818
<i>Subtotal Expenses</i>	<i>\$60,030</i>	<i>\$372,226</i>	<i>\$333,312</i>	<i>\$765,567</i>
Available Administrative Expense account	\$0	\$0	\$0	\$0
<i>Subtotal funds available</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
Annual Installments	\$60,030	\$372,226	\$333,312	\$765,567

Annual Installments

Phase #1

Lots in Trigger Period	Principal	Interest	Administrative Expense	Annual Installment
2022-23	\$3.43	\$2,470.85	\$161.17	\$2,635.45
2023-24	\$3.43	\$2,471.12	\$161.19	\$2,635.74
2024-25	\$3.43	\$2,471.39	\$161.21	\$2,636.03

Per Equivalent Unit

Phase #1	Lots in Trigger Period 2022-23	Lots in Trigger Period 2023-24	Lots in Trigger Period 2023-24
25' Lots	\$2,049.79	\$2,050.02	\$2,050.25
40' Lots	\$2,342.62	\$2,342.88	\$2,343.14
50' Lots	\$2,635.45	\$2,635.74	\$2,636.03

Annual Budget

Phase #2

- As of June 30, 2024, none of the conditions have been met and as a result, Phase #2 Annual Installments will not be collected for the 2024-25 Assessment Year.

Changes to Assessment Methodology

- No changes to the Assessment methodology that was previously approved in the Service and Assessment Plan.

Parcel Subdivisions and Consolidations

- No additional subdivision have occurred since 2021.

Prepayments

- As of July 31, 2023, there have been no prepayment of Assessments for any Parcel within the PID.

Next Steps

- City Council Options
 - Approve the ordinance as presented
 - Approve the ordinance with revisions
 - Deny the ordinance as presented
- Upon approval of 2024-25 Annual SAP Update, the approved amounts for each Parcel will be provided to the Grayson County Tax Office for billing with the 2024 property taxes.
- Approved 2024-25 Annual SAP Update and ordinance will be filed and recorded with the Grayson County Clerk's office.





City Council Regular Meeting

Agenda Item No. G.1.

Meeting Date: 9/3/2024

Prepared By: Clint Philpott, Assistant City Manager

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 7350

Authorizing Execution of an Interlocal Agreement Between the City of Sherman and the North Texas Municipal Water District

Issue:

Consideration of an Interlocal Agreement with North Texas Municipal Water District to realign a portion of the existing 72" water main below the proposed Shepherd Drive roadway.

Background:

This item is seeking Council's approval of the Interlocal Agreement between the City of Sherman and North Texas Municipal Water District (NTMWD). During the design of Shepherd Drive, North Texas Municipal Water District (NTMWD) advised that the existing 72" water main, based upon the design plans, has the potential to rupture under the new paving. Staff determined the best course of action would be to replace the aged section of pipe, to reduce the potential of having the new roadway closed due to the potential damage. Several options were considered and discussed with NTMWD concerning the protection and replacement of the line. The most expedient and cost-effective solution was to replace the line in lieu of attempting to protect the old line in place. The City chose to design and construct a new 72" line.

The 72-inch water line project was awarded to Mountain Cascade of Texas at the May 20th Council meeting, for the amount of \$1,203,840.00. Because the City is adjusting a NTMWD asset, this Agreement is required prior to construction.

Origination:

Clint Philpott, Assistant City Manager

Financial Consideration:

N/A

Staff Recommendation:

Staff recommends that the City Council authorizes execution of this Interlocal Agreement between the City of Sherman and North Texas Municipal Water District.

Alternatives:

As may be directed by the City Council.

Attachments:

1. Resolution No. 7350
2. ILA between City of Sherman and NTMWD - Shepherd Dr 72_in waterline Final 8272024
3. Exhibit A
4. Location Map (3)

RESOLUTION NO. 7350

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF SHERMAN AND THE NORTH TEXAS MUNICIPAL WATER DISTRICT; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City of Manager be and is hereby authorized and directed, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an Interlocal Agreement with North Texas Municipal Water District within the City's Shepherd Drive Improvements Project, in accordance with the terms and provisions of all contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 3rd day of September 2024.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

BY: _____
DAVID PLYER, MAYOR

**APPROVED AS TO FORM
AND CONTENT:
ABERNATHY, ROEDER, BOYD, & HULLET P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

**INTERLOCAL COOPERATION AGREEMENT
BETWEEN THE CITY OF SHERMAN
AND
THE NORTH TEXAS MUNICIPAL WATER DISTRICT
FOR THE
SHEPHERD DRIVE IMPROVEMENTS PROJECT**

THIS AGREEMENT BETWEEN THE CITY OF SHERMAN AND THE NORTH TEXAS MUNICIPAL WATER DISTRICT FOR THE 72-INCH LAKE TEXOMA RAW WATERLINE LOWERING AT SHEPHERD DRIVE PROJECT (the “**Agreement**”) is made between The City of Sherman (“**City**”) and the NORTH TEXAS MUNICIPAL WATER DISTRICT (“**NTMWD**”), acting by and through their respective authorized representatives. City and NTMWD are collectively hereinafter referred to as the “**Parties**” and each, individually, a “**Party**.”

WHEREAS, NTMWD currently owns and operates a 72-inch raw waterline and fiber optic cable (collectively “**Affected Infrastructure**”) within the City’s Shepherd Drive Improvements Project (“**City’s Project**”) as depicted on Exhibit A, which is incorporated herein by reference;

WHEREAS, in order for the City’s Project work to continue, NTMWD’s Affected Infrastructure must be lowered;

WHEREAS, The City shall be solely responsible for the procurement and construction of the lowering of NTMWD’s Affected Infrastructure, including the costs and expenses therefor;

WHEREAS, The City shall be solely responsible for the costs and expenses associated with the materials and labor for the lowering of NTMWD’s Affected Infrastructure, and NTMWD’s inspection fees.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the City and NTMWD agree as follows:

**ARTICLE ONE
Construction**

1.01 The City’s Scope of Work. As part of the Shepherd Drive Improvements Project, the City shall:

a. Install approximately 222 linear feet of 72-inch urethane coated steel pipe within NTMWD’s 80-foot waterline easement vol. 1870, pg. 21, D.R.G.C.T, between pipeline station 1145+99.14 and station 1148+20.62 per approved construction plans and specifications dated 1/29/2024, revised 2/27/2024.

b. Install one (1) 36-inch access manway and vault within NTMWD's 80-foot waterline easement vol. 1870, pg. 21, D.R.G.C.T., per approved construction plans and specifications dated 1/29/2024, revised 2/27/2024.

c. Remove and relocate existing fiber pull box within NTMWD's 80-foot waterline easement vol. 1870, pg. 21, D.R.G.C.T. per approved construction plans and specifications dated 1/29/2024, revised 2/27/2024.

d. The City warrants the plans and specifications referenced in Section 1.01 of this Agreement are accurate and suitable for their intended use based on the current, actual knowledge of the City Engineer, including knowledge of existing site conditions.

1.02 Site Access Provided. The City, and its contractors and agents, shall have a temporary right to access NTMWD's easement area, as depicted on Exhibit A, for the limited purpose of fulfilling the City's construction obligations outlined in this Agreement. Any other work needing to be performed in NTMWD's easement area, or otherwise affecting NTMWD's infrastructure made the basis of this Agreement, shall require NTMWD's advanced written approval which shall not be unreasonably withheld, delayed, or qualified.

1.03 Inspection Activities. The City and/or its contractor shall notify, in writing, NTMWD's inspection staff 48 hours in advance of any need for NTMWD to inspect the work set forth in this Agreement. Such notice shall include both the scope of inspection(s) and date work will be ready to inspect.

1.04 Standards. All work will be done according to all applicable codes and regulations, including municipal, county, state, and federal. The City, through its contractor, shall give all notices required by and shall comply with all laws and regulations applicable to the performance of the scope of work outlined in Sections 1.01 and 1.02 herein. NTMWD shall not be responsible for monitoring the City's compliance with any laws or regulations. If the City, or any of the City's contractors or agents, performs any work that it is contrary to laws or regulations, NTMWD shall not be held responsible.

ARTICLE TWO

Costs

2.01 Costs Borne by the City. The City shall be solely responsible for all costs and expenses associated with the City's scope of work outlined in Section 1.01 herein. Further, the purpose of this Agreement is that NTMWD shall bear no costs or expenses associated with the City's Shepherd Drive Improvements Project as this Agreement is for the benefit of the City and its expansion needs. The City shall reimburse NTMWD for any and all costs and expenses incurred by NTMWD in relation to its Shepherd Drive Improvements project as outlined in Section 2.02 of this Agreement.

2.02 Reimbursement of NTMWD's Costs and Fees. The City agrees to reimburse (**"Reimbursement Payment"**) NTMWD for NTMWD's scope of work outlined in Section 1.03 of this Agreement. NTMWD will use the Reimbursement Payments by the City for costs NTMWD incurs in providing the following labor, materials, and services:

- a. Design Review Fees: The City shall reimburse NTMWD for all reasonable design review fees associated with the Shepherd Drive Improvements project. Design review fees may, but are not expected to, exceed \$10,000.
- b. Inspection Fees: The City shall pay NTMWD for all reasonable inspection fees incurred. NTMWD inspection staff shall make periodic visits to the construction site to inspect the work and meet with the City's staff and/or contractor to discuss the Shepherd Drive Improvements project. Inspection fees may, but are not expected to, exceed Nine Thousand Five Hundred US Dollars (\$9,500) (180 inspection hours x \$52.50 per hour).
- c. Reimbursement Payment: On a monthly basis, NTMWD shall provide the City an itemized invoice of such design review fees and inspection fees actually incurred and paid by NTMWD during the prior month, if any, including all supporting documentation as reasonably requested by the City.
- d. As for all costs to be reimbursed to NTMWD under this Agreement, the City shall have 45 calendar days after the receipt of NTMWD's invoice and all supporting documentation to make such payment to NTMWD.

ARTICLE THREE

Liquidated Damages

3.01 NTMWD and the City recognize that time is of the essence in this Agreement and that NTMWD will suffer financial loss if the City's scope of work in Sections 1.01 (a) and (b) is not substantially completed within 28 calendar days after the date set forth in NTMWD's notice to proceed given to the City. The Parties also recognize the delays, expense, and difficulties involved in proving, in a legal or arbitration proceeding, the actual loss suffered by NTMWD if the City's scope of work is not substantially completed on time. Accordingly, instead of requiring any such proof, NTMWD and the City agree that as liquidated damages for delay (but not as penalty), the City shall pay NTMWD One Thousand US Dollars (\$1,000) for each day that expires after 28 days after the date set forth in NTMWD's notice to proceed given to the City (as may be extended due to delays caused by NTMWD) until the City's scope of work set forth in Section 1.01 (a) and (b) is substantially completed. For purposes of clarity, the City is not responsible for any delay to the City's Project that is caused by NTMWD or its contractors, or any other individual or entity, or any surety for, or employee or agent of any of them.

ARTICLE FOUR

Defective or Non-conforming Work

4.01 NTMWD May Stop Work. If the City's scope of work contemplated in this Agreement is defective, or the City fails to supply sufficient skilled workers or suitable materials or equipment, or fails to perform the work in such a way that the completed work will conform to the plans and specifications, NTMWD may order the City to stop the work, or any portion thereof, until the cause for such stop-work order has been eliminated. However, this right of NTMWD to stop the work shall not give rise to any duty on the part of NTMWD to exercise this right for the benefit of the City, the City's contractors, or any other individual or entity, or any surety for, or employee or agent of any of them.

4.02 Correction or Removal of Defective Work. Promptly after receipt of written notice, the City shall correct all defective work, whether or not fabricated, installed, or completed, or, if the work has been rejected by NTMWD for being defective, remove it and replace it with work that is not defective. The City shall pay all costs arising out of or relating to such correction or removal of the defective work (including but not limited to all costs of repair or replacement of the work of others).

4.03 Correction Period. If the work associated with the City's scope of work described herein is found within one year after final completion to be defective, the City shall promptly, without cost to NTMWD and in accordance with NTMWD's written instructions: (a) correct such defective work; or (b) if the defective work has been rejected by NTMWD, remove it and replace with work that is not defective, and satisfactorily correct or repair or remove and replace any damage to other work resulting therefrom.

4.04 NTMWD's Option. If the City does not promptly comply with the reasonable terms of NTMWD's written instructions, or in an emergency where delay would cause serious risk of loss or damage, NTMWD may have the defective work corrected or repaired or may have the rejected work removed and replaced. All costs arising out of or relating to such correction or repair or such removal and replacement (including but not limited to all costs of repair or replacement of work of others) will be paid by the City.

ARTICLE FIVE

Term

5.01 This Agreement shall be effective upon approval by the City Council and NTMWD's Board of Directors and execution by the City's and NTMWD's authorized representatives. The effective date will be the latter of the dates this Agreement is executed by the Parties' authorized representatives. This Agreement shall continue in effect until all the work required under this Agreement has been performed by the City and all payments required to be made by the City are completed. The City shall provide NTMWD with written notice of completion of such work and payments.

ARTICLE SIX

Insurance and Bonds

6.01 Insurance Rating Requirements. All insurance required to be provided by the City or the City's contractor shall be obtained from insurance companies that are duly licensed or authorized in Texas to issue policies for the limits and coverages so required herein. Insurance companies providing the City's insurance shall have an A.M. Best Company Rating of A-VIII or better.

6.02 Certificates of Insurance. The City shall deliver to NTMWD certificates of insurance (and other evidence of insurance requested by NTMWD) which the City is required to purchase and maintain. Failure of NTMWD to demand such certificates or other evidence of the City's full compliance with these insurance requirements or failure of NTMWD to identify a deficiency in compliance from the evidence provided shall not be construed as a waiver of the City's obligation to maintain such insurance. NTMWD does not represent that insurance coverage and limits established in this Agreement necessarily will be adequate to protect the City. The insurance and insurance limits required herein shall not be deemed as a limitation on the City's liability under the indemnities granted to NTMWD in this Agreement.

6.03 The City and Its Contractor's Insurance. The City shall have its contractor purchase and maintain such insurance as is appropriate for the work being performed and as will provide protection from claims set forth below which may arise out of or result from the City's or the City's contractor's performance of the work and the City's other obligations under the Agreement, whether it is to be performed by the City, the City's contractor, any subcontractor or supplier, or by anyone directly or indirectly employed by any of them to perform any of the work, or by anyone for whose acts any of them may be liable:

- a. claims under workers' compensation, disability benefits, and other similar employee benefit acts;
- b. claims for damages because of bodily injury, occupational sickness or disease, or death of the City's or the City's contractor's employees;
- c. claims for damages because of bodily injury, sickness or disease, or death of any person other than the City's or the City's contractor's employees;
- d. claims for damages insured by reasonably available personal injury liability coverage which are sustained:
 1. by any person as a result of an offense directly or indirectly related to the employment of such person by the City or the City's contractor, or
 2. by any other person for any other reason;

- e. claims for damages, other than to the work itself, because of injury to or destruction of tangible property wherever located, including loss of use resulting therefrom; and
- f. claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle.
- g. The City's contractors will provide insurance satisfying the City's insurance requirements.

6.04 Insurance Policies. The policies of insurance required by this Article shall:

- a. be written on an occurrence basis, as applicable, include NTMWD as an additional insured, and include coverage for the respective officers, directors, members, partners, employees, agents, consultants, and subcontractors of NTMWD, and the insurance afforded to NTMWD as an additional insureds shall provide primary coverage for all claims covered thereby;
- b. include at least the specific coverages and be written for not less than the limits of liability provided herein or required by laws or regulations, whichever is greater;
- c. include contractual liability insurance covering the City's indemnity obligations in this Agreement;
- d. contain a provision or endorsement that the coverage afforded will not be canceled, materially changed or renewal refused until at least 30 days prior written notice has been given to NTMWD;
- e. remain in effect at least until the work is complete; and
- f. include completed operations coverage:
 - 1. Such insurance shall remain in effect for two years after the work is complete.
 - 2. The City shall furnish to NTMWD evidence satisfactory to NTMWD of continuation of such insurance for two years after the work is complete.

6.05 Coverage.

- a. Worker's Compensation and Employer's Liability Insurance required herein is to provide coverage for not less than the following amounts or greater where required by laws and regulations.

Workers' Compensation, etc.,	
1) State:	Statutory
2) Applicable Federal (e.g., Longshore)	Statutory
Employers' Liability	
1) Bodily Injury by Accident	\$500,000
2) Bodily Injury by Disease - Each Employee	\$500,000
3) Bodily Injury by Disease - Policy Limit	\$500,000
Insurance shall include a waiver of subrogation in favor of the Additional Insured identified in Paragraph 5.04.B.1.	

- b. The Liability Insurance required herein is to provide coverage for not less than the following amounts or greater where required by laws and regulations. The City can satisfy the requirements by a combination of the underlying coverage and umbrella/excess coverage; the underlying coverage amounts will be included in the overall umbrella/excess coverage amount:

Insurance for Claims of Damages	
1) General Aggregate (Except Products - Completed Operations)	\$ 2,000,000 / Occurrence \$ 4,000,000 / Aggregate
2) Products - Completed Operations Aggregate	
3) Personal and Advertising Injury (One Person/Organization)	\$1,000,000
4) Each Occurrence (Bodily Injury and Property Damage)	\$1,000,000
5) Limit Per Person – Medical Expense	\$25,000

6) Personal Injury Liability coverage will include claims arising out of Employment Practices Liability, limited to coverage provided under standard contract.	\$1,000,000
7) Property Damage Liability insurance will provide explosion, collapse and underground coverage where applicable	\$1,000,000

- c. The City's contractor's liability insurance shall also include completed operations and product liability coverage, and eliminate the exclusion with respect to property under the care, custody and control of the City or the City's contractor.
- d. The City's contractor's automobile liability insurance required herein is to provide coverage for not less than the following amounts or greater where required by laws and regulations.

Bodily Injury:	
1) Each Person	\$1,000,000
2) Each Accident	\$1,000,000
Property Damage:	
1) Each Accident	\$1,000,000
Or	
2) Combined Single Limit (Bodily Injury and Property Damage)	\$1,000,000

- e. Additional insured on all insurance policies in accordance with Section 6.05 (excluding workers' compensation) include:

North Texas Municipal Water District

- f. The City's contractor's contractual liability insurance required herein is to provide coverage for not less than the following amounts or greater where required by laws and regulations.

The City's Contractual Liability Insurance	
1) General Aggregate	\$ 2,000,000
2) Each Occurrence (Bodily Injury and Property Damage)	\$ 4,000,000

6.06 Property Insurance. The City shall purchase and maintain property insurance or self-insurance equivalent upon the work at the Shepherd Drive Improvements project site in the amount of the full replacement cost thereof (subject to deductible amounts as

may be required by laws and regulations). This insurance shall: include the interests of NTMWD and its officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them, each of whom is deemed to have an insurable interest and shall be listed as a loss payee.; General Contractor shall purchase and maintain a Builder's Risk "all-risk" policy that shall at least include insurance for physical loss or damage to the work, temporary buildings, falsework, and materials and equipment in transit, and shall insure against at least the following perils or causes of loss: fire, lightning, extended coverage, theft, vandalism and malicious mischief, earthquake, collapse, debris removal, demolition occasioned by enforcement of Laws and Regulations, water damage (other than that caused by flood), and such other perils or causes of loss. The Builder's Risk policy shall list NTMWD and the City of Sherman as a loss payee; include expenses incurred in the repair or replacement of any insured property (including but not limited to reasonable fees and charges of engineers and architects) and cover materials and equipment stored at the Site or at another location and in transit for incorporation in the work from such storage locations that was agreed to in writing by NTMWD prior to being incorporated in the work. All the policies of insurance (and the certificates or other evidence thereof) required to be purchased and maintained in accordance with this section will contain a provision or endorsement that the coverage afforded will not be canceled or materially changed or renewal refused until at least 30 days prior written notice has been given to NTMWD.

6.07 NTMWD's Insurance for Project. NTMWD shall not be responsible for purchasing and maintaining any insurance to the City's Project in the interest of the City, the City's contractor or others involved with the work. The stated limits of insurance required are minimum only. The City shall determine the limits that are adequate. These limits may be basic policy limits or any combination of basic limits and umbrella limits. In any event, the City is fully responsible for all losses arising out of, resulting from or connected with operations under this Agreement whether or not said losses are covered by insurance. The acceptance of certificates or other evidence of insurance by NTMWD that in any respect do not comply with the Agreement does not release the City from compliance herewith.

ARTICLE SEVEN

Immunity

7.01 It is expressly understood and agreed that, in the execution of this Agreement, NTMWD and the City do not waive, nor shall they be deemed hereby to have waived any immunity or defense that would otherwise be available to them against claims arising in the exercise of governmental powers and functions. By entering into this Agreement, the Parties do not create any obligations, expressed or implied, other than those set forth herein, and this Agreement shall not create any rights in parties not signatories hereto. Notwithstanding the foregoing, the City does not waive any rights or defenses arising out of NTMWD's breach of this Agreement as permitted by law or otherwise.

ARTICLE EIGHT

Notices

8.01 All notices required under the provisions of this Agreement must be in writing, hand-delivered or sent by registered or certified mail to the addresses below:

City of Sherman: Robby Hefton
City Manager
220 W Mulberry St.
Sherman, TX 75091

NTMWD: Jennafer P. Covington
Executive Director
P.O. Box 2408
Wylie, TX 75098

The name and address for notification may be changed by notice to the other Parties.

ARTICLE NINE

Severability

9.01 The provisions of this Agreement are severable. If any paragraph, section, subdivision, sentence, clause or phrase of this Agreement is for any reason held by a court of competent jurisdiction to be contrary to law or contrary to any rule or regulation having the force and effect of the law, the remaining portions of the Agreement shall be enforced as if the invalid provision had never been included.

ARTICLE TEN

Successors and Assigns

10.01 This Agreement shall be binding upon the Parties hereto, their successors and assigns. Neither Party will assign or transfer an interest in this Agreement without the written consent of the other Party.

ARTICLE ELEVEN

Venue

11.01 The laws of the State of Texas shall govern the interpretation, validity, performance, and enforcement of this Agreement. The Parties consent, stipulate, and agree that this Agreement is performable in Grayson County, Texas and that exclusive venue shall lie in a state or federal court in Grayson County, Texas.

ARTICLE TWELVE

Recitals

12.01 The recitals are hereby incorporated in and made a part of this Agreement as if fully set forth herein. By signing this Agreement, the City and NTMWD understand and agree to all of these recitals.

ARTICLE THIRTEEN

Interpretation

13.01 This Agreement has been negotiated by and between the Parties, and any presumption that an ambiguity contained in this Agreement shall be construed against the Party that caused this Agreement to be drafted shall not apply to the interpretation of this Agreement.

ARTICLE FOURTEEN

Remedies, Non-Waiver

14.01 No right or remedy granted herein or reserved to the Parties is exclusive of any right or remedy granted by law or equity, but each shall be cumulative of every right or remedy given hereunder. No covenant or condition of this Agreement may be waived without the express written consent of the Parties. It is further agreed that one or more instances of forbearance by either Party in the exercise of its respective rights under this Agreement shall in no way constitute a waiver thereof.

ARTICLE FIFTEEN

Entire Agreement

15.01 This Agreement embodies the entire agreement between the Parties and may only be modified in writing executed by both Parties.

IN WITNESS WHEREOF, the Parties hereto acting under authority of their respective governing bodies have caused this Agreement to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year pursuant to Section 5.01 above.

EXECUTED this _____ day of _____, 2024.

City of Sherman, Texas

By: _____

Name: Robby Hefton

Title: City Manager

STATE OF TEXAS

§

COUNTY OF GRAYSON

§

§

This instrument was acknowledged before me on _____, 2024,
by _____, of the City of Sherman.

Notary Public, in and for the
State of Texas.

EXECUTED this _____ day of _____, 2024.

North Texas Municipal Water District

By: _____

Name: Jennafer P. Covington

Title: Executive Director

STATE OF TEXAS

§

COUNTY OF COLLIN

§

§

This instrument was acknowledged before me on _____, 2024,
by _____ of the NORTH TEXAS MUNICIPAL WATER DISTRICT, a governmental
agency and body politic and corporate, on behalf of said agency and body politic and corporate.

Notary Public, in and for the
State of Texas

Plotted By: Jonsson, Haley, August 12, 2024, 05:47:48pm, K:\JAC_Civil\063493015_Sherman_Shepherd_Ph2\CA00\72in_WL_Reloation\Exhibits\WL_RELOCATION - Exhibit A.dwg
This document, together with the concepts and designs presented herein, is an instrument of service, is intended only for the specific purpose and client for which it was prepared. Reuse of and improper reliance on this document without written authorization and adaptation by Kimley-Horn and Associates, Inc. shall be without liability to Kimley-Horn and Associates, Inc.

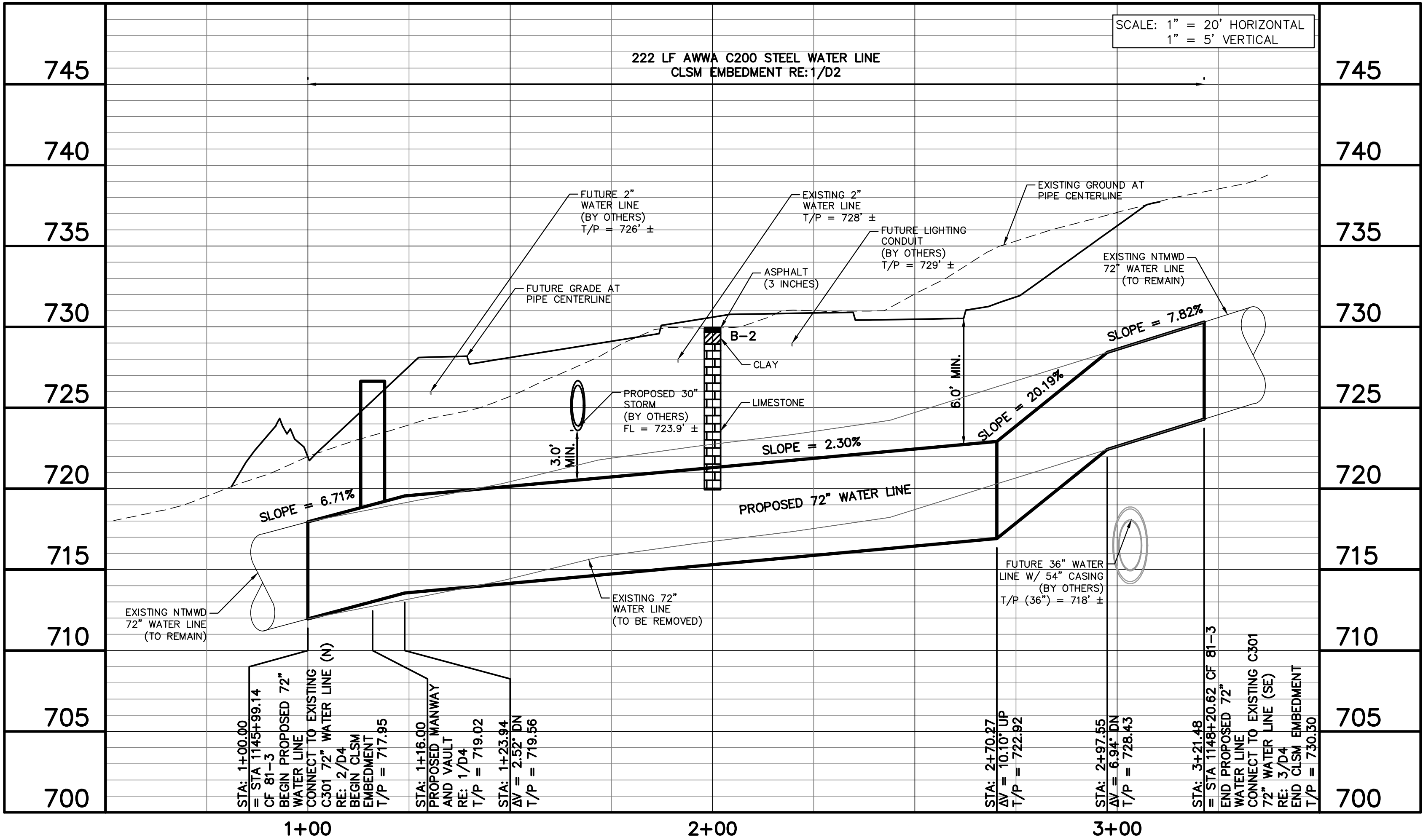
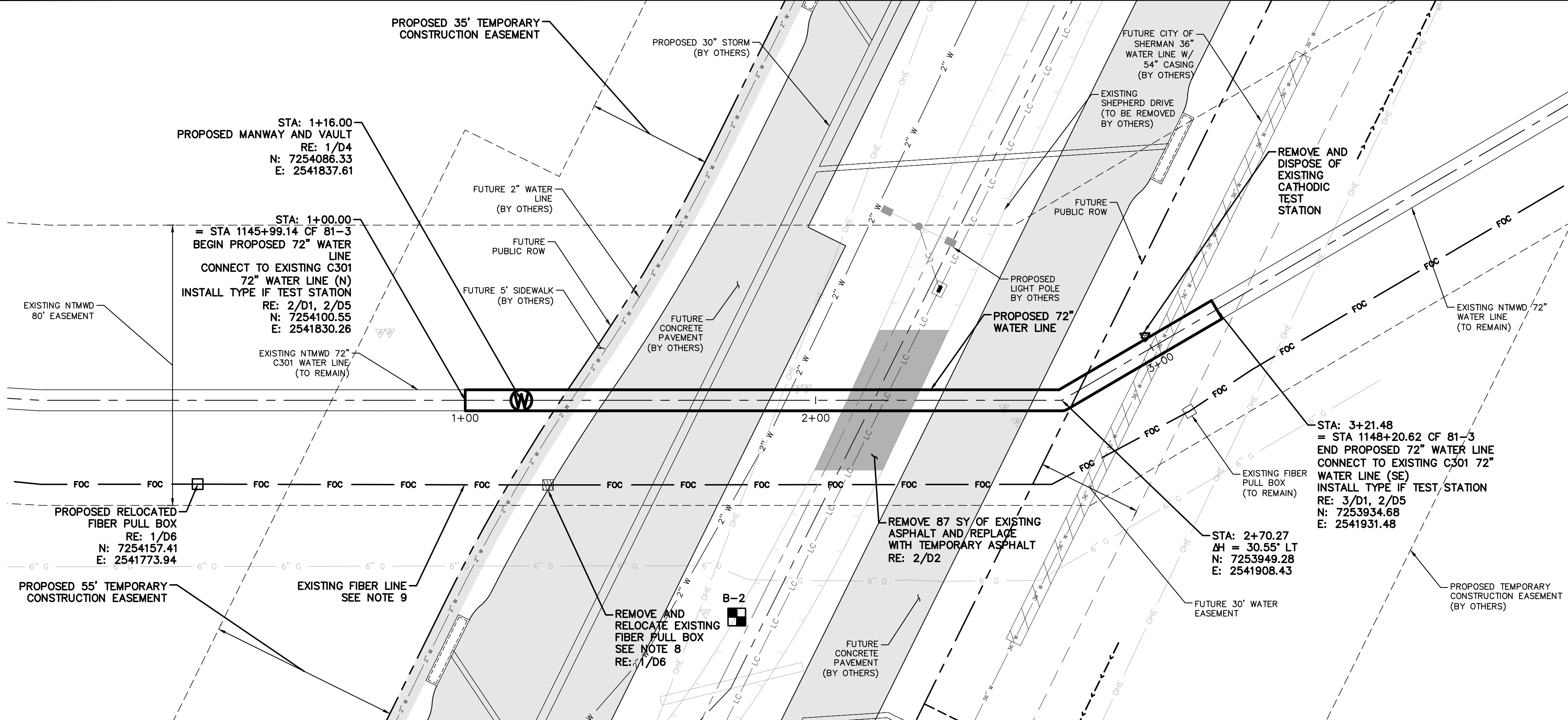
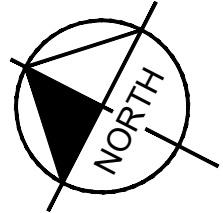


EXHIBIT A



REVISIONS		DATE	BY
No.			
KHA PROJECT 063493015		DATE MARCH 2024	SCALE AS SHOWN
DESIGNED BY BJB		DRAWN BY BAT	CHECKED BY KSS
NTMWD 72-INCH WL RELOCATION		72-INCH WATERLINE RELOCATION EXHIBIT A	
SHEET NUMBER EX		© 2023 KIMLEY-HORN AND ASSOCIATES, INC. TEXAS REGISTERED ENGINEERING FIRM #9-928	

Kimley»Horn
13455 NOEL ROAD, TWO GALLERIA TOWER,
SUITE 200, DALLAS, TEXAS 75240
PHONE: 972-701-1300
WWW.KIMLEY-HORN.COM
© 2023 KIMLEY-HORN AND ASSOCIATES, INC.
TEXAS REGISTERED ENGINEERING FIRM #9-928

PRELIMINARY
Not for construction or permit purposes.
Kimley»Horn
Engineer: Benjamin Blumenthal
P.E. No. 145407 Date: August 2024





City Council Regular Meeting

Agenda Item No. G.2.

Meeting Date: 9/3/2024

Prepared By: Tom Pruitt, Utility Engineer

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 7351

Authorizing Execution of a Professional Services Agreement with Freese and Nichols, Inc. for the Eastside Lift Station and Regional Sewer

Issue:

To consider a Professional Services Agreement with Freese and Nichols, Inc. for the Eastside Lift Station and Regional Sewer

Background:

The Eastside Lift Station is currently in need of repairs. Our utility department has requested to undertake rehab or replacement. We have requested Freese Nichols to prepare engineering service contract to undertake preliminary design services needed to properly size the lift station, identify defects in mechanical and electrical systems, and to design according to latest TCEQ rules and regulations.

As development occurs upstream, the recommended improvements will become more critical to being able to accommodate future and additional wastewater flow.

Origination:

Engineering Department

Financial Consideration:

Funding needed for the agreement is \$265,500.00 and will come through the remaining 2021 OM bond contingency.

Staff Recommendation:

It is recommended that the contract for professional services with Freese and Nichols, Inc. for the Eastside Lift Station and Regional Sewer be approved.

Alternatives:

As may be directed by the City Council

Attachments:

1. Resolution No. 7351
2. Professional Services Agreement
3. Location Map

RESOLUTION NO. 7351

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH FREESE AND NICHOLS, INC. FOR THE EASTSIDE LIFT STATION AND REGIONAL SEWER; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager be and is hereby authorized and directed, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute a Professional Services Agreement with Freese and Nichols, Inc. for the Eastside Lift Station and Regional Sewer, in accordance with all contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 3rd day of September 2024.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

BY: _____
DAVID PLYER, MAYOR

**APPROVED AS TO FORM
AND CONTENT:
ABERNATHY, ROEDER, BOYD, & HULLET P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

AGREEMENT
BETWEEN
THE CITY OF SHERMAN, TEXAS AND
FREESE AND NICHOLS, INC.
FOR
PROFESSIONAL SERVICES

Made as of the _____ day of _____, 2024:

Between City: **The City of Sherman, Texas**
 220 W. Mulberry Street
 Sherman, Texas 75090
 Telephone: (903) 892-7208

and Consultant: **Freese and Nichols, Inc.**
 6136 Frisco Square Blvd., Suite 375
 Frisco, TX 75034
 Telephone: (972) 624-9201

for the following Project: **Eastside Lift Station and Regional Sewer**

THIS AGREEMENT ("Agreement") is made and entered into by and between the City of Sherman, Texas, a home-rule municipality ("City"), and Freese and Nichols, Inc., a Texas corporation ("Consultant"), to be effective from and after the date as provided above. City and Consultant are at times each referred to herein as a "party" or collectively as the "parties."

WHEREAS, City desires to engage Consultant to provide professional civil engineering services for the Eastside Lift Station and Regional Sewer ("Project"); and

WHEREAS, Consultant desires to render such professional services ("Services") for City on the terms and conditions provided herein.

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS:

That for and in consideration of the covenants contained herein, for the mutual benefits to be obtained hereby and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1
CONSULTANT'S SERVICES

- 1.1 **Employment of Consultant** – City hereby agrees to retain Consultant to perform the Services in connection with the Project. Consultant agrees to perform the Services in accordance with the terms and conditions of this Agreement. Consultant further agrees that if any employee of Consultant who is performing the day-to-day Services under this Agreement for the Project is separated, for any reason, from employment with Consultant, Consultant shall provide City with written notice thereof at least five (5) business days' prior to said separation unless circumstances reasonably warrant a shorter notice period, which shall not exceed two (2) business days following the separation.
- 1.2 **Scope of Services** – The parties agree that Consultant shall perform the Services as are set forth and described in **Exhibit A**, attached hereto and incorporated herein by reference for all purposes ("**Scope of Services**"). The parties understand and agree that deviations or modifications to the Scope of Services described in **Exhibit A**, in the form of written amendment to this Agreement, may be authorized from time to time by City ("**Amendment(s)**").
- 121 **Requirement of Written Amendment** – "Extra" work, "claims" invoiced as "extra" work or "claims" which have not been issued as a duly executed, written Amendment by the Sherman Director of Engineering or designee will not be authorized for payment and/or shall not become part of the subcontracts. A duly executed, written Amendment requiring additional funding of \$50,000 or more of the original contract shall be preceded by the Sherman City Council's authorization for the Sherman City Manager to execute said Addendum.
- 122 **CONSULTANT SHALL NOT PERFORM ANY "EXTRA" WORK AND/OR ADDITIONAL SERVICES WITHOUT A DULY EXECUTED, WRITTEN ADDENDUM ISSUED BY THE CITY OF SHERMAN.**
- 1.3 **Schedule of Work** – Consultant agrees to commence work immediately on the execution of this Agreement, and to proceed diligently with said work to completion as described in the Project Engineering Budget Summary, attached hereto as **Exhibit B** and incorporated herein by reference for all purposes.
- 1.4 **Standard of Care** – Consultant shall perform the Services required hereunder in accordance with the prevailing engineering standard of care by exercising the skill and care ordinarily utilized by engineers performing the same or similar services under the same or similar circumstances in the State of Texas.

ARTICLE 2 CITY'S RESPONSIBILITIES

City shall do the following in a timely manner so as not to delay the Services of Consultant:

- 2.1 **Project Data** – City shall furnish required information that is reasonably requested by Consultant and that City has in its possession at the time of Consultant's request, as expeditiously as necessary for the orderly progress of the Project, and Consultant shall be entitled to rely upon the accuracy and completeness of the information furnished by City under this Article 2.1.
- 2.2 **City Project Manager** – When necessary in City's sole discretion, City shall designate a representative authorized to act on City's behalf with respect to the Project ("Project Manager"). City, the Project Manager and/or his or her authorized designee shall examine the documents submitted by Consultant and shall render any required decisions pertaining thereto as soon as practicable to avoid unreasonable delay in the progress of Consultant's Services.

ARTICLE 3 CONSULTANT'S COMPENSATION

- 3.1 **Compensation for Consultant's Services** – As described in "Article 1, Consultant's Services" of this Agreement, compensation for this Project shall be: (a) for Basic Services, on a lump sum basis in an amount not to exceed **Two Hundred Sixty-Five Thousand Five Hundred dollars (\$265,500.00)**; (b) for Special services, a cost plus basis an amount not to exceed **(\$0.00)** (collectively, "Consultant's Fee"); and (c) paid in accordance with this Article 3 and the Project Design Budget Summary as set forth in **Exhibit B**.
- 3.1.1 **Completion of Record Documents** – City and Consultant agree that the completion of Record Documents and/or "As-Built" Documents, including hard copy formatting and electronic formatting, shall be completed, submitted to, and accepted by City prior to payment. Completion of the Record Documents and/or "As-Built" documents shall be included in the Consultant's Fee and considered to be within the Scope of Services defined under this Agreement." The electronic formatting shall be consistent with the standards established in **Exhibit C**, Guidelines for Computer Aided Design and Drafting ("CADD"), which is attached hereto and incorporated herein by reference for all purposes.
- 3.1.2 **Disputes between City and Construction Contractor** – If the Project involves Consultant performing Construction Administration Services relating to an agreement between a Construction Contractor ("Contractor") and City, and on receipt of a written request by City, Consultant shall research previous and existing conditions of the Project, and make a determination whether or not to certify that sufficient cause exists for City to

declare Contractor in default of the terms and conditions of the Agreement. Consultant shall submit his findings in writing to City, or submit a written request for a specific extension of time (including the basis for such extension), within fifteen (15) calendar days of receipt of the written request from City. City and Consultant agree that if requested by City, completion of this task shall be included in the Consultant's Fee and considered to be within the Scope of Services as defined under this Agreement.

- 3.1.3 **Consultation and Approval by Governmental Authorities and Franchised Utilities** – Consultant shall be solely responsible for identifying and analyzing the requirements of governmental agencies and all franchise utilities involved with the Project, and for consulting with such agencies and utilities to obtain all necessary approvals and/or permissions. Consultant shall be responsible for preparation and timely submittal of documents required for review, approval and/or recording by such agencies and/or utilities. Consultant shall be solely responsible for making such changes in the construction documents ("Construction Documents") as may be required by existing written standards promulgated by such agencies and/or utilities at no additional charge to City.
- 3.2 **Direct Expenses** – Direct Expenses ("Direct Expenses") are included in Consultant's Fee as described in Article 3.1 of this Agreement and include actual reasonable and necessary expenditures made by Consultant and Consultant's employees and subcontractors in the interest of the Project. All submitted Direct Expenses are to be within the amounts as stated in the Project Engineering Budget Summary set forth in **Exhibit B**, and consistent with **Exhibit D**, Guidelines for Direct Expenses; General and Administrative Markup; Travel and Subsistence Expenses, which is attached hereto and incorporated herein by reference for all purposes. Consultant shall be solely responsible for the auditing and accuracy of all Direct Expenses, including those of its subcontractors, prior to submitting to City for reimbursement. Any over-payment by City for errors in submittals for reimbursement may be deducted from Consultant's subsequent payment for Services; provided, however, that this shall not be City's sole and exclusive remedy for said over-payment.
- 3.3 **Additional Services** – Consultant shall provide the Services as described in the Scope of Services set forth in **Exhibit A** of this Agreement. If authorized in writing by City, Consultant shall provide additional services, to be compensated as provided in an Amendment to the Contract on a cost not to exceed sum or hourly basis in accordance with this paragraph ("Additional Services") and a mutually agreed estimate of man-hours and expenses. These services may include, but are not limited to:
- 3.3.1 Additional meetings, hearings, work-sessions or other similar presentations which are not provided for or contemplated in the Scope of Services described in **Exhibit A**.

- 332 Additional drafts and revisions to the Project which are not provided for or contemplated in the Scope of Services as described in **Exhibit A**.
- 333 Additional copies of final reports and construction plans which are not provided for or contemplated in the Scope of Services as described in **Exhibit A**.
- 334 Photography, professional massing models which are not provided for or contemplated in the Scope of Services as described in **Exhibit A**.
- 335 Compensation for Additional Services authorized by City shall be in addition to Consultant's Fee and shall be based on direct billable labor rates and expenses.
- 336 Compensation for Additional Services authorized by City shall be in addition to Consultant's Fee and shall be based on an hourly basis according to the following personnel rates. The rates set forth in this chart are subject to reasonable change provided prior written notice of said change is given to and approved by City.

Hourly Billable Rates by Position

Position	Hourly Rate Range
Professional 1	\$96 – 191
Professional 2	\$129 – 210
Professional 3	\$147 – 320
Professional 4	\$169 – 349
Professional 5	\$250 – 379
Professional 6	\$254 – 470
Construction Manager 1	\$125 – 177
Construction Manager 2	\$129 – 217
Construction Manager 3	\$162 – 217
Construction Manager 4	\$188 – 283
Construction Manager 5	\$224– 331
Construction Manager 6	\$298– 393
Construction Representative 1	\$85 – 100
Construction Representative 2	\$100– 129
Construction Representative 3	\$136– 204
Construction Representative 4	\$136 – 204
CAD Technician/Designer 1	\$92 – 133
CAD Technician/Designer 2	\$111– 217
CAD Technician/Designer 3	\$144 – 276
Corporate Project Support 1	\$78 – 173
Corporate Project Support 2	\$89 – 254
Corporate Project Support 3	\$111 – 367

- 3.4 **Invoices** – No payment to Consultant shall be made until Consultant tenders an invoice to City. Consultant shall submit monthly invoices for Services rendered, based upon the actual percentage of work complete at the time the invoice is prepared, or shall submit invoices to City immediately upon completion of each individual task listed in **Exhibit B**. On all submitted invoices for Services rendered, Consultant shall include appropriate background materials to support the submitted charges on said invoice. Upon request, such background material may include, but is not limited to, employee timesheets, invoices for work obtained from other parties, and receipts and/or log information relating to Direct Expenses. All invoices shall provide a summary methodology for administrative markup and/or overhead charges.
- 3.5 **Timing of Payment** – City shall make payment to Consultant for said invoices within thirty (30) days following receipt and acceptance thereof. The parties agree that payment by City to Consultant is considered to be complete upon mailing of payment by City. Furthermore, the parties agree that the payment is considered to be mailed on the date that the payment is postmarked.
- 3.6 **Disputed Payment Procedures** – In the event of a disputed or contested billing by City, only that portion so contested may be withheld from payment, and the undisputed portion will be paid. City shall notify Consultant of a disputed invoice, or portion of an invoice, in writing by the twenty-first (21st) calendar day after the date City receives the invoice. City shall provide Consultant an opportunity to cure the basis of the dispute. If a dispute is resolved in favor of Consultant, City shall proceed to process said invoice, or the disputed portion of the invoice, within the provisions of **Article 3.5** of this Agreement. If a dispute is resolved in favor of City, Consultant shall submit to City a corrected invoice, reflecting any and all payment(s) of the undisputed amounts, documenting the credited amounts, and identifying outstanding amounts on said invoice to aid City in processing payment for the remaining balance. Such revised invoice shall have a new invoice number, clearly referencing the previous submitted invoice. City agrees to exercise reasonableness in contesting any billing or portion thereof that has background materials supporting the submitted charges.
- 3.7 **Failure to Pay** – Failure of City to pay an invoice, for a reason other than on written notification as stated in the provisions of **Article 3.6** of this Agreement, to Consultant within sixty (60) days from the date of the invoice shall grant Consultant the right, in addition to any and all other rights provided, to, upon written notice to City, suspend performance under this Agreement, and such act or acts shall not be deemed a breach of this Agreement. However, Consultant shall not suspend performance under this Agreement prior to the tenth (10th) calendar day after written notice of suspension was provided to City, in accordance with Chapter 2251, Subchapter “D” of the TEX. GOV’T CODE. City shall not be required to pay any

invoice submitted by Consultant if Consultant breached any provision(s) herein.

- 3.8 **Adjusted Compensation** – If the Scope of the Project (“Scope of the Project”) or if the Services are materially changed due to no error by Consultant in the performance of Services under this Agreement, the amounts of Consultant’s compensation shall be equitably adjusted as approved by City in its sole discretion. Any additional amounts paid to Consultant as a result of any material change to the Scope of the Project shall be authorized by written Change Order duly executed by both parties before the Services are performed.
- 3.9 **Project Suspension** – If the Project is suspended or abandoned in whole or in part for more than three (3) months, Consultant shall be entitled to compensation for any and all work completed to the satisfaction of City in accordance with the provisions of this Agreement prior to suspension or abandonment. In the event of such suspension or abandonment, Consultant shall deliver to City all finished or unfinished documents, data, studies, drawings, maps, models, reports, photographs and/or any other items prepared by Consultant in connection with this Agreement prior to Consultant receiving final payment. If the Project is resumed after being suspended for more than three (3) months, Consultant’s compensation shall be equitably adjusted as approved by City. Any additional amounts paid to Consultant after the Project is resumed shall be agreed upon in writing by both parties before the services are performed.

ARTICLE 4 OWNERSHIP OF DOCUMENTS

- 4.1 **Documents Property of City** – The Project is the property of City, and Consultant may not use the documents, plans, data, studies, surveys, drawings, maps, models, reports, photographs and/or any materials for any other purpose not relating to the Project without City’s prior written consent. City shall be furnished with such reproductions of the Project, plans, data, documents, maps, and any other information as defined in **Exhibit A**. Upon completion of the work, or any earlier termination of this Agreement under Article 3 and/or Article 8 of this Agreement, Consultant will revise plans, data, documents, maps, and any other information as defined in **Exhibit A** to reflect changes while working on the Project through the date of completion of the work, as solely determined by City, or the effective date of any earlier termination of this Agreement under Article 3 and/or Article 8 of this Agreement, and promptly furnish the same to City in an acceptable electronic format. All such reproductions shall be the property of City who may use them without Consultant’s permission for any purpose relating to the Project, including, but not limited to, completion of the Project, and/or additions, alterations, modifications, and/or revisions to the Project. Any reuse of the documents not relating to the Project shall be at City’s own risk.

- 42 **Documents Subject to Laws Regarding Public Disclosure** – Consultant acknowledges that City is a governmental entity and that all documents, plans, data, studies, surveys, drawings, maps, models, reports, photographs and/or any items prepared or furnished by Consultant (and Consultant's professional associates and/or sub-consultants) under this Agreement are instruments of service in respect of the Project and property of City. Upon completion of the Project, all of the documents, plans, data, studies, surveys, drawings, maps, models, reports, photographs and/or any items prepared or furnished by Consultant (and Consultant's professional associates and/or sub-consultants) shall thereafter be subject to the Texas Public Information Act (Chapter 552, TEX. GOV'T CODE, as amended) and any other applicable laws requiring public disclosure of the information contained in said documents.

ARTICLE 5

CONSULTANT'S INSURANCE REQUIREMENTS

- 5.1 **Required General Liability Insurance** – Consistent with the terms and provisions of **Exhibit E**, Contractor Insurance Guidelines, which is attached hereto and incorporated herein by reference for all purposes, Consultant shall procure and maintain throughout the term of this Agreement, at no expense to City, a general liability insurance policy with a company that maintains a minimum rating of "A" by A.M. Best's Key Rating Guide, or other equivalent rating service(s), and is authorized to transact business in the State of Texas, in an amount not less than One Million and 00/100 Dollars (\$1,000,000.00) for each occurrence, and Two Million and 00/100 Dollars (\$2,000,000.00) in the aggregate. Such policy shall name City, its officers, agents, representatives, and employees as additional insureds as to all applicable coverage. Such policy shall provide for a waiver of subrogation against City for injuries, including death, property damage, or any other loss to the extent that same is covered by the proceeds of the insurance. Such policy shall require the provision of written notice to City at least thirty (30) days prior to cancellation, non-renewal or material modification of any policies, evidenced by return receipt or United States Certified Mail. Consultant shall furnish City with certificates and required endorsement(s) evidencing such coverage prior to commencing work on the Project.
- 5.2 **Required Professional Liability Insurance** – Consistent with the terms and provisions of **Exhibit E**, Consultant shall procure and maintain throughout the term of this Agreement, at no expense to City, a professional liability (errors and omissions) insurance policy with a company that maintains a minimum rating of "A" by A.M. Best's Key Rating Guide, or other equivalent rating service(s), and is authorized to transact business in the State of Texas, in an amount not less than One Million and 00/100 Dollars (\$1,000,000.00) for each claim, and Two Million and 00/100 Dollars (\$2,000,000.00) in the aggregate. Such policy shall require the provision of written notice to City at least thirty (30) days prior to cancellation, non-renewal or material modification of any policies, evidenced by return receipt or United States Certified Mail. Consultant shall furnish City with certificates and

required endorsement(s) evidencing such coverage prior to commencing work on the Project.

- 5.3 **Required Workers Compensation Insurance** – Consistent with the terms and provisions of **Exhibit E**, Consultant shall procure and maintain throughout the term of this Agreement, at no expense to City, all Statutory Workers Compensation Insurance as required by the laws of the State of Texas. Such insurance policy shall be with a company that maintains a minimum rating of “A” by A.M. Best’s Key Rating Guide, or other equivalent service(s), and is authorized to transact business in the State of Texas. Such policy shall require the provision of written notice to City at least thirty (30) days prior to cancellation, non-renewal or material modification of any policies, evidenced by return receipt or United States Certified Mail. Consultant shall furnish City with certificates and required endorsement(s) evidencing such coverage prior to commencing work on the Project.
- 5.4 **Circumstances Requiring Umbrella Coverage or Excess Liability Coverage** – If the Project’s size and scope warrant, and if identified on the checklist located in **Exhibit E**, Consultant shall procure and maintain throughout the term of this Agreement, at no expense to City, an umbrella coverage or excess liability coverage insurance policy with a company that maintains a minimum rating of “A” by A.M. Best’s Key Rating Guide, or other equivalent rating service(s), and is authorized to transact business in the State of Texas, in an amount of Two Million and 00/100 Dollars (\$2,000,000.00). Such policy shall require the provision of written notice to City at least thirty (30) days prior to cancellation, non-renewal, or material modification of any policies, evidenced by return receipt or United States Certified Mail. Consultant shall furnish City with certificates and required endorsement(s) evidencing such coverage prior to commencing work on the Project.

ARTICLE 6 CONSULTANT’S ACCOUNTING RECORDS

Records of Direct Expenses and expenses pertaining to services performed in conjunction with the Project shall be kept on the basis of generally accepted accounting principles. Invoices will be sent to City as indicated in Article 3.4 of this Agreement. Copies of employee time sheets, receipts for direct expense items and other records of Project expenses will be made available if requested.

ARTICLE 7 AUDITS AND RECORDS/VENDOR DISCLOSURE

Consultant agrees that at any time during normal business hours and as often as City may deem necessary, Consultant shall make available to representatives of City for examination all of its records with respect to all matters covered by this Agreement, and will permit such representatives of City to audit, examine, copy and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all

matters covered by this Agreement, and for a period of four (4) years from the date of final settlement of this Agreement or for such other or longer period, if any, as may be required by applicable statute or other lawful requirement.

Consultant agrees that it is further aware of the vendor disclosure requirements set forth in Chapter 176, TEX. LOC. GOV'T CODE, as amended, and will abide by the same. In this connection, a lawful representative of Consultant shall execute and deliver to City the Conflict of Interest Questionnaire, Form CIQ, attached hereto as **Exhibit F** and incorporated herein for all purposes, no later than the Effective Date of this Agreement.

ARTICLE 8 TERMINATION OF AGREEMENT/REMEDIES

City may, upon thirty (30) days written notice to Consultant, terminate this Agreement, for any reason or no reason at all, before the termination date hereof, without prejudice to any other remedy it may have. If City terminates this Agreement due to a default of and/or breach by Consultant and the expense of finishing the Project exceeds Consultant's Fee at the time of termination, Consultant waives its right to any portion of Consultant's Fee as set forth in Article 3 of this Agreement and agrees to pay any costs over and above the fee which City is required to pay in order to finish the Project. On any default and/or breach by Consultant, City may elect not to terminate the Agreement, and in such event it may make good the deficiency in which the default consists, and deduct the costs from Consultant's Fee due Consultant as set forth in Article 3 of this Agreement. If City terminates this Agreement and Consultant is not in default of the Agreement, Consultant shall be entitled to compensation for any and all work completed to the satisfaction of City in accordance with the provisions of this Agreement prior to termination.

In the event of any termination, Consultant shall deliver to City all finished and/or unfinished documents, data, studies, surveys, drawings, maps, models, reports, photographs and/or any items prepared by Consultant in connection with this Agreement prior to Consultant receiving final payment.

The rights and remedies provided by this Agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its rights to use any or all other remedies. These rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

ARTICLE 9 DISPUTE RESOLUTION/MEDIATION

In addition to all remedies at law, the parties may agree to attempt to resolve any controversy, claim or dispute arising out of or relating to the interpretation or performance of this Agreement, or breach thereof, by voluntary mediation to be conducted by a mutually acceptable mediator. However, if both parties do not agree to voluntarily mediate any such controversy, claim or dispute, mediation shall not be required.

ARTICLE 10 INDEMNITY

CONSULTANT SHALL RELEASE, DEFEND, INDEMNIFY AND HOLD HARMLESS CITY AND ITS CITY COUNCIL MEMBERS, OFFICERS, AGENTS, REPRESENTATIVES AND EMPLOYEES (COLLECTIVELY REFERRED TO AS “CITY” FOR PURPOSES OF THIS ARTICLE 10) FROM AND AGAINST ALL DAMAGES, INJURIES (WHETHER IN CONTRACT OR IN TORT, INCLUDING PERSONAL INJURY AND DEATH), CLAIMS, PROPERTY DAMAGES (INCLUDING LOSS OF USE), LOSSES, DEMANDS (REGARDLESS OF WHETHER THE ALLEGATIONS ARE FALSE, FRAUDULENT OR GROUNDLESS), SUITS, ACTIONS, JUDGMENTS, LIENS, COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEY’S FEES AND EXPENSES (INCLUDING ATTORNEY’S FEES AND EXPENSES INCURRED IN ENFORCING THIS ARTICLE 10), THAT IN WHOLE OR IN PART ARISE OUT OF OR ARE CONNECTED WITH, OR THAT ARE ALLEGED TO HAVE ARISEN OUT OF OR CONNECTED WITH, GOODS AND/OR SERVICES PROVIDED BY CONSULTANT, ITS OFFICERS, AGENTS, REPRESENTATIVES, EMPLOYEES, SUBCONTRACTORS, LICENSEES, INVITEES OR ANY OTHER THIRD PARTIES FOR WHOM CONSULTANT IS LEGALLY RESPONSIBLE (COLLECTIVELY REFERRED TO AS “CONSULTANT” FOR PURPOSES OF THIS ARTICLE 10) PURSUANT TO THIS AGREEMENT AND/OR THE NEGLIGENT, GROSSLY NEGLIGENT AND/OR INTENTIONAL WRONGFUL ACT AND/OR OMISSION OF CONSULTANT IN ITS/THEIR PERFORMANCE OF THIS AGREEMENT, REGARDLESS OF THE JOINT OR CONCURRENT NEGLIGENCE OR STRICT LIABILITY OF THE CITY (COLLECTIVELY, “CLAIMS”). THIS INDEMNIFICATION PROVISION AND THE USE OF THE TERM “CLAIMS” IS ALSO SPECIFICALLY INTENDED TO APPLY TO, BUT IS NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER CIVIL OR CRIMINAL, BROUGHT AGAINST CITY BY ANY GOVERNMENT AUTHORITY OR AGENCY RELATED TO ANY PERSON PROVIDING SERVICES UNDER THIS AGREEMENT THAT ARE BASED ON ANY FEDERAL IMMIGRATION LAW AND ANY AND ALL CLAIMS, DEMANDS, DAMAGES, ACTIONS AND CAUSES OF ACTION OF EVERY KIND AND NATURE, KNOWN AND UNKNOWN, EXISTING OR CLAIMED TO EXIST, RELATING TO OR ARISING OUT OF ANY EMPLOYMENT RELATIONSHIP BETWEEN CONSULTANT AND ITS EMPLOYEES OR SUBCONTRACTORS AS A RESULT OF THAT SUBCONTRACTOR’S OR EMPLOYEE’S EMPLOYMENT AND/OR SEPARATION FROM EMPLOYMENT WITH THE CONSULTANT, INCLUDING BUT NOT LIMITED TO ANY DISCRIMINATION CLAIM BASED ON SEX, SEXUAL ORIENTATION OR PREFERENCE, RACE, RELIGION, COLOR, NATIONAL ORIGIN, AGE OR DISABILITY UNDER FEDERAL, STATE OR LOCAL LAW, RULE OR REGULATION, AND/OR

ANY CLAIM FOR WRONGFUL TERMINATION, BACK PAY, FUTURE WAGE LOSS, OVERTIME PAY, EMPLOYEE BENEFITS, INJURY SUBJECT TO RELIEF UNDER THE WORKERS' COMPENSATION ACT OR WOULD BE SUBJECT TO RELIEF UNDER ANY POLICY FOR WORKERS COMPENSATION INSURANCE, AND ANY OTHER CLAIM, WHETHER IN TORT, CONTRACT OR OTHERWISE. CONSULTANT IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS; PROVIDED, HOWEVER, THAT IF A COURT OF COMPETENT JURISDICTION SIGNS A JUDGMENT THAT BECOMES FINAL AND NON-APPEALABLE, DETERMINING THAT THE CITY (WITHOUT WAIVING ANY GOVERNMENTAL IMMUNITY) HAS JOINT, CONCURRENT OR SOLE NEGLIGENCE FOR THE CLAIMS IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS ("JUDGMENT"), THEN CONSULTANT IS NOT REQUIRED TO INDEMNIFY OR DEFEND CITY TO THE EXTENT OF THE NEGLIGENCE APPORTIONED TO CITY FOR EACH CAUSE(S) OF ACTION IDENTIFIED IN THE JUDGMENT. IN THE EVENT THE JUDGMENT PROVIDES THAT CITY IS JOINTLY, CONCURRENTLY OR SOLELY NEGLIGENT FOR THE CLAIMS REFERRED TO THEREIN, CITY AGREES TO REIMBURSE CONSULTANT FOR ALL REASONABLE AND NECESSARY COSTS INCURRED AND PAID BY CONSULTANT THAT ARE ATTRIBUTABLE TO CITY'S PERCENTAGE OF JOINT, CONCURRENT OR SOLE NEGLIGENCE, AS SET FORTH IN THE JUDGMENT, INCLUDING REASONABLE AND NECESSARY ATTORNEY'S FEES AND EXPENSES, WITHIN SIXTY (60) DAYS OF THE DATE THE JUDGMENT BECOMES FINAL AND NON-APPEALABLE. IF THIS AGREEMENT IS A CONTRACT FOR ENGINEERING OR ARCHITECTURAL SERVICES, THEN CONSULTANT'S INDEMNITY AND DEFENSE OBLIGATIONS UNDER THIS ARTICLE 10 ARE LIMITED BY, AND TO BE READ AS COMPLYING WITH, SECTION 271.904 OF THE TEXAS LOCAL GOVERNMENT CODE.

IN ITS SOLE DISCRETION, CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY CONSULTANT IN FULFILLING ITS OBLIGATION HEREUNDER TO DEFEND AND INDEMNIFY CITY, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY CITY IN WRITING. CITY RESERVES THE RIGHT TO PROVIDE A PORTION OR ALL OF ITS OWN DEFENSE; HOWEVER, CITY IS UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY CITY IS NOT TO BE CONSTRUED AS A WAIVER OF CONSULTANT'S OBLIGATION TO DEFEND CITY OR AS A WAIVER OF CONSULTANT'S OBLIGATION TO INDEMNIFY CITY PURSUANT TO THIS AGREEMENT. CONSULTANT SHALL RETAIN CITY-APPROVED DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF CITY'S WRITTEN NOTICE THAT CITY IS INVOKING ITS RIGHT TO DEFENSE OR

INDEMNIFICATION UNDER THIS AGREEMENT. IF CONSULTANT FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, CITY SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND CONSULTANT SHALL BE LIABLE FOR ALL COSTS INCURRED BY CITY. THE RIGHTS AND OBLIGATIONS CREATED BY THIS ARTICLE SHALL SURVIVE TERMINATION OF THIS AGREEMENT.

ARTICLE 11 NOTICES

Any notice provided or permitted to be given under this Agreement must be in writing and may be served by depositing the same in the United States Mail, addressed to the party to be notified, postage pre-paid and registered or certified with return receipt requested; by facsimile; by electronic mail, with documentation evidencing the addressee's receipt thereof; or by delivering the same in person to such party a via hand-delivery service, or any courier service that provides a return receipt showing the date of actual delivery of same to the addressee thereof. Notice given in accordance herewith shall be effective upon receipt at the address of the addressee. For purposes of notification, the addresses of the parties shall be as follows:

If to City, addressed to:

Tom Pruitt, PE
Utility Engineer
City of Sherman
220 W Mulberry St.
Sherman, TX 75091
Telephone: (903) 892-7212
Email: tomp@cityofsherman.com

With a copy to:

Abernathy, Roeder, Boyd & Hullett, P.C.
Attention: Ryan D. Pittman
1700 Redbud Blvd., Suite 300
McKinney, Texas 75069
Telephone: (214) 544-4000
Facsimile: (214) 544-4054
Email: rpittman@abernathy-law.com

If to Consultant, addressed to:

Jacob D. Pannell, PE
Project Manager
Freese and Nichols, Inc.
6136 Frisco Square Blvd, Suit 375
Frisco, Texas, 76034
Telephone: (972) 624-9208
Email: Jacob.pannell@freese.com

ARTICLE 12 MISCELLANEOUS

121 **Complete Agreement** – This Agreement, including the exhibits hereto labeled “A” through “F,” all of which are incorporated herein for all purposes, constitute the entire Agreement by and between the parties regarding the subject matter hereof and supersedes all prior and/or contemporaneous written and/or oral understandings. This Agreement may not be amended, supplemented, and/or modified except by written agreement duly executed by both parties. The following exhibits are attached below and made a part of this Agreement:

12.1.1 **Exhibit A**, Scope of Services.

12.1.2 **Exhibit B**, Project Engineering Budget Summary.

12.1.3 **Exhibit C**, Guidelines for Computer Aided Design and Drafting (CADD).

12.1.4 **Exhibit D**, Guidelines for Direct Expenses; General and Administrative Markup; Travel and Subsistence Expenses.

12.1.5 **Exhibit E**, Contractor Insurance Guidelines.

12.1.6 **Exhibit F**, Conflict of Interest Questionnaire, Form CIQ.

To the extent that **Exhibit A**, **Exhibit B**, **Exhibit C**, **Exhibit D**, **Exhibit E**, or **Exhibit F** are in conflict with provisions of this Agreement or each other, the provisions of this Agreement, then the provisions of **Exhibit B**, **Exhibit C**, **Exhibit D**, **Exhibit E**, **Exhibit F** or **Exhibit A** shall prevail in that order.

122 **Assignment and Subletting** – Consultant agrees that neither this Agreement nor the work to be performed hereunder will be assigned or sublet without the prior written consent of City. Consultant further agrees that the assignment or subletting of any portion or feature of the work or materials required in the performance of this Agreement shall not relieve Consultant of its full obligations to City as provided by this Agreement. All such approved work performed by assignment or subletting shall be billed through Consultant, and there shall be no third party billing.

- 123 **Attorney's Fees** – If either party files any action or brings any proceeding against the other arising from this Agreement, then as between City and Consultant, the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, reasonable and necessary attorneys' fees and litigation expenses both at trial and on appeal, subject to the limitations set forth in TEX. LOC. GOV'T CODE § 271.153, as it exists or may be amended, if applicable.
- 124 **Successors and Assigns** – City and Consultant, and their respective partners, assigns, successors, subcontractors, executors, officers, agents, employees, representatives and administrators are hereby bound to the terms and conditions of this Agreement.
- 125 **Savings/Severability** – In the event of a term, condition, or provision of this Agreement is determined to be invalid, illegal, void, unenforceable, or unlawful by a court of competent jurisdiction, then that term, condition, or provision, shall be deleted and the remainder of the Agreement shall remain in full force and effect as if such invalid, illegal, void, unenforceable or unlawful provision had never been contained in this Agreement.
- 126 **Governing Law/Venue** – This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflict of law principles. The exclusive venue for any action arising out of this Agreement shall be a court of appropriate jurisdiction in Grayson County, Texas.
- 127 **Execution/Consideration** – This Agreement is executed by the parties hereto without coercion or duress for any substantial consideration, the sufficiency of which is forever confessed.
- 128 **Authority** – The individuals executing this Agreement on behalf of the respective parties below represent to each other that all appropriate and necessary action has been taken to authorize the individual who is executing this Agreement to do so for and on behalf of the party for which his or her signature appears, that there are no other parties or entities required to execute this Agreement in order for the same to be an authorized and binding agreement on the other party for whom the individual is signing this Agreement and that each individual affixing his or her signature hereto is authorized to do so, and such authorization is valid and effective on the date hereof.
- 129 **Waiver** – Waiver by either party of any breach of this Agreement, or the failure of either party to enforce any of the provisions of this Agreement, at any time, shall not in any way affect, limit, or waive such party's right thereafter to enforce and compel strict compliance.
- 1210 **Headings** – The headings of the various sections of this Agreement are included

solely for convenience of reference and are not to be full or accurate descriptions of the content thereof.

- 12.11 **Multiple Counterparts** – This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes. An electronic mail and/or facsimile signature will also be deemed to constitute an original if properly executed and delivered to the other party.
- 12.12 **Immunity** – It is expressly understood and agreed that, in the execution and performance of this Agreement, City has not waived, nor shall be deemed to have waived, any immunity, governmental, sovereign and/or official, or defense that is available to it against claims arising in the exercise of governmental powers and functions. By entering into this Agreement, the parties do not create any obligations, express or implied, other than those set forth in this Agreement.
- 12.13 **Incorporation of Recitals** – The representations, covenants and recitations set forth in the foregoing recitals of this Agreement are true and correct and are incorporated into the body of this Agreement and adopted as findings of City and the authorized representative of Consultant.
- 12.14 **Additional Representations** – Each signatory represents this Agreement has been read by the party for which this Agreement is executed and that such party has had the opportunity to confer with its counsel.
- 12.15 **Miscellaneous Drafting Provisions** – This Agreement shall be deemed drafted equally by all parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against any party shall not apply.
- 12.16 **No Third Party Beneficiaries** – Nothing in this Agreement shall be construed to create any right in any third party not a signatory to this Agreement, and the parties do not intend to create any third party beneficiaries by entering into this Agreement.
- 12.17 **Indemnity** – The parties agree that the Indemnity provision set forth in Article 10 of this Agreement is conspicuous and the parties have read and understood the same.
- 12.18 **Representations** – All representations and covenants made by one party to the other in this Agreement or in any certificate or other instrument delivered by one party to the other under this Agreement shall be considered to have been relied upon by the other party and will survive the satisfaction of any fees under this Agreement, regardless of any investigation made by either party.
- 12.19 **Independent Contractor** – In performing this Agreement, Consultant shall act as

an independent contractor with respect to City. In no event shall this Agreement be construed as establishing a partnership, joint venture or similar relationship between the parties and nothing herein shall authorize either party to act as agent for the other. Consultant shall be liable for its own debts, obligations, acts and omissions, including the payment of all required withholding, social security and other taxes and benefits with respect to all of Consultant's officers, directors, partners, employees and representatives, who shall not be considered City employees and shall not be eligible for any employee benefit plan offered by City.

- 1220 **Debarment/Suspension** – City is prohibited from making any award or permitting any award at any tier to any party which is debarred or suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, Debarment and Suspension. City, Consultant and Consultant's subcontractors shall comply with federal and state regulations regarding debarment and suspension. Consultant shall include a statement of compliance with federal and state debarment and suspension regulations in all third-party agreements for work on the Project.
- 1221 **Restrictions on Lobbying** – City and Consultant are prohibited from using funds awarded under the Agreement for lobbying purposes. Consultant shall include a statement of compliance with this provision in applicable procurement solicitations and third-Party agreements for work on the Project.
- 1222 **Appropriation of Funds** – Funds are not presently budgeted for City's performance under this Agreement beyond the end of City's 2023-2024 fiscal year. City will give Consultant sixty (60) days' notice if funds for City's performance are not budgeted to continue beyond that time. City shall have no liability for payment of any money for services performed after the end of City's 2023-2024 fiscal year unless and until such funds are budgeted.
- 1223 **Reference to Consultant** – When referring to "Consultant," this Agreement shall refer to and be binding upon Consultant, and its officers, directors, partners, employees, representatives, contractors, subcontractors, licensees, invitees, agents, successors, assignees (as authorized herein), vendors, grantees, trustees, legal representatives and/or any other third parties for whom Consultant is legally responsible.
- 1224 **Reference to City** – When referring to "City," this Agreement shall refer to and be binding upon City, its Council members, officers, agents, representatives, employees and/or any other authorized third parties for whom City is legally responsible.

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the date set forth in the introductory clause of this Agreement.

CITY:
City of Sherman, Texas,
a Texas home-rule municipality

CONSULTANT:
Freese and Nichols, Inc.
a Texas corporation

By: _____
Robby Hefton
City Manager

By: Clayton C. Barnard
Clayton C. Barnard
Principal/Vice President

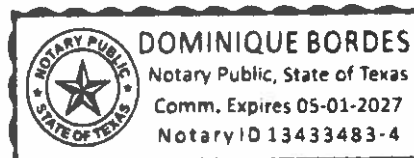
APPROVED AS TO FORM:

Abernathy, Roeder, Boyd & Hullett, P.C.
Ryan D. Pittman, City Attorneys

STATE OF TEXAS §
 §
COUNTY OF Dallas §

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED **CLAYTON C. BARNARD**, KNOWN TO ME TO BE ONE OF THE PERSONS WHOSE NAMES ARE SUBSCRIBED TO THE FOREGOING INSTRUMENT; HE ACKNOWLEDGED TO ME THAT HE IS A PRINCIPAL / VICE PRESIDENT AND DULY AUTHORIZED REPRESENTATIVE FOR **FREESE AND NICHOLS, INC.**, AND THAT HE EXECUTED SAID INSTRUMENT FOR THE PURPOSES AND CONSIDERATION THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 14th DAY
OF August 2024.



NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

My commission expires: May 1, 2027

EXHIBIT A SCOPE OF SERVICES

I. PROJECT DESCRIPTION

- a. The Eastside Lift station is an existing lift station facility at 3400 Hwy 56 in Sherman, TX. The facility is identified as a long-term CIP project in the August 2023 Wastewater Master Plan for capacity expansion as the northeastern sewer basin expands. However, the degrading state of the existing facility and criticality of the station necessitate the need for interim near-term rehabilitation until final improvements can be developed.
- b. This northeastern sewer basin, generally described as the area north of US 82 and east of US 75, includes a large number of existing lift stations. These stations are nearing their design capacity or design life, and the number of facilities adds operational challenges for City staff to manage. The August 2023 Wastewater Master Plan includes a long-term CIP project to consolidate some of these lift stations into a regional lift station. This would reduce the number of facilities for the City to manage as well as reroute flows which currently head into the downtown basin, where system expansion will be difficult.
- c. Due to the need for interim near-term rehabilitation at the existing Eastside Lift Station and knowing the long-term plan for a regional lift station in this basin, this project aims to develop the following:
 - i. Existing condition assessment of the facility and list of recommended near-term improvements. The intent with this phase would be to identify what items should be rehabilitated at the existing facility to bolster its reliability and to extend its useful life until the long-term final improvements are brought online. The design of the recommend improvements on the existing facility will be added by amendment to this scope at a later date.
 - ii. Analysis of the northeastern basin regional sewer. The intent with this phase would be to analyze and define the northeastern sewer basin, determine the ultimate sizing needed for the regional lift station and the Eastside Lift Station, and to develop the necessary supporting project phasing plan to develop this basin.
 - iii. Based on the regional analysis, FNI will advance into preliminary design of the Eastside Lift Station expansion. This phase would develop and analyze alternatives for the Eastside Lift Station. Final design will be added by amendment to this scope at a later date.

EXHIBIT A SCOPE OF SERVICES

II. GENERAL REQUIREMENTS

- a. Specific design requirements shall be obtained from the City of Sherman Engineering Design Standards. Consultant will establish and summarize design criteria. The design criteria will be reviewed by the City for approval prior to beginning design work.
- b. Consultant shall coordinate with other engineering consultants, utility companies, franchise utilities, City of Sherman, pipeline companies, and any other entity which has facilities within or adjacent to the Project.
- c. Each time the Consultant submits memoranda or reports to City, two (2) copies (as well as PDF versions) of each shall be submitted, unless otherwise instructed. These shall be reviewed and checked by City and returned to Consultant for corrections. When the corrected copies of the memoranda or reports are returned to the City, the original and reviewed memoranda or reports shall also be returned to the City. All memoranda, reports, documents, provisions, attachments, and correspondence provided in accordance with this contract shall be dated.
- d. The Consultant shall submit a monthly report outlining, at a minimum, the work on the project which occurred the previous month, the work expected to be completed the following month, the next major project milestone, and any information needed from the City. The report is to be submitted with monthly invoice.
- e. Communications and Reporting:
 - i. Attend a project kickoff meeting with City staff to confirm and clarify scope, understand City objectives, and ensure economical and functional designs meet City requirements.
 - ii. Attend update review meeting with the City as outlined in the specific tasks below.
 - iii. Prepare and submit monthly invoices in the format acceptable to the City.
 - iv. Prepare and submit monthly progress reports.
 - v. Prepare and submit baseline Project Schedule initially, Project Schedule updates, and updated Opinion of Probable Construction Cost with each plan submittal.
 - vi. Coordinate with other agencies and entities as necessary for the design of the proposed infrastructure and provide and obtain information needed to prepare the design.
 - vii. With respect to coordination with permitting authorities, Consultant shall communicate with permitting authorities such that their regulatory requirements are appropriately reflected in the designs. Consultant

EXHIBIT A SCOPE OF SERVICES

- shall work with regulatory authorities to obtain approval of the designs and make changes necessary to meet their requirements.
- viii. Attend additional project coordination meetings, if needed.

III. TASK SUMMARY, BASIC SERVICES: FNI shall render the following professional services in connection with the development of the Project

IV. Eastside Lift Station Existing Condition Assessment and Improvement Recommendations

- a. FNI will visit the existing Eastside Lift Station site with the City to observe and record existing equipment and facility condition. FNI will visit the site up to two (2) times.
- b. FNI will meet with and interview City operations staff on repair history of the station and to understand operational needs and preferences.
- c. Typical components that will be evaluated for condition: process mechanical equipment such as piping, valves, and pumps, electrical and communication system, building and wet well structure, and yard piping.
- d. FNI will utilize the recent pump draw down performance testing performed on 05/09/23 and will not perform a new draw down performance test.
- e. FNI will analyze and develop contingency considerations and procedures for the existing station. This will include recommendations on backup power, recommendations on flow bypassing and pumping, and outline any recommended modifications to the existing facility or yard piping required to accommodate the outlined procedures.
- f. FNI will develop a draft technical memorandum documenting the existing condition and recommended near-term improvements. FNI will develop conceptual level opinion of construction costs (OPCC) for the recommended near-term improvements.
- g. FNI will conduct a review meeting with City staff to review the findings and recommendations in the technical memorandum.
- h. FNI will incorporate comments received from the City and finalize the technical memorandum.

EXHIBIT A
SCOPE OF SERVICES

V. Regional Northeast Sewer Basin Analysis

- a. FNI shall obtain As Built and proposed plans for developments, existing lift stations, roadway, storm sewer, water and sanitary sewer from the City.
 - b. FNI shall request existing plans from 3rd party utilities including but not limited to existing power, telecom, and oil and gas pipelines.
 - c. Building on the efforts developed as part of the wastewater master plan, FNI will analyze existing and anticipated flows within the basin. FNI will provide recommendations on phasing of supporting projects, such as existing lift station decommissioning and gravity interceptor projects, to support flow rerouting to the new lift station / regional lift station.
 - d. FNI will verify flow requirements and finalize sizing of facilities for the Eastside lift station and force main. In addition, FNI will provide recommendations on phasing of pumping capacity based on the projected flows.
 - e. FNI will verify flow requirements and finalize sizing of facilities for the Regional Lift Station and force main. In addition, FNI will provide recommendations on phasing of pumping capacity based on the projected flows. FNI will not perform detailed analysis or design of the Regional Lift Station or associated force main. FNI's analysis will be limited to ultimate and phased sizing of the facility, conceptual level siting of the facility, and conceptual level force main alignment.
 - f. FNI will model the proposed project(s) in the existing wastewater model to analyze impacts of the rerouted flow and how the reduced flow to the downtown basin impacts other CIP projects.
 - g. FNI will develop a draft technical memorandum documenting the overall proposed approach for the Northeast Sewer basin. FNI will deliver one electronic PDF copy of the draft technical memorandum for City review.
 - h. FNI will conduct a review meeting with City staff to review and discuss the recommendations in the technical memorandum.
 - i. FNI will incorporate comments received from the City and finalize the technical memorandum.
-

EXHIBIT A SCOPE OF SERVICES

VI. Eastside Lift Station Preliminary Design Report

- a. Based on the sizing and phasing developed as part of the regional sewer analysis, FNI will advance the Eastside Lift Station to into preliminary design.
- b. FNI will develop a system curve based on the proposed layout and piping configuration at Eastside Lift Station. From this curve, preliminary pump selections will be made for the Eastside Lift Station. It is anticipated that submersible pumps in rectangular concrete wet wells will be utilized.
- c. FNI will develop up to two (2) conceptual site layouts for the proposed Eastside Lift Station. LiDAR and aerial / drone imagery will be used for this analysis.
- d. FNI will analyze up to two (2) proposed force main alignment options for the discharge of the Eastside Lift Station. It is anticipated that the force main will discharge into the South Dewey Avenue gravity interceptor. FNI will create preliminary pipeline profiles based on the conceptual alignments and generate HGL profiles for the proposed force main. LiDAR and aerial / drone imagery will be used for this analysis.
- e. Evaluate the use of a carbon based odor control air scrubber system at the Eastside Lift Station.
- f. Provide an evaluation of the proposed electrical systems and provide recommendations for the voltage of the new pumping units and associated electrical equipment. Coordinate requirements with the power company and prepare a one-line diagram. It is anticipated that the Eastside Lift Station will utilize vendor control panels and will have an on-site diesel generator.
- g. Perform preliminary path study to determine SCADA antenna height and location.

FNI shall prepare a Preliminary Design Report (PDR) for the project in sufficient detail to indicate generally the issues and alternate solutions to the City. The design report shall provide sufficient detail to meet the requirements of TCEQ Chapter 217. The report shall contain schematic layouts, sketches, and conceptual design criteria with appropriate exhibits to indicate the considerations involved including, but not limited to, wet well sizing, preliminary pump selections, existing and proposed piping, constructability, electrical and instrumentation and structural issues. The report shall also include opinions of probable construction costs for the project and recommendation of FNI. It is anticipated that the PDR will include sanitary sewer elements only for compliance with TCEQ requirements and

EXHIBIT A
SCOPE OF SERVICES

will not include landscaping or site improvement information.

- h. FNI will attend one (1) review meeting with the City to discuss the results of the report.
- i. FNI will make any necessary modifications to the report based on the comments from the review meeting.

EXHIBIT A SCOPE OF SERVICES

I. ITEMS NOT INCLUDED IN THE EXISTING SCOPE OF SERVICES

A. **Additional Services not included in the existing Scope of Services** – City and Consultant agree the following services are beyond the Scope of Services described in the tasks above. However, Consultant can provide these services, if needed, upon the City's written request. Any additional amounts paid to the Consultant as a result of any material change to the Scope of the Project shall be agreed upon in writing by both parties before the services are performed. These Additional Services include the following:

1. Field layouts or the furnishing of construction line and grade surveys.
2. Making property, boundary and right of way surveys, preparation of easement and deed descriptions, including title search and examination of deed records.
3. Providing services to investigate existing conditions or facilities, or to make measured drawings thereof, or to verify the accuracy of drawings or other information furnished by the City.
4. Preparing applications and supporting documents for government grants, loans, or planning advances and providing data for detailed applications.
5. Preparing data and reports for assistance to the City in preparation for hearings before regulatory agencies, courts, arbitration panels or any mediator, giving testimony, personally or by deposition, and preparations thereof before any regulatory agency, court, arbitration panel or mediator.
6. Assisting the City in the defense or prosecution of litigation in connection with or in addition to those services contemplated by this Agreement. Such services, if any, shall be furnished by FNI on a fee basis negotiated by the respective parties outside of and in addition to this Agreement.
7. Providing environmental support services including the design and implementation of ecological baseline studies, environmental monitoring, impact assessment and analyses, permitting assistance, and other assistance required to address environmental issues.
8. Design, contract modifications, studies, or analyses required to comply with local, State, Federal or other regulatory agencies that become effective after the date of this agreement.
9. Providing Basic or Special Services on an accelerated time schedule. The scope of this service includes cost for overtime wages of employees and

EXHIBIT A
SCOPE OF SERVICES

consultants, inefficiencies in work sequence and printing or reproduction costs directly attributable to an accelerated time schedule directed by the City.

10. Preparing statements for invoicing or other documentation for billing other than for the standard invoice for services attached to this professional services agreement.

EXHIBIT B
PROJECT DESIGN BUDGET SUMMARY

I. Basic Services

**A. Eastside Lift Station Near-Term Condition Assessment
and Improvement Recommendations** **\$74,000.00**
(Estimated 4 month duration)

B. Regional Northeast Sewer Basin Analysis **\$78,500.00**
(Estimated 9 month duration)

C. Eastside Lift Station Preliminary Design **\$113,000.00**
(Estimated 5 month duration, after completion of Item B)

Total Basic Services (Lump Sum) ***\$265,500.00***

Project Budget, Grand Total (Not-To-Exceed) ***\$265,500.00***

EXHIBIT C
GUIDELINES FOR COMPUTER AIDED DESIGN AND DRAFTING (CADD)

1. Files shall done in DWG/DXF format.
2. Files shall be georeferenced in the State Plane, Texas North Central FIPS 4202 (feet) coordinate system, using a datum of NAD 83 Grid.
3. If a surface adjustment factor is applied to the data, any surface adjustment factors used should be clearly documented on the drawing.
4. If submissions for the Project relate to a plat, the file submitted must match exactly the plat that is submitted for recording.
5. The file shall contain required features for the project type as detailed below:
 - a. Pre-Construction/As-Built Plans and/or Record Documents:
 - i. Layers from Final Plat Requirements as Applicable to Project Type.
 - ii. Water Utility Features.
 - iii. Sanitary Sewer Features.
 - iv. Storm Sewer Features.
6. Each required feature group should be provided as a separate layer within the file.
7. Layer names should be representative of the information contained in the layer.
8. Line work should be done per accepted industry norms.
9. Text should not be smaller than 0.08" on a full size sheet, and should be a font such at Simplex, Calibri, or Arial.

EXHIBIT D
CONSULTANT'S GUIDELINES FOR DIRECT EXPENSES; GENERAL AND
ADMINISTRATIVE MARKUP; TRAVEL AND SUBSISTENCE EXPENSES

- I. **CONSULTANT'S RESPONSIBILITY**. Consultant shall be solely responsible for the auditing and accuracy of all Direct Expenses, approved markup (general and/or administrative), and approved travel and/or subsistence charges, including those of its subcontractors, prior to submitting to City for reimbursement. Any over-payment by City for errors in submittals for reimbursement may be deducted from Consultant's subsequent payment(s) for services; however, this shall not be City's sole and exclusive remedy for said over-payment.

II. **GUIDELINES FOR DIRECT EXPENSES**.

- A. **Local Transportation** – Transportation in connection with the Project, when such transportation is not a function of routine performance of the duties of Consultant in connection with the Project, and when such transportation exceeds beyond fifty (50) miles from the Project site, shall be reimbursed at a standard mileage rate consistent with that as issued, and periodically revised, by the United States Internal Revenue Service (IRS). Under no circumstances shall City reimburse Consultant at a higher standard mileage rate or pay additional markup on charges for local transportation. Completion of City's Standard Mileage Log is required for submittal of these charges for reimbursement, including justification for each submitted expense.

Under no circumstances are charges associated with rental cars for local transportation eligible for reimbursement by City. Toll road subscriptions or toll plaza receipts are not reimbursable. Consultant agrees to place these standards in all subcontracts for work on the Project.

- B. **Supplies. Material. Equipment** – City shall reimburse the actual cost of other similar direct Project-related expenses, which are duly presented in advance and approved by City's Project Manager in writing.
- C. **Commercial Reproduction** – City shall reimburse the actual cost of reproductions, specifically limited to progress prints prepared for presentation to City at each phase of progress, and final Construction Documents prepared for distribution at bidding phase, provided that Consultant has duly obtained at least three (3) quotations from commercial firms and has chosen the best value for City. Consultant shall provide such documentation to City for review prior to submitting these expenses for reimbursement. Consultant agrees to place these standards in all subcontracts for work on the Project.
- D. **In-House Reproduction** – Consultant shall make arrangements with City for prior approval of in-house reproduction rates prior to submitting these expenses for reimbursement. City shall provide Consultant with a standard format for documenting these charges. Completion of City's reproduction log is required as

EXHIBIT D
CONSULTANT'S GUIDELINES FOR DIRECT EXPENSES; GENERAL AND ADMINISTRATIVE MARKUP; TRAVEL AND SUBSISTENCE EXPENSES

a prerequisite for payment, including the number or reproductions, the date, time, description, the approved standard rate, and a justification for each submitted expense for reimbursement. Consultant agrees to place these standards in all subcontracts for work on the Project.

- E. **Commercial Plotting** – City shall reimburse the actual cost of plots, specifically limited to final documents, provided Consultant has duly obtained at least three (3) quotations from commercial firms and has chosen the best value for City. Consultant shall provide such documentation to City for review prior to submitting these expenses for reimbursement. Consultant agrees to place these standards in all subcontracts for work on the Project.
- F. **In-House Plotting** – Consultant shall make arrangements with City for prior written approval of in-house plotting rates prior to submitting these charges for reimbursement. City shall provide Consultant with a standard format for documenting these charges. Completion of City's reproduction log is required as a prerequisite for payment, including the number of plots, the date, time, description, the approved standard rate, and a justification for each submitted charge for reimbursement.
- G. **Communications** – Reimbursement for expenses relating to electronic communications shall be limited to long-distance telephone or fax toll charges specifically required in the discharge of professional responsibilities related to the Project. Telephone service charges including office or cellular phones, WATTS, or Metro line services or similar charges are not reimbursable.
- H. **Postage, Mail, and Delivery Service** – City shall reimburse the actual cost of postage and delivery of Instruments of Service, provided Consultant duly considers all circumstances (including available time for assured delivery) of the required delivery and selects the best value for City, which may require comparison of delivery costs offered by three (3) or more sources or methods of delivery, which at a minimum shall include U.S. Mail. Courier service is acceptable only in circumstances requiring deadline-sensitive deliveries and not for the convenience of Consultant and/or Consultant's employees. Consultant agrees to place these standards in all subcontracts for work on the Project.
- I. **Meals and Other Related Charges** – Meals or any other related expenses are not reimbursable unless incurred outside a fifty (50) mile radius of the Project, and then only reimbursable for the actual cost subject to compliance with City's currently adopted policy. Non-allowable costs include, but are not limited to, charges for entertainment, alcoholic beverages, and gratuities.

EXHIBIT D
CONSULTANT'S GUIDELINES FOR DIRECT EXPENSES; GENERAL AND ADMINISTRATIVE MARKUP; TRAVEL AND SUBSISTENCE EXPENSES

III. GUIDELINES FOR GENERAL AND ADMINISTRATIVE MARKUP.

- A. **Requirement of Prior Approval** – Consultant may be allowed to charge a General and/or Administrative Markup on work completed if Consultant can clearly define to City specifically what costs are included in the markup calculation. To apply General and/or Administrative Markup, Consultant must also document to City what costs would be considered direct costs. City shall issue approval in writing to allow Consultant to charge General and/or Administrative Markup. City reserves the right to reject any and all requests for General and/or Administrative Markup.

IV. GUIDELINES FOR TRAVEL AND SUBSISTENCE EXPENSES.

- A. **Requirement of Prior Approval** – City shall reimburse the actual cost of travel and/or subsistence expenses upon prior written approval by City's Project Manager.
- B. **Adherence to Currently Adopted City Travel Policy** – Reimbursements shall be governed by the same travel policies provided for City employees according to current adopted policy. Prior to the event, Consultant shall request, and City's Project Manager shall provide the provisions and the restrictions that apply to out-of-town reimbursements.

EXHIBIT E
CONTRACTOR'S INSURANCE GUIDELINES

I. GENERAL INSURANCE REQUIREMENTS –

- A. All policies shall name the City of Sherman, its officers, agents, representatives and employees as additional insured as to all applicable coverage with the exception of workers compensation insurance and professional liability insurance.
- B. Such policies shall require the provision of written notice to City at least thirty (30) days prior to cancellation, non-renewal or material modification of any policies, evidenced by return receipt or United States Certified Mail.
- C. Such policies shall provide for a waiver of subrogation against City for injuries, including death, property damage or any other loss to the extent the same is covered by the proceeds of the insurance.

II. INSURANCE COMPANY QUALIFICATION – All insurance companies providing the required insurance shall be authorized to transact business in the State of Texas, and shall have a minimum rating of "A" by A.M. Best's Key Rating Guide, or other equivalent rating service(s).

III. CERTIFICATE OF INSURANCE – A Certificate of Insurance and policy endorsement(s) evidencing the required insurance shall be submitted prior to execution of the Agreement. If the Agreement is renewed or extended by City, a Certificate of Insurance and policy endorsement(s) shall also be provided to City prior to the date the Agreement is renewed or extended.

IV. INSURANCE CHECKLIST – "X" means that the following coverage(s) is required for this Agreement.

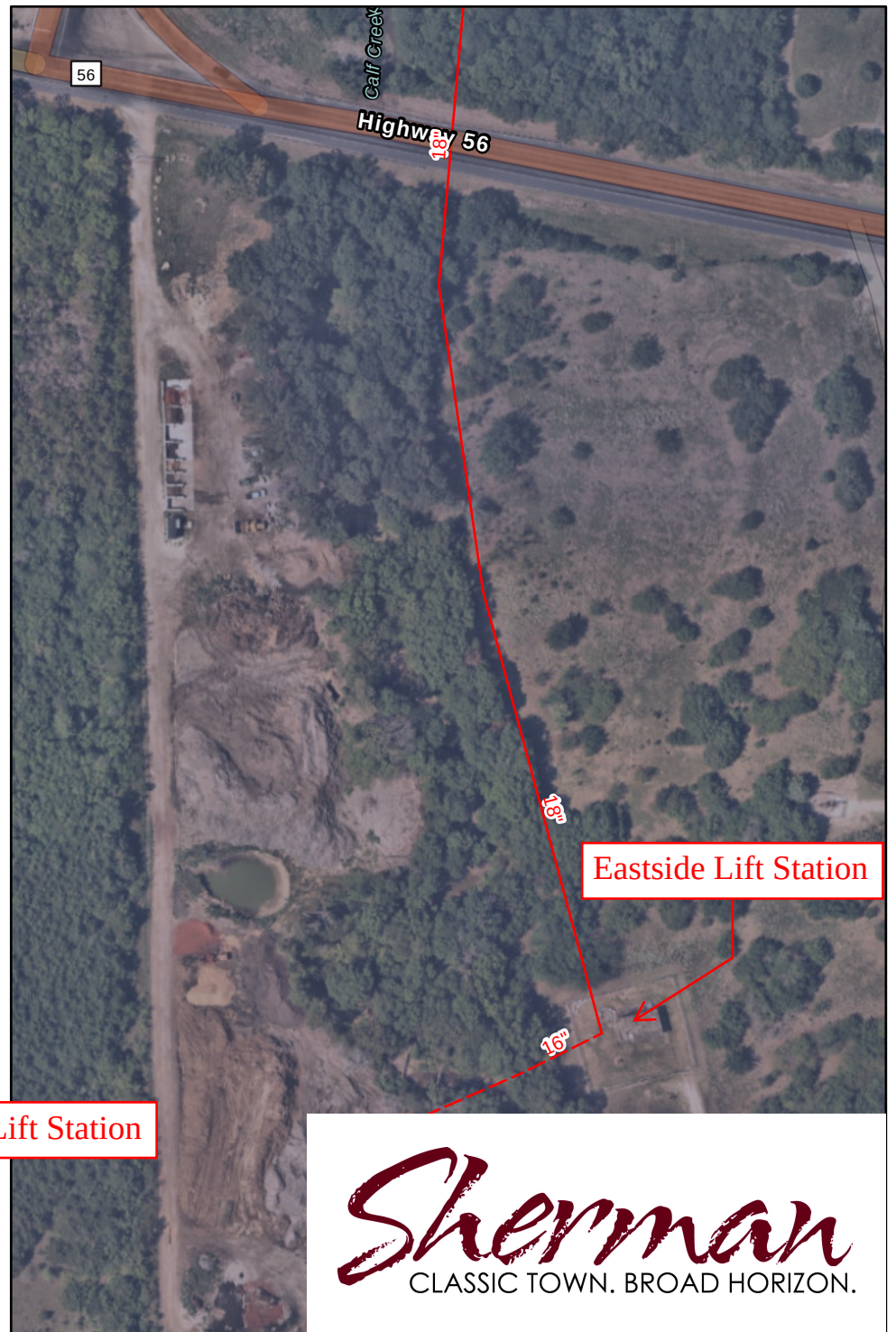
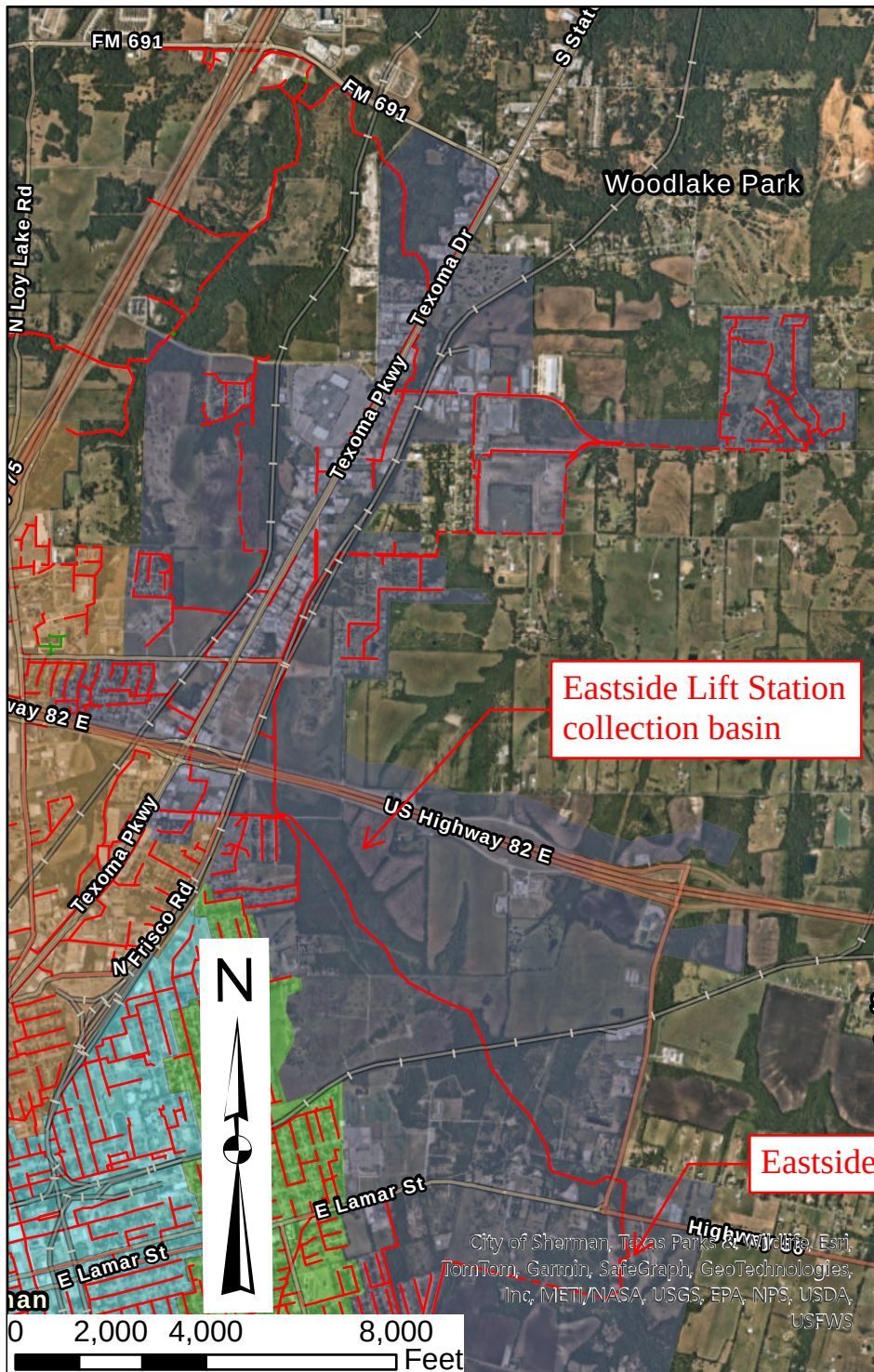
Coverage Required		Limits
<u> X </u>	1. Worker's Compensation & Employer's Liability	▪ Statutory Limits of the State of Texas
<u> X </u>	2. General Liability	▪ Minimum \$1,000,000.00 each occurrence; ▪ Minimum \$2,000,000.00 in the aggregate
<u> </u>	3. XCU Coverage	▪ Minimum \$1,000,000.00 each occurrence; ▪ Minimum \$2,000,000.00 in the aggregate

EXHIBIT E
CONTRACTOR'S INSURANCE GUIDELINES

-
- | | | | |
|---------------|-----|---|--|
| <u> X </u> | 4. | Professional Liability | <ul style="list-style-type: none">▪ Minimum \$1,000,000.00 each claim;▪ Minimum \$2,000,000.00 in the aggregate |
| <u> X </u> | 5. | Umbrella Coverage of Excess Liability Coverage | <ul style="list-style-type: none">▪ An amount of \$2,000,000.00▪ Minimum \$2,000,000.00 in the aggregate |
| <u> X </u> | 6. | City and its officers, agents, representatives and employees named as additional insured on General Liability Policy, as provided above. This coverage is primary to all other coverage City may possess. | |
| <u> X </u> | 7. | General Liability Insurance provides for a Waiver of Subrogation against the City for injuries, including death, property damage, or any other loss to the extent that same is covered by the proceeds of the insurance. All insurance policies that are required to name the City as an additional insured must be endorsed to read as primary and non-contributory coverage regardless of the application of other insurance. | |
| <u> X </u> | 8. | Thirty (30) days' notice of cancellation, non-renewal, or material change required. The words "endeavor to" and "but failure" (to end of sentence) are to be eliminated from the Notice of Cancellation provision on standard ACORD certificates. | |
| <u> X </u> | 9. | Insurance company has a minimum rating of "A" by A.M. Best's Key Rating Guide, or other equivalent rating service(s). | |
| <u> X </u> | 10. | The Certificate of Insurance must state the project title and bid number. | |
| <u> </u> | 11. | Other Insurance Requirements (State Below): | |

EXHIBIT F
CONFLICT OF INTEREST QUESTIONNAIRE, FORM CIQ

CONFLICT OF INTEREST QUESTIONNAIRE For vendor doing business with local governmental entity		FORM CIQ
This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session. This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a). By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code. A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.	OFFICE USE ONLY Date Received	
1 Name of vendor who has a business relationship with local governmental entity. None		
2 ☐ Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)		
3 Name of local government officer about whom the information is being disclosed. N/A Name of Officer		
4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary. None A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor? ☐ Yes ☐ No B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity? ☐ Yes ☐ No		
5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more. None		
6 ☐ Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).		
7 Signature of vendor doing business with the governmental entity 8/14/2024 Date		



Sherman
CLASSIC TOWN. BROAD HORIZON.



City Council Regular Meeting

Agenda Item No. G.3.

Meeting Date: 9/3/2024

Prepared By: Amber Doan, Engineering Coordinator

Approved By: Robby Hefton, City Manager

Caption:

*** Resolution No. 7352**

Authorizing the City Manager or His Designee to Execute a Special Warranty Deed for the Purchase and Execute Contract Documents for The Purchase and Acquisition of Real Property from Tamie Lee Pedraza Located at 1402 West Center Street, being .5481 Acres in the Elizabeth Jones Survey, Abstract 625

Issue:

Authorizing the conveyance of Real Property from Tamie Lee Pedraza, located in the Elizabeth Jones Survey, Abstract No. 625, being locally known as 1402 W. Center Street, for the the purpose of widening Interurban Parkway

Background:

Interurban Parkway is on the Master Thoroughfare Plan as a Minor Arterial Thoroughfare. The subject property is in the path of the design for the Interurban Parkway widening. Purchase of this property is necessary to complete the widening of Interurban Parkway.

Origination:

Engineering Department

Financial Consideration:

The agreed conveyance amount is \$450,000.00

Staff Recommendation:

Staff Recommends that the City Council approve the Resolution to authorize the conveyance of the subject property.

Alternatives:

As may be directed by City Council.

Attachments:

1. Resolution No. 7352
2. Purchase and Sale Agreement - Pedraza
3. Location Map

RESOLUTION NO. 7352

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE A SPECIAL WARRANTY DEED FOR THE PURCHASE of 0.5581 acres, more or less AND EXECUTE CONTRACT DOCUMENTS FOR THE PURCHASE AND ACQUISITION OF REAL PROPERTY FROM TAMIE LEE PEDRAZA LOCATED AT 1402 WEST CENTER STREET, BEING .5481 ACRES IN THE ELIZABETH JONES SURVEY, ABSTRACT 625; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager be and is hereby authorized and directed, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute a Special Warranty Deed for Four hundred fifty Thousand dollars and no/100 (\$450,000.00) purchase and acquisition of real property from Tamie Lee Pedraza located at 1402 West Center Street, Being .5481 acres in the Elizabeth Jones Survey, Abstract 625, Grayson County, Texas. being more particularly described in the attached Exhibit "A-1" attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 3rd day of September 2024.

CITY OF SHERMAN, TEXAS

**BY: _____
DAVID PLYLER, MAYOR**

ATTEST:

**BY: _____
LINDA ASHBY, CITY CLERK**

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

**BY: _____
RYAN D. PITTMAN, CITY ATTORNEY**

Exhibit “A-1”

Being a 125 ft. x 191 ft., more or less situated in Grayson County, Texas, being out of the ELIZABETH JONES SURVEY, ABSTRACT NO. 625 and being more particularly described below:

Tract or parcel of land situated in Grayson County, Texas, on the waters of Post Oak Creek, and being part of survey originally granted to E. Jones and described as follows, to-wit:

Cut of the land conveyed to the grantors by Martha Prudie Morrison et al by deed dated March 25, 1953, and recorded in Vol. 720 page 157, and described as follows, to-wit:

Beginning at the intersection of the S line of Center Street with the West line of Holly Street, same being the SW intersection of two strips of land described in deed recorded in Vol. 320 page 578 and 351 page 586 deed records Grayson County, Texas;

**Thence West with the S line of Center Street 125 feet to a stake;
Thence South parallel with Holly Street 191 feet more or less to a stake in the S line of the Morrison land;**

Thence East with the S line of the Morrison land and parallel to Center Street 125 feet to the W line of Holly Street;

Thence North with the W line of Holly Street 191 feet more or less to S line of Center Street, the place of beginning.

PURCHASE AND SALE AGREEMENT

.5481 acres in the Elizabeth Jones Survey, Abstract 625, City of Sherman, Grayson County, Texas

THIS PURCHASE AND SALE AGREEMENT (this “Agreement”) is made and entered into among **THE CITY OF SHERMAN, TEXAS**, a home-rule municipality (the “Purchaser”) and **TAMIE LEE PEDRAZA**, Texas residents (collectively, “Seller”).

WHEREAS, defined terms are indicated by initial capital letters. Defined terms shall have the meaning set forth herein, whether or not such terms are used before or after the definitions are set forth.

WHEREAS, Purchaser desires to purchase the Property and Seller desires to sell the Property, all upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual terms, provisions, covenants and agreements set forth herein, as well as the sums to be paid by Purchaser to Seller, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Purchaser and Seller agree as follows:

ARTICLE 1 **BASIC INFORMATION**

Section 1.1 Certain Defined Terms

The following defined terms shall have the meanings set forth below:

- A. Purchaser.** The City of Sherman, Texas.
- B. Closing.** The completion of the transaction described in this Agreement.
- C. Closing Date.** The date that is thirty (30) days after the expiration of the Inspection Period.
- D. Cure Period.** The period beginning on the date Seller receives Purchaser’s Objections and ending on the date that is ten (10) days thereafter.
- E. Due Diligence Delivery Date.** The date that is ten (10) days after the Effective Date.
- F. Earnest Money.** FIVE HUNDRED 00/100 DOLLARS (\$500.00).
- G. Earnest Money Delivery Date.** The date that is three (3) business days after the fully executed Agreement is delivered to the Title Company.
- H. Effective Date.** The date on which the fully executed Agreement along with the Earnest Money is receipted by the Title Company, as shown on the Title Company Acceptance Page.

I. Inspection Period. The period beginning on the Effective Date and ending on the date which is thirty (30) days after the Effective Date.

J. Purchase Price. The sum of FOUR HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$450,000.00).

K. Purchaser's Broker. N/A.

L. Review Period. The period ending five (5) days after Purchaser's receipt of the later of the (i) initial Title Commitment, (ii) Title Documents, and (iii) the Survey.

M. Seller's Broker. N/A

N. Survey Delivery Date. The date that is ten (10) days after the Effective Date.

O. Title Commitment Delivery Date. The date that is twenty (20) days after the Effective Date.

P. Title Company. Chapin Title Company.

Q. Title Termination Period. The period beginning on the expiration of the Cure Period and ending on the date that is five (5) days after the Cure Period.

Section 1.2 Closing Costs

Closing costs shall be allocated and paid as follows:

COST	RESPONSIBLE PARTY
Title Commitment	Purchaser
Premium for standard form Title Policy	Purchaser
Premium for endorsements or additional coverage for the Title Policy	Purchaser
Recording Fees	Purchaser
Financing expenses for Purchaser's loan, if any	Purchaser
Escrow Fee charged by Title Company	Purchaser
Commission to Seller's Broker	Seller
All other Closing costs, expenses, charges and fees customarily paid by purchasers in Grayson County	Purchaser

All other Closing costs, expenses, charges and fees customarily paid by sellers in Grayson County, including Schedule C Curative Items	Seller
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Section 1.3 Notice Addresses

Purchaser: City of Sherman
 Attn: Robby Hefton, City Manager
 220 Mulberry Street
 Sherman, Texas 75454
 Telephone: 903-819-7452
 Email: robbyh@cityofsherman.com

with copy to: Abernathy, Roeder, Boyd & Hullett, P.C.
 Attn: Ryan D. Pittman
 1700 Redbud Boulevard, Suite 300
 McKinney, Texas 75069
 Telephone: 214-544-4046
 Email: rpittman@abernathy-law.com

Seller: Tamie Lee Pedraza
 1402 W. Center St.
 Sherman, TX
 Telephone: 903-818-1467
 Email: pdztam@aol.com

Title Company: Chapin Title Company
 Attn: Tamara Noyes
 620 N. Travis St,
 Sherman, TX 75090
 Telephone: 903-868-1415
 Email: Tamra.noyes@chapintitle.com

ARTICLE 2 **PROPERTY**

Section 2.1 Property Description

Upon the terms and conditions hereinafter stated, Seller hereby agrees to sell and convey to Purchaser the following (collectively, the “Property”):

A. Land. Good and indefeasible title to .5481 acres in the Elizabeth Jones Survey, Abstract 625, an addition to the City of Sherman, Grayson County, Texas, (the “Land”), together with all benefits, privileges, easements, tenements, hereditaments, rights and appurtenances thereon or pertaining to such Land.

B. Licenses and Permits. To the extent assignable by Seller to Purchaser, and to the extent any of the following exist and run with the Land, all of Seller's right, title, and interest in and to (i) licenses, permits, certificates of occupancy, or similar documents relating to the Land; (ii) all permits, approvals, licenses, water and sewer capacity commitments, all engineering and architectural plans; and (iii) all plans, drawings, specifications, surveys, engineering reports, and other technical descriptions of the Land (collectively, "Licenses and Permits").

Section 2.2 Legal Description

The legal description of the Land set forth in the final Survey certified to the Purchaser and Title Company shall be substituted for **Exhibit 1** at a later date as the description of the Property to be conveyed hereunder and shall become part of this Agreement.

ARTICLE 3 PURCHASE PRICE

Purchaser agrees to purchase the Property at the Purchase Price and upon the terms set forth herein. At Closing, Purchaser shall deliver to Seller the Purchase Price in cash or other immediate funds. The parties acknowledge and agree that the Purchase Price includes payment in full to Seller for all relocation benefits and/or assistance under the Texas Property Code and the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 U.S.C.A. 4601, *et seq.*, including but limited to any payments available for expenses actually incurred in relocating and reestablishing a residence at a replacement site, actual moving and related expenses.

ARTICLE 4 EARNEST MONEY

On or before the Earnest Money Delivery Date, Purchaser shall deposit the Earnest Money in the form of a check or wire transfer with the Title Company in its capacity as escrow agent, to be held in escrow pursuant to the terms of this Agreement. If Purchaser fails to timely deposit the Earnest Money, Seller may terminate this Agreement at any time before Purchaser deposits the Earnest Money with the Title Company, and upon such election, this Agreement shall terminate. Purchaser agrees that Five Hundred and No/100 Dollars (\$500.00) of the Earnest Money is given as consideration for this Agreement (the "Independent Consideration"), which Independent Consideration shall be applied to the Purchase Price at Closing, but shall not be returned to Purchaser in the event the Earnest Money is otherwise returned to the Purchaser pursuant to the terms of this Agreement. The Earnest Money shall be credited to the Purchase Price at Closing.

ARTICLE 5 DUE DILIGENCE AND CONTINGENCIES

Section 5.1 Survey and Title Review

A. Survey. If there is an existing survey of the Property, Seller, at its sole cost and expense, shall deliver to Purchaser a copy of such survey (the "Survey") on or before the Survey Delivery Date. If a new or updated survey of the Property is required, then such new or updated survey shall be obtained by Purchaser at Purchaser's expense and shall be prepared by a registered

land surveyor in conformity with the “Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys” jointly established and adopted by ALTA and NSPS in 2011 (or such local equivalent as may exist with respect to the Property), in conformity with such standards as are required by the Title Company as a condition to the removal of the survey exception from the Title Commitment, and certified to Purchaser, the Title Company and such other parties as Purchaser shall designate by written notice to Seller. Purchaser must review and approve any Survey prepared by or for Purchaser as a condition of Purchaser’s obligations at Closing.

B. Title Commitment. On or before the Title Commitment Delivery Date, Seller shall deliver or cause to be delivered to Purchaser (i) a title commitment (the “Title Commitment”) covering the Property binding the Title Company to issue a Texas Owner Policy of Title Insurance (the “Title Policy”) on the standard form prescribed by the Texas State Board of Insurance at the Closing, in the full amount of the Purchase Price, insuring Purchaser’s fee simple title to the Property to be good and indefeasible, subject only to the Permitted Exceptions as defined below, and (ii) the following documents (collectively, the “Title Documents”): (1) true and legible copies of all recorded instruments affecting the Property and recited as exceptions in the Title Commitment, and (2) a current tax certificate.

C. Special Assessment Districts. If the Property is situated within a utility district or flood control district subject to the provisions of Section 50.301, Texas Water Code, then Seller shall give to Purchaser as part of the Title Documents the required written notice and Purchaser agrees to acknowledge receipt of the notice in writing. The notice must set forth the current tax rate, the current bonded indebtedness and the authorized indebtedness of the district, and must comply with all other applicable requirements of the Texas Water Code. If the Property is subject to mandatory membership in a property owner’s association, Seller shall notify Purchaser of the current annual budget of the property owners’ association, and the current authorized fees, dues and/or assessments relating to the Property.

D. Review and Cure Period. During the Review Period, Purchaser shall have the opportunity to review the Survey, the Title Commitment, and the Title Documents. If Purchaser has any objections to the Survey, Title Commitment or Title Documents, Purchaser may deliver such objections to Seller in writing within the Review Period (collectively, “Objections”). Purchaser’s failure to provide Objections to Seller prior to the expiration of the Review Period shall be a waiver of Purchaser’s right to object, and any item to which Purchaser does not include in its Objections on or before to the expiration of the Review Period shall also be deemed a “Permitted Exception.” Items that the Title Company identifies as to be released at Closing will be deemed Objections by Purchaser and shall not be Permitted Exceptions. If Purchaser provides Seller with any Objections, Seller may, but is not obligated to attempt to satisfy the Objections within the Cure Period.

E. Failure or Refusal to Cure. If Seller cannot satisfy or chooses not to satisfy Purchaser’s Objections within the Cure Period, then Purchaser may terminate this Agreement by delivering a written notice to Seller within the Title Termination Period. If Purchaser terminates this Agreement, the Earnest Money shall be immediately returned to Purchaser and thereafter neither party shall have any rights or obligations under this Agreement (except for those which may expressly survive the termination of this Agreement). If Purchaser does not terminate this Agreement, then Purchaser shall be deemed to have waived any uncured Objections, except for

those Objections Seller has agreed to cure, and must accept such title as Seller is able to convey as of Closing, subject to the other terms and provisions of this Agreement. Notwithstanding the foregoing, at or prior to Closing, Seller shall discharge or cause to be discharged all: (i) matters set forth on Schedule C of the Title Commitment; (ii) exceptions to title created after the Effective Date without the written consent of Purchaser; and (iii) judgments, liens and mortgages affecting the Property, and same shall not constitute Permitted Exceptions.

Section 5.2 Due Diligence

On or prior to the Due Diligence Delivery Date, Seller shall deliver to Purchaser copies of all engineering investigations, soils reports, feasibility reports, tests, environmental studies, license agreements, management agreements, and other information related to the Property in Seller's possession or control. Notwithstanding Seller's delivery of the above described studies, tests and other due diligence material, if any, Purchaser acknowledges that any information of any type which Purchaser has received or may receive from Seller, or its agents, is furnished to Purchaser as a courtesy only and on the express condition that Purchaser shall make an independent verification of the accuracy of such information, and that all such information is being furnished without any representation or warranty by Seller as to the truth, accuracy, or completeness of such information; provided, however, that Seller confirms that Seller has no current actual knowledge of any material inaccuracies or errors in any such due diligence materials. Further, as a condition to Seller's delivery of any due diligence materials to Purchaser, Purchaser expressly acknowledges the foregoing in its acceptance of such due diligence items from Seller, and agrees to waive any and all claims against Seller for any cause of action arising from Purchaser's reliance on such Seller furnished due diligence materials.

Section 5.3 Inspection Period

A. Purchaser's Right to Inspect the Property. Prior to the expiration of the Inspection Period, Purchaser shall have the right to inspect the Property and determine if the same is suitable for Purchaser's intended use. If Purchaser notifies Seller in writing on or before 11:59 p.m. on the last day of the Inspection Period that Purchaser disapproves or is dissatisfied in any way with the Property, such determination to be made in Purchaser's sole and absolute discretion, then this Agreement shall terminate and the Earnest Money heretofore delivered by Purchaser to Title Company shall be returned to Purchaser; provided, however, the Independent Consideration shall not be returned to Purchaser. If Purchaser fails to so notify Seller in writing prior to the expiration of the Inspection Period of Purchaser's election to terminate this Agreement, this Agreement shall continue in full force and effect. Seller hereby grants to Purchaser during the Inspection Period the right to enter upon the Property and conduct such tests as Purchaser deems necessary.

B. Indemnification for Inspection. To the extent permitted by law, Purchaser shall indemnify, defend, and hold harmless Seller from all claims, actions or causes of action which might occur by virtue of the entry upon or testing of the Property and provided further that in the event Purchaser does not return the Property to its condition prior to Purchaser's activities, Purchaser shall be responsible for all damages occasioned to the Property arising out of the entry upon or testing of the Property, and this indemnity and covenant will survive the Closing or termination of this Agreement for a period of twelve (12) months. Notwithstanding the foregoing

or anything contained herein to the contrary, Purchaser shall have no obligation to indemnify Seller for any claim, action or cause of action which is caused, in whole or in part, by Seller's grossly negligent act or omission or to the extent caused by the willful misconduct of Seller, nor shall Purchaser be required to indemnify Seller with respect to Purchaser's discovery or disturbance of any preexisting matter on or with respect to the Property existing prior to entry on the Property by Purchaser or Purchaser's agents, independent contractors, servants, or employees, including, but not limited to, any hazardous material or dangerous condition.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES

Section 6.1 Seller's Representation and Warranties

Seller represents and warrants to Purchaser as of the Effective Date and as of the Closing as follows:

A. Title. Seller has the right to convey and will convey to Purchaser good and indefeasible fee simple title to the Property free and clear of any and all liens, assessments, unrecorded easements, security interests and other encumbrances except only to the Permitted Exceptions.

B. Licenses. There are no parties in possession of any portion of the Property as licensees, tenants at sufferance or trespassers except for those disclosed, and delivered to Seller as part of the due diligence materials.

C. Negative Covenants. Seller shall not further encumber any of the Property or allow an encumbrance upon the title to any of the Property without the written consent of Purchaser.

D. Liens and Debts. There are no mechanic's liens, Uniform Commercial Code liens or unrecorded liens against the Property, and Seller shall not allow any such liens to attach to the Property prior to Closing, which will not be satisfied out of the Closing proceeds. All obligations of Seller arising from the ownership and operation of the Property and any business operated on the Property, if any, including, but not limited to, taxes, leasing commissions, salaries, and similar agreements, have been paid or will be paid prior to Closing. Except for obligations for which provisions are made in this Agreement for prorating at Closing, there will be no obligations of Seller with respect to the Property outstanding as of Closing.

E. Litigation. To Seller's knowledge, there is no pending or threatened litigation, condemnation, or assessment affecting any of the Property. Seller shall promptly advise Purchaser of any litigation, condemnation or assessment affecting any of Property which is threatened or instituted after the Effective Date.

F. Operation of the Property. After the Effective Date through the Closing Date, Seller shall maintain the Property in the same condition and in the same manner as existed on the Effective Date, except for ordinary wear and tear and any casualty loss.

G. Patriot Act. To the extent applicable to Seller, Seller has complied in all material respects with the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001, which comprises Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “Patriot Act”) and the regulations promulgated thereunder, and the rules and regulations administered by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”), to the extent such laws are applicable to Seller. To the best of Seller’s knowledge, Seller is not included on the List of Specially Designated Nationals and Blocked Persons maintained by the OFAC, or is a resident in, or organized or chartered under the laws of, (i) a jurisdiction that has been designated by the U.S. Secretary of the Treasury under Section 311 or 312 of the Patriot Act as warranting special measures due to money laundering concerns or (ii) any foreign country that has been designated as non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur.

H. Organization and Authority. The execution and delivery of this Agreement by those executing this Agreement on Seller’s behalf and Seller’s performance of this Agreement has been duly authorized by Seller, and this Agreement is binding on Seller and enforceable against Seller in accordance with its terms. The execution of this Agreement and the consummation of the transaction contemplated herein will not violate any restriction, court order or agreement to which Seller or the Property is subject.

I. No Prohibitions. Neither Seller, nor any employee executing this Agreement on behalf of Seller is prohibited from (i) executing or delivering this Agreement; (ii) complying with the terms of this Agreement or (iii) consummating the transactions contemplated by this Agreement by any applicable governmental requirement, agreement, instrument, restriction, or by a judgment, order or decree of any governmental authority having jurisdiction over Seller or the Property.

J. Compliance with Laws. To the best of Seller’s current actual knowledge, neither the Property, nor Seller are currently subject to (i) any existing, pending or threatened investigation or inquiry by any governmental authority or (ii) any remedial obligations, under any applicable law, statute, ordinance, rule, regulation, order or determination of any governmental authority or any board of fire underwriters (or other body exercising similar functions), or any restrictive covenant or deed restriction or zoning ordinance or classification affecting the Property, including, without limitation, all applicable building codes, fire codes, health codes, water codes, flood disaster laws and health and Environmental Laws and regulations (hereinafter sometimes collectively called the “Applicable Laws”). Seller has received no notice from any municipal, state, federal or other governmental authority of any violation of any Applicable Laws issued in respect of the Property which has not been heretofore corrected, and no such violation exists.

K. “AS IS”. EXCEPT AS EXPRESSLY PROVIDED HEREIN, IT IS UNDERSTOOD AND AGREED THAT SELLER IS NOT MAKING ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OR REPRESENTATIONS AS TO MATTERS OF TITLE (OTHER THAN

SELLER'S WARRANTY OF TITLE SET FORTH IN THE DEED TO BE DELIVERED AT CLOSING), ZONING, TAX CONSEQUENCES, PHYSICAL OR ENVIRONMENTAL CONDITION, ABSENCE OF LATENT DEFECTS, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL APPROVALS, GOVERNMENTAL REGULATIONS OR ANY OTHER MATTER OR THING RELATING TO OR AFFECTING THE PROPERTY. EXCEPT AS EXPRESSLY PROVIDED HEREIN, PURCHASER AGREES THAT WITH RESPECT TO THE PROPERTY, PURCHASER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF SELLER OR SELLER'S REPRESENTATIVES. PURCHASER WILL CONDUCT SUCH INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AND RELY UPON SAME, AND, UPON CLOSING, SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, LATENT DEFECTS AND ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INSPECTIONS AND INVESTIGATIONS. EXCEPT AS EXPRESSLY PROVIDED HEREIN, PURCHASER AGREES TO TAKE WHATEVER ACTION AND PERFORM WHATEVER INVESTIGATIONS AND STUDIES PURCHASER DEEMS NECESSARY TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OF, OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO, ANY HAZARDOUS AND/OR TOXIC SUBSTANCES ON OR DISCHARGED FROM THE PROPERTY. PURCHASER ACKNOWLEDGES AND AGREES THAT UPON CLOSING SELLER SHALL SELL AND CONVEY TO PURCHASER AND PURCHASER SHALL ACCEPT THE PROPERTY "AS IS, WHERE IS", WITH ALL FAULTS AND THERE ARE NO ORAL OR WRITTEN AGREEMENTS, WARRANTIES OR REPRESENTATIONS, COLLATERAL TO OR AFFECTING THE PROPERTY BY SELLER OR ANY THIRD PARTY. FURTHER, PURCHASER HEREBY ACKNOWLEDGES TO SELLER THAT PURCHASER AND SELLER ARE NOT IN A SIGNIFICANTLY DISPARATE BARGAINING POSITION. THE TERMS AND CONDITIONS OF THIS PARAGRAPH SHALL EXPRESSLY SURVIVE THE CLOSING AND SHALL NOT BE MERGED THEREIN.

Section 6.2 Purchaser's Representations and Warranties

Purchaser represents and warrants to Seller as of the Effective Date and as of the Closing as follows:

A. Organization and Authority. Purchaser is a home-rule municipality validly existing under the laws of the State of Texas. The execution and delivery of this Agreement by those executing this Agreement on Purchaser's behalf and Purchaser's performance of this Agreement has been duly authorized by Purchaser, and this Agreement is binding on Purchaser and enforceable against Purchaser in accordance with its terms. The execution of this Agreement and the consummation of the transaction contemplated herein will not violate any restriction, court order or agreement to which Purchaser is subject. If Purchaser assigns this Agreement to an allowed third party, such entity shall be duly organized, validly existing and in good standing under

the laws of the State of Texas and have all the requisite power and authority to enter into, deliver and perform this Agreement.

B. Litigation. To Purchaser's knowledge, there is no pending or threatened litigation affecting Purchaser that would materially impact the transaction described in this Agreement. Purchaser shall promptly advise Seller of any litigation affecting Purchaser and its ability to consummate the transaction contemplated herein which is threatened or instituted after the Effective Date.

C. Patriot Act. To the extent applicable to Purchaser, Purchaser has complied in all material respects with the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001, which comprises Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "Patriot Act") and the regulations promulgated thereunder, and the rules and regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), to the extent such laws are applicable to Purchaser. To the best of Purchaser's knowledge, Purchaser is not included on the List of Specially Designated Nationals and Blocked Persons maintained by the OFAC, or is a resident in, or organized or chartered under the laws of, (i) a jurisdiction that has been designated by the U.S. Secretary of the Treasury under Section 311 or 312 of the Patriot Act as warranting special measures due to money laundering concerns or (ii) any foreign country that has been designated as non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur.

D. No Prohibitions. Neither Purchaser, nor any employee executing this Agreement on behalf of Purchaser is prohibited from (i) executing or delivering this Agreement; (ii) complying with the terms of this Agreement or (iii) consummating the transactions contemplated by this Agreement by any applicable governmental requirement, agreement, instrument, restriction, or by a judgment, order or decree of any governmental authority having jurisdiction over Purchaser.

Section 6.3 Knowledge

A. Seller's Knowledge. For purposes of this Agreement and any closing document, whenever the phrase "to Seller's actual knowledge," "to Seller's knowledge," "the knowledge of Seller," or "to the best of Seller's knowledge" or similar words of similar import are used, they shall be deemed to refer to facts within the actual knowledge of Tamie Lee Pedraza, at the times indicated only, without independent inquiry, without any actual or implied duty of inquiry whatsoever and without imputation to such person of the knowledge of any other person. The named individuals are acting for and on behalf of Seller and in a capacity as an officer or representative of Seller and is in no manner expressly or impliedly making any representations or warranties in an individual capacity. Purchaser waives any right to sue or seek any personal judgment or claim against such individuals.

B. Purchaser's Knowledge. For purposes of this Agreement and any closing document, whenever the phrase "to Purchaser's actual knowledge," "to Purchaser's knowledge,"

“the knowledge of Purchaser,” or “to the best of Purchaser’s knowledge” or similar words of similar import are used, they shall be deemed to refer to facts within the actual knowledge of Robby Hefton, at the times indicated only, without independent inquiry, without any actual or implied duty of inquiry whatsoever and without imputation to such person of the knowledge of any other person. The named individuals are acting for and on behalf of Purchaser and in a capacity as an officer or representative of Purchaser and is in no manner expressly or impliedly making any representations or warranties in an individual capacity. Seller waives any right to sue or seek any personal judgment or claim against such individuals.

Section 6.4 Remedies

If either party discovers prior to Closing that any of the other party’s representations or warranties have been misrepresented or are inaccurate, such discovering party may notify the party with deficient representations and/or warranties in writing, and the deficient party may attempt to correct or remedy the misrepresentation or inaccuracy. If the misrepresentation or inaccuracy is not remedied prior to Closing, upon written notice to the deficient party, the discovering party may: (i) proceed to Closing without waiving any claim for breach of warranty or misrepresentation; (ii) delay Closing until ten (10) days after the misrepresentation or inaccuracy is remedied; or (iii) exercise any remedies available for default by the deficient party under this Agreement.

Section 6.5 Non-Conformance

Purchaser has or will independently investigate and verify to Purchaser’s satisfaction the extent of any limitations or permitted uses of the Property. Purchaser acknowledges that the current use of the Property or any improvements located on the Property (or both) may not conform to applicable Federal, State or municipal laws, ordinances, codes or regulations. Zoning, permitted uses, height limitations, setback requirements, minimum parking requirements, limitations on coverage of improvements to total area of land, requirements of the Americans with Disabilities Act, wetlands restrictions and other matters may have a significant economic impact upon Purchaser’s intended use of the Property. Purchaser is not relying upon any warranties or representations of Seller concerning the permitted uses of the Property or with respect to any nonconformance of the Property.

ARTICLE 7 CLOSING

Section 7.1 Closing Date

The Closing shall occur on or before the Closing Date. Seller shall deliver possession of the Property at Closing.

Section 7.2 Seller's Closing Documents

At the Closing, Seller shall deliver the following to Purchaser:

- A.** A duly executed Special Warranty Deed (the "Deed"), in the form attached hereto as **Exhibit A**, conveying the Property to Purchaser in fee simple, subject only to the Permitted Exceptions;
- B.** The Title Policy issued by the underwriter for the Title Company pursuant to the Title Commitment, subject only to the Permitted Exceptions, in the full amount of the Purchase Price, dated as of the date of Closing.
- C.** A FIRPTA certificate, duly executed and acknowledged by Seller;
- D.** A general assignment assigning to Purchaser all of Seller's interest in any Licenses and Permits;
- E.** An assignment to Purchaser of Seller's interest in any Leases;
- F.** Evidence of Seller's authority and capacity to close this transaction; and
- G.** All other documents reasonably required by the Title Company from Seller to close this transaction.

Section 7.3 Purchaser's Closing Documents

At the Closing, Purchaser shall deliver the following to Seller:

- A.** The Purchase Price;
- B.** Evidence of Purchaser's authority and capacity to close this transaction;
- C.** All other documents reasonably required by the Title Company from Purchaser to close this transaction.

Section 7.4 Closing Costs

Each party shall pay its respective costs associated with the Closing in accordance with Section 1.2 above.

Section 7.5 Ad Valorem Taxes

All state, county, and municipal taxes for the then current year relating to the Property shall be prorated as of the Closing Date and, in accordance with the provisions of Section 26.11 of the Texas Tax Code, the Title Company shall collect from Seller its portion of such taxes and remit the same to the appropriate taxing jurisdictions. This provision shall survive the Closing.

NOTICE REGARDING POSSIBLE LIABILITY FOR ADDITIONAL TAXES. If for the current ad valorem tax year the taxable value of the Property that is the subject of this Agreement is determined by a special appraisal method that allows for appraisal of the Property at less than its market value, the person to whom the Property is transferred may not be allowed to qualify the Property for that special appraisal in a subsequent tax year and the Property may then be appraised at its full market value. In addition, the transfer of the Property or a subsequent change in the use of the Property may result in the imposition of an additional tax plus interest as a penalty for the transfer or the change in the use of the Property. The taxable value of the Property and the applicable method of appraisal is public information and may be obtained from the tax appraisal district established for the county in which the land is located.

ARTICLE 8

CASUALTY LOSS; CONDEMNATION.

All risk of loss to the Property shall remain upon Seller prior to the Closing. If, prior to the Closing, any portion of the Property is damaged or destroyed by fire or other casualty, or subject to a condemnation or taking or the threat of a condemnation or taking, Purchaser may either terminate this Agreement by delivering a written termination notice to Seller or elect to close. If the transaction is to proceed to Closing, there shall be no reduction in the Purchase Price, but Seller shall assign to Purchaser all of Seller's right and interest in any insurance proceeds and/or condemnation awards, as applicable, plus an amount equal to any insurance deductible.

ARTICLE 9

DEFAULT

Section 9.1 Purchaser's Remedies

If Seller fails to perform its obligations under this Agreement for any reason except Purchaser's default, which continues for more than ten (10) days following delivery of written notice of such default from Purchaser to Seller, then Seller shall be in default and Purchaser may elect to (i) terminate this Agreement and receive the Earnest Money, or (ii) pursue the remedy of specific performance.

Section 9.2 Seller's Remedies

If Purchaser fails to perform its obligations under this Agreement for any reason except Seller's default, which continues for more than ten (10) days following delivery of written notice of such default from Seller to Purchaser, then Purchaser shall be in default, and Seller may terminate this Agreement and receive the Earnest Money, as Seller's sole and exclusive remedies.

ARTICLE 10

REAL ESTATE COMMISSIONS

If and only if, as and when this transaction is closed, Seller shall pay a commission to Seller's Broker in an amount set forth in a separate agreement between Seller and Seller's Broker (the "Commission"). The Commission shall be payable at Closing, if, as and when Closing occurs and the transaction is funded. It is expressly understood, acknowledged and agreed that Seller's Broker's right to such Commission shall vest only upon the actual Closing and funding of this

Agreement and no Commission shall be earned, due or owing in the event the purchase and sale transaction contemplated herein shall fail to close for any reason whatsoever including, but not limited to, the default of either Seller or Purchaser. In no event whatsoever shall any Seller's Broker be entitled to receive any portion of the Earnest Money. Each party hereto represents to the other that, except as set forth above with respect to Seller's Broker, it has not authorized any other broker or finder to act on its behalf in connection with the sale and purchase transaction contemplated hereby and that it has not dealt with any broker or finder purporting to act for any other party. Each party hereto agrees, to the extent permitted by law, to indemnify and hold harmless the other party from and against any and all liabilities, costs, damages and expenses of any kind or character arising from any claims for brokerage or finder's fees, commissions or other similar fees in connection with the transactions covered by this Agreement insofar as such claims shall be based upon alleged arrangements or agreements made by such party or on its behalf, which indemnity shall expressly survive any termination or Closing of this Agreement.

ARTICLE 11

MISCELLANEOUS PROVISIONS

Section 11.1 Notices

All notices and other communications required or permitted under this Agreement must be in writing and shall be deemed delivered on the earlier of: (i) actual receipt, if delivered in person or by messenger with evidence of delivery; (ii) the date and time of transmission if delivered by email; or (iii) three (3) business days after deposit in the United States Mail as required below. Notices delivered by mail must be deposited with the U.S. Postal Service and sent by certified mail return receipt requested with postage prepaid, and properly addressed to the intended recipient at the address set forth below. Any party may change its address for notice purposes by delivering written notice of its new address to all other parties in the manner set forth above.

Section 11.2 Forms and Construction

This Agreement is the result of negotiations between the parties, neither of whom has acted under any duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms and provisions hereof shall be construed in accordance with their usual and customary meanings. Seller and Purchaser hereby waive the application of any rule of law which otherwise would be applicable in connection with the construction of this Agreement that ambiguous or conflicting terms or provisions should be construed against the party who (or whose attorney) prepared the executed Agreement or any earlier draft of the same.

Section 11.3 Attorney's Fees

The prevailing party in any legal proceeding brought in relation to this Agreement or transaction shall be entitled to recover from the non-prevailing party's court costs, reasonable attorneys' fees and all other reasonable litigation expenses.

Section 11.4 Assignment

Purchaser may not assign this Agreement without the prior written consent of Seller. Notwithstanding the foregoing, Purchaser may assign its rights under this Agreement to any

affiliated entity which directly or indirectly controls, is controlled by or is under common control with Purchaser without the consent of Seller, on the condition that the assignee expressly assumes all of the obligations of Purchaser hereunder in a written agreement, and such written agreement is delivered to Seller prior to the Closing Date. This Agreement shall be binding upon and inure to the benefit of the respective legal representatives, successors, assigns, heirs, and devisees of the parties.

Section 11.5 Integration

This Agreement contains the complete agreement between the parties with respect to the Property and cannot be varied except by written agreement of the parties hereto. The parties agree that there are no oral or signed agreements, understandings, representations or warranties made by the parties which are not expressly set forth herein.

Section 11.6 Survival

Any warranty, representation, covenant, condition or obligation contained in this Agreement not otherwise consummated at the Closing will survive the Closing of this transaction for a period of one (1) year.

Section 11.7 Binding Effect

This Agreement shall inure to the benefit of and be binding upon the parties to this Agreement and their respective heirs, legal representatives, successors and assigns.

Section 11.8 Time for Performance

Time is of the essence under each provision of this Agreement. If any date of performance hereunder falls upon a Saturday, Sunday or recognized holiday, such date will be deemed moved forward to the next day which is not a Saturday, Sunday or recognized holiday.

Section 11.9 Business Day

The term “business day” shall mean days elapsed exclusive of Saturday, Sunday or recognized holidays.

Section 11.10 Governing Law

This Agreement shall be construed under and governed by the laws of the State of Texas, and unless otherwise provided herein, all obligations of the parties created under this Agreement are to be performed in the county where the Property is located.

Section 11.11 Severability

If any provision of this Agreement is held to be invalid, illegal, or unenforceable by a court of competent jurisdiction, the invalid, illegal or unenforceable provision shall not affect any other

provisions, and this Agreement shall be construed as if the invalid, illegal, or unenforceable provision is severed and deleted from this Agreement.

Section 11.12 Counterparts

This Agreement may be executed in a number of identical counterparts. Each counterpart is deemed an original and all counterparts shall, collectively, constitute one agreement. Executed documents transmitted electronically shall be considered originals.

Section 11.13 Gender; Number

Unless the context requires otherwise, all pronouns used in this Agreement shall be construed to include the other genders, whether used in the masculine, feminine or neuter gender. Words in the singular number shall be construed to include the plural, and words in the plural shall be construed to include the singular.

Section 11.14 Immunity

It is expressly understood and agreed that, in the execution and performance of this Agreement, Purchaser has not waived, nor shall be deemed hereby to have waived, any defense or immunity, including governmental, sovereign and official immunity, that would otherwise be available to it against claims arising in the exercise of governmental powers and functions. By entering into this Agreement, the parties do not create any obligations, express or implied, other than those set forth herein.

Section 11.15 Further Assurances

The parties each agree that at any time, or from time to time, after the execution of this Agreement each party will, upon the request of the other party hereto, execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect fully the purposes of this Agreement

[SIGNATURES APPEAR ON THE FOLLOWING PAGES]

EXECUTED on the dates stated below, but to be **EFFECTIVE** on the Effective Date defined herein.

Date: _____

PURCHASER:
CITY OF SHERMAN, TEXAS,
a home-rule municipality

By: _____
Robby Hefton, City Manager

SELLER:
TAMIE LEE PEDRAZA

Date: _____

TITLE COMPANY ACCEPTANCE

The Title Company acknowledges receipt of the executed Agreement and Earnest Money on _____, 2024, at _____(a.m./p.m.) and has accepted the Earnest Money subject to the terms and conditions set forth in this Agreement.

TITLE COMPANY:

CHAPIN TITLE COMPANY

By: _____
Name: _____
Title: _____

EXHIBIT "A"
FORM OF SPECIAL WARRANTY DEED

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

SPECIAL WARRANTY DEED

STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF GRAYSON §

THAT _____ (collectively, "Grantor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration to Grantor in hand paid by the CITY OF SHERMAN, TEXAS, a home-rule municipality ("Grantee"), the receipt and sufficiency of which is hereby acknowledged by Grantor, has GRANTED, SOLD AND CONVEYED, and by these presents does hereby GRANT, SELL AND CONVEY unto Grantee that certain real property more particularly described on Exhibit 1 attached hereto and incorporated herein (the "Land"), together with all and singular, the rights and appurtenances pertaining to the Land, including any right, title and interest of Grantor in and to adjacent streets, alleys or rights-of-way, and including all of Grantor's rights to all oil, gas and other minerals in and under the Land, if any, but specifically excluding any improvements, fixtures, and personal property situated on and attached to the Land (collectively, the "Property").

This conveyance is made and accepted subject to all those certain easements, covenants, restrictions and other matters more particularly described in Exhibit 2 attached hereto and incorporated herein by this reference for all purposes, to the extent that same are valid and subsisting and affect the Property (the "Permitted Exceptions").

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging unto Grantee, its successors and assigns forever, and Grantor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND, all and singular the title to the Property unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through, or under Grantor, but not otherwise, subject only, however, to the Permitted Exceptions.

[Signature pages follow.]

IN WITNESS WHEREOF, Grantor has executed this Special Warranty Deed to be effective as of the _____ day of _____, 2022.

GRANTOR:

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared _____, an individual.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this ____ day of _____, 2022.

Notary Public in and for the State of Texas
My Commission Expires: _____

After Recording Return to:
Abernathy, Roeder, Boyd & Hullett, P.C.
1700 Redbud Boulevard, Suite 300
McKinney, Texas 75069
Attention: Ryan D. Pittman

EXHIBIT 1
Legal Description of the Property

BEING 125ft. x 191ft. more or less, situated in Grayson County, Texas, being out of the ELIZABETH JONES SURVEY, ABSTRACT NO. 625, being more particularly described below:

Tract or parcel of land situated in Grayson County, Texas, on the waters of Post Oak Creek, and being part of the survey originally granted to E. Jones and described as follows, to wit:

Out of the land conveyed to the grantors by Lartha Prudie Morrison et al by deed dated March 25, 1953, and recorded in Vol. 720 page 157, and described as follows, to-wit:

Beginning at the intersection of the S line of Center Street with the West line of Holly Street, same being the SW intersection of two strips of land described in deed recorded in Vol. 320 page 578 and 351 page 586 deed records Grayson County, Texas;

Thence West with the S line of Center Street 125 feet to a stake;
Thence South parallel with Holly Street 191 feet more or less to a stake in the S line of the Morrison land;

Thence East with the S line of the Morrison land and parallel to Center Street 125 feet to the W line of Holly Street;

Thence North with the W line of Holly Street 191 feet more or less to S line of Center Street, the place of beginning.

EXHIBIT 2
The Permitted Exceptions





City Council Regular Meeting

Agenda Item No. G.4.

Meeting Date: 9/3/2024

Prepared By: Nate Strauch, Community and Support Services Manager

Approved By: Robby Hefton, City Manager

Caption:

*** RESOLUTION NO. 7353**

Authorizing Execution of an Agreement with John C. Dannel Funeral Home Under the City of Sherman's Downtown Building Improvement Grant Program for Renovations at 302 S Walnut Street

Issue:

Authorizing Execution of an Agreement with John C. Dannel Funeral Home under the City of Sherman's Downtown Building Improvement Grant Program for Renovations at 302 S Walnut Street

Background:

The Downtown Building Improvement Grant is designed to stimulate substantial, visible, and permanent improvements to historically significant buildings and to spur interest in vacant and underutilized buildings of historical value in the downtown TIRZ. Grants under the program are awarded at the City Council's sole discretion, in the maximum amount of \$50,000 per project, per year.

This application is for improvements to the structure built in 1923, currently addressed as 302 S Walnut Street. The qualified costs for renovation work are approximately \$432,000.

Origination:

Application

Financial Consideration:

This project qualifies for a matching grant in the amount of \$50,000.

Staff Recommendation:

It is recommended the Council approve the proposed incentive agreement.

Alternatives:

As directed by Council

Attachments:

1. Resolution No. 7353
2. Application

RESOLUTION NO. 7353

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH JOHN C. DANIEL FUNERAL HOME UNDER THE CITY OF SHERMAN'S DOWNTOWN BUILDING IMPROVEMENT GRANT PROGRAM FOR RENOVATIONS AT 302 S. WALNUT STREET; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager be and is hereby authorized and directed, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an agreement with John C. Daniel Funeral Home for improvements to 302 S. Walnut Street under the City of Sherman's Downtown Building Improvement Grant Program, in accordance with all contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 3rd day of September 2024.

CITY OF SHERMAN, TEXAS

BY:

DAVID PLYLER, MAYOR

ATTEST:

BY:

LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM AND
CONTENT:**

**THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C**

BY:

RYAN D. PITTMAN, CITY ATTORNEY

Downtown Building Improvement Grant Application and Agreement

The information requested below will be used to process your application under the terms and conditions of the City of Sherman's Downtown Building Improvement Grant. All grant applications must include pictures of the current building, designs or renderings of the finished product, and historical pictures, if available.

I. Applicant Information

1. Applicant(s) name: John C. Dannel Funeral Home
Mailing address: 302 S. Walnut
City: Sherman State: TX Zip: 75090
2. Applicant's daytime telephone number: 903-893-1171
E-mail address: Charles@dannelfuneralhome.com
3. Status of applicant (please check one)
☐ Property owner with vacant facility
☐ Property owner with tenant business
☒ Property owner/operator of existing business on property
☐ Property tenant with property owner consent
☐ Property deed, lease, or other document evidencing applicant's status
5. Length of ownership/ lease: 1 years 1 mos
Date purchased/ leased: 7-10-2017

II. Property Information

1. Address of property to be improved: 302 S. Walnut Sherman TX 75090
2. Legal description of subject property:
OTP Sherman, Block 11, Lot 2, 4, & Ptg, 150x150 IRR, Acres. 6402
3. Grayson County Tax Assessor Parcel Number(s): R163656
4. Year built: 1923 Square footage: 10,000
(Eligible buildings must be at least 50 years of age.)
6. What are the current types of businesses or other uses occupying the building?
Funeral Home and Crematory
7. Name and phone number of tenant(s), if applicable: _____

(Attach additional names/numbers, if needed)

8. Use of building after construction: Funeral Home and Crematory
9. Number of parking spaces provided: 50 Proposed: _____ Total: _____
10. Current zoning: Commercial
11. Is a zoning amendment required? Yes ___ No X

III. Project Description

1. Description of Proposed Improvements. Please provide a detailed description of your proposed improvements. Attach a copy of your architectural or design plans.

Description: see attached documents

☐ Designs Attached

☐ "Before" Picture(s) Attached

2. How many jobs will be **retained** once the project is completed?
- 4 Full-time positions 4 Part-time positions
3. How many **new positions** will result from this project?
- _____ Full-time positions _____ Part-time positions

IV. Work Estimates

Please attach a minimum of two (2) independent contractor estimates for the proposed improvements. Please note that grant funding shall be based on the lowest bid. Eligible costs shall be the cost of materials, equipment, and contracted labor to complete eligible improvements.

1. Name/Company and Phone Number of Preferred Contractor:

Apex Construction 903-213-2417

Amount: \$277,480.21

2. Name/Company and Phone Number of Second Contractor:

Abel Aleman Roofing 903-868-1401

Amount: \$154,900

3. Additional Estimates/Comments: (Please attach additional quotes, as required)

4. Total estimated costs of your improvements: \$432,380.21

5. Estimated completion date for your improvements? 7/9/2024

VI. Agreement of Applicant and Property Owner

I/We, Charles Oliver Dannel III, of the City of Sherman, County of Grayson, State of Texas, declare under penalty of perjury that the information contained in this application is true and correct and that the information contained in the documents that accompany this application is true, correct, and complete. I/We certify and warrant that the proposed work described in this Application meets the eligibility requirements of the City of Sherman Downtown Building Improvement Grant Program. In exchange for the City of Sherman's consideration of this application, I/We hereby agree to the following:

I/We hereby authorize City of Sherman employees and agents to perform inspections of my/our property if granted funds under the City of Sherman Downtown Building Improvement Grant Program, both before and during the work for which funds are granted under this Program and after completion of the work to ensure compliance with the terms and conditions of the Program and all other applicable ordinances and other laws.

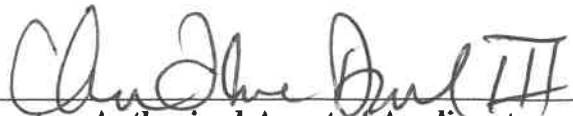
I/We acknowledge that any work carried out prior to written confirmation of grant approval may not be eligible for reimbursement.

I/We acknowledge receiving, understanding, and accepting the terms and conditions of the City of Sherman Downtown Building Improvement Grant Program, and agree to fully comply with the same along with all other applicable ordinances and other laws, all of which are incorporated herein by reference, if granted funds under the Program. I agree that the City of Sherman is entitled to the immediate return or reimbursement of any and all funds paid to the Applicant or other persons under the Program, plus interest and collection costs, in the event the Applicant fails to complete the work for which the grant was approved or otherwise fails to comply with all applicable Program guidelines and requirements, ordinances and other laws. I/We Applicants further acknowledge and agree that, if funds provided by the City to the Applicant under the Program are determined at any time not to comply with applicable state laws relating to the authorized uses of such funds, all funds paid to the Applicant or other persons under the Program shall be immediately returned or reimbursed to the City.

Chapter 2264 Certification: Pursuant to Chapter 2264 of the Texas Local Government Code, I/We hereby certifies that the Applicant's business, or a branch, division, or department of the Applicant's business, does not and will not knowingly employ an undocumented worker. An undocumented worker means an individual who, at the time of employment, is not lawfully admitted for permanent residence to the United States or authorized under the law to be employed in that manner in the United States. If after receiving this grant from the City of Sherman, Applicant, or a branch, division, or department of Applicant's business, is convicted of a violation under 8 U.S.C. Section 1324a(f), Applicant shall repay the amount of the grant with interest, at the rate and according to the terms provided by this Agreement under Section 2264.053 of the Texas Local Government Code, not later than the 120th day after the date

the Applicant is notified of the violation. I/We agree that this document serves as an agreement under Chapter 380 of the Texas Local Government Code.

I/We agree to indemnify, release, defend and hold harmless the City of Sherman and its officers, employees and agents, from and against all claims, losses, liabilities, damages, suits, actions, or proceedings asserted or brought by any person, including Applicant and the property owner and their respective officers, employees, agents, contractors, and subcontractors, arising out of personal injury, death or property damage from any cause whatsoever in whole or in part arising out of this Agreement or the activities completed hereunder.

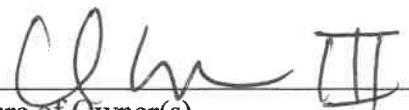

Applicant or Authorized Agent of Applicant

Property Owner (if different from Applicant)
or Authorized Agent of Property Owner

VII. Consent of the Owner to the Use and Disclosure of Information

I/We, Charles Oliver Dannel III, am the owner of the land that is the subject of this Application, and I/we authorize and consent to the use by or the disclosure to any person or public body, including the City of Sherman, of any personal or other information that is collected for the purposes of processing this application and administering the grant program. *(Note: Information provided in this application will become a public record, subject to disclosure under the Texas Public Information Act and/or Texas Open Meetings Act.)*

7/9/2024
Date


Signature of Owner(s)

Dannel Funeral Home has undergone a significant series of renovations and improvements. Here is a summarized list of items:

1. **Roofs:** Replaced and upgraded with shingles and thermoplastic polyolefin (TPO).
2. **Gutters:** Replaced with modern replacements.
3. **Crematory:** Built onsite, constructed with brick and painted to match existing garage apartment exterior.
4. **Windows:** Replaced in the main building and garage apartment; surrounding wood replaced.
5. **Fascia and Soffit:** Replaced on both the main building and garage apartment.
6. **Chapel:** Completely gutted and modernized; renovations include plumbing, electrical, HVAC, and added insulation.
7. **ADA Ramp:** Installed for handicap reliant or assisted patrons.
8. **Landscape:** Completely updated and replaced; installed timer-controlled irrigation system for water conservation.
9. **Parking Lot:** Resealed and restriped. Between buildings old concrete was removed and new concrete repoured.
10. **Entrance:** Replaced approach on Walnut Street and Jones Street entrance; some curbing and sidewalk repoured and replaced.
11. **Flagpole:** Added to the front of the building.
12. **Meditation Garden:** Created to the right of the front entrance.
13. **Doors and Entrances:** Repainted and/or resurfaced.
14. **Outdoor Lighting:** Replaced and updated for safety and visibility.
15. **Exterior Painting:** Entire exterior repainted.
16. **Signage:** Replaced with updated logo. .

These improvements seem to have comprehensively modernized and enhanced the facilities at Dannel Funeral Home, making it more accessible, visually appealing, and functional for its patrons.

Apex Construction
224 E HOUSTON ST
Sherman, TX 75090 US
(903)-213-2147
www.buildingapex.com



BILL TO

Charlie Dannel
302 S Walnut
Sherman TX
75090

INVOICE 1730

DATE 11/28/2022

DUE DATE 12/02/2022

SERVICE	QTY	RATE	AMOUNT
Landscape Water abatement for the following; Take down privacy fence with gate. Manually excavate dirt and debris along west side of building. Apply waterproof barrier. Backfill with septic rock and 4' perforated pipe to drain excess water towards the south. Regrade dirt. Reassemble privacy fence. 10 yards septic rock, Perforated pipe, Waterproof supplies 6 days labor	1	5,000.00	5,000.00
Exterior doors Up stairs door replacement. exterior 2/8x6/8 fiberglass flush finished exterior door.	1	1,113.00	1,113.00
Plumbing "water/plastic" Gas running to existing building re routed to inside the crematory to accommodate the new addition. "City required us to move lines"	1	6,710.00	6,710.00
Mechanical Fabricate and provide fresh air vent/fan for retort 2000 cfm	1	1,325.00	1,325.00
Mechanical HVAC service call/repair to apartment Carl fife	1	188.00	188.00
Plumbing "water/plastic" Plumbing repairs for up stairs apartment kitchen and water shut-off	1	250.00	250.00
Window Treatments Window Treatments for upstairs apartment	1	2,274.00	2,274.00
Framing Reframe opening to office for Retort dimensions	1	2,857.00	2,857.00
Survey Survey for the following re-platt and form boards for the addition. PTLS	1	2,165.00	2,165.00

SERVICE	QTY	RATE	AMOUNT
Permits COM Additional permits fee's for Zoning & Re platt 231.00 & 210.00	1	441.00	441.00
Flooring laminate 12mm laminate snap lock flooring for office	1	1,339.00	1,339.00
Cabinetry (paint grade) Upper Cabinets for office	1	596.00	596.00
Paint interior (Sherwin Williams) Additional paint required for the following; paint interior of Creamatory "CMU block walls" base boards & ceiling trim interior of apartment repair with drywall patches and interior paint	1	3,981.00	3,981.00
Garage door (Amar Vista) Lift Master side mount motor 501 U	1	871.00	871.00
Retort Installation of retort includes the following; Anchor bolt retort to slab Retort Exhaust Vent custom fabrication roof vent install fresh air collar install chimney stack fabricate stack boot install storm collar and custom roof flashing for chimney stack	1	5,410.00	5,410.00
Drywall TBT Additional cost for drywall texture allowed for 360 sq ft @ 1620.00 actual cost 5000.00 for crematory and office	1	3,380.00	3,380.00
Electrical "Commercial" Additional electrical from original invoice of 8901.00 total 11,152.00	1	2,251.00	2,251.00

PAYMENT

40,151.00

TOTAL DUE

\$0.00

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BILL TO
302 S Walnut

INVOICE 1952

DATE 05/06/2024

DUE DATE 05/06/2024

SERVICE	AMOUNT
Construction Dumpster Construction Dumpster will include the following; 20 cubic yards dump trailer for all construction debris Dump fee's and haul off included Allowing for 20 cubic yards of debris for all window removal	300.00
Equipment rental Equipment rental Allowing for Sky lift for a week.	1,551.24
Windows Windows to have SHGC .28 U factor .29 Argon Low E Vinyl single hung with custom grids. Front 8 windows to have exterior grid windows. The other 16 windows to have interior top grids. Plygem product Clay exterior Clay interior Windows - \$10,115.33 Materials - \$1668.15 Pull & Replace - \$8640	0.00
Paint (exterior) Paint will include the following; PPG products Exterior latex 100% Acrylic for walls and trim Top Gun 210 50 year elastomeric acrylic sealant Allowing for painting of exterior window trim around all new windows Interior paint include the following; Sherwin Williams Paint interior windows with a color matched paint. Allowing to repaint all of existing / new trim on windows.	0.00

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BILL TO

Charlie Dannel
DANNEL FUNERAL HOME INC,
302 S Walnut
Sherman, TX 75090

INVOICE 1951

DATE 05/06/2024

DUE DATE 05/06/2024

SERVICE	AMOUNT
Landscape to include the following; -remove turf in preposed Zen Garden location -excavate diet for small KOI POND plastic pre formed tub -install 2 yards of pink crushed granite pebble -relocate massive granite border to. new location - install 3 tons of 1-1/2 native brown flagstone -inatal 90' of TREX style composite edge boarder -install 25+ plants in new flowerbeds - re-locate Holly Busches to align with the corner of the building salvaging the plants -installing small fountains pump. - installing (2) black steel park benched , anchoring ro the flagstone -laying 225 sqft. of Bermuda sod - relocate hose bib to new location , as its a trip hazard - remove and re install all the exterior lighting	3,000.00
Landscape 2 black powder coated steel park benches	400.00
Landscape 4 tons of native 1-1/2 thick Flagstone	640.00
Landscape 2 yards of crushed granite pebble	160.00
Landscape relocate massive granite boulder to a different location	100.00
Landscape fabric and TREX composite boarder	400.00
Landscape 42"x28"x12 black plastic preformed KOI pond insert - small fountain pump/ with bubbler feature and LED lights	225.00
Landscape remove and re install landscaping lights at new locations	100.00

SERVICE	AMOUNT
Electrical "Commercial"	400.00
electrical outlet extended from exterior junction box located on column	
WRTR in use outlet for small fountain pump	
materials and labor	
if the appliance cord is long enough we won't need the additional outlet.	
Plumbing "water"	225.00
service call,	
re-locate hose bib to new location	
Landscape	1,500.00
Plant selection TBD	
-Allowance od 1500	
includes plants, fabric, mulch. ECT.	
Overhead & Profit (commercial)	1,410.04
Apex Construction	
Overhead @ 15%	
Profit @ 5%	
General Liability	
Workers Comp	
Project Management	
PAYMENT	8,560.04
TOTAL DUE	\$0.00

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BILL TO

Charlie Dannel
DANNEL FUNERAL HOME INC,
302 S Walnut
Sherman, TX 75090

INVOICE 1950

DATE 05/06/2024

DUE DATE 05/06/2024

SERVICE	AMOUNT
Paint interior (Sherwin Williams) Interior paint include the following; Apartment Paint all walls and ceiling with fresh coat of paint. Trim, base, and doors to be excluded from this bid. Allowing for 3 days plus all materials	2,300.00
Paint Cabinets Paint cabinets; Apartment Cleaning and prep of all kitchen cabinets. Allowing to oil / hand paint all exterior faces and doors of cabinets.	1,200.00
Paint interior (Sherwin Williams) Accent wall on stair case; Apartment Accent to be wall painted with a gel stain material to accent the low areas on the texture. Allowing for 1 coat Drywall repairs in the apartment. Entry stairs / Dining room	300.00
Rails 42" rails powder coated gray to match existing	1,325.00
Task Lighting Spot light installed in chapel to shine on podium. Install 4" Can light in ceiling with switch on wall behind podium location	985.00
Task Lighting RGBW 40' run in conversation room Price for electricians to install 40' of RGBW lights. Lights to be controlled on a switch as well as a remote.	1,135.00
Glass Glass installed in Entry doors into chapel	350.00
Hardware Hardware to include the following; Order / install baby changing station.	275.00

SERVICE	AMOUNT
Qualifications and Considerations **The prices and specifications of this proposal are accepted and Apex Construction is authorized to proceed. The above pricing is based on performing all the above work at the same time. All material is guaranteed to be as specified or better. All work to be completed in a workmanlike manner according to generally accepted practices. There is no way to know in advance of "hidden" conditions, any work not expressly included above is excluded. All payments are due 10 days from invoice date. Apex Construction will furnish all labor, material and equipment (except where noted differently above). Apex Construction holds Workers Compensation and General Liability Insurance will be kept current with compliance depot and can provide certificates available on request.**	0.00
PAYMENT	7,870.00
TOTAL DUE	\$0.00

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www.buildingapex.com



BILL TO

302 S Walnut
Sherman TX
75090

INVOICE 1940

DATE 04/11/2024

DUE DATE 04/11/2024

SERVICE	AMOUNT
Construction Dumpster Construction Dumpster will include the following; 20 cubic yards dump trailer for all construction debris Dump fee's and haul off included Allowing for 20 cubic yards of debris for all window removal	0.00
Equipment rental Equipment rental Allowing for Sky lift for a week.	0.00
Windows Windows to have SHGC .28 U factor .29 Argon Low E Vinyl single hung with custom grids. Front 8 windows to have exterior grid windows. The other 16 windows to have interior top grids. Plygem product Clay exterior Clay interior Windows - \$10,115.33 Materials - \$1668.15 Pull & Replace - \$8640 50% invoiced window to be onsite 4/15/24	10,430.00
Paint (exterior) Paint will include the following; PPG products Exterior latex 100% Acrylic for walls and trim Top Gun 210 50 year elastomeric acrylic sealant Allowing for painting of exterior window trim around all new windows Interior paint include the following; Sherwin Williams Paint interior windows with a color matched paint. Allowing to repaint all of existing / new trim on windows.	0.00

SERVICE	AMOUNT
Permits COM	0.00
5\$ on every \$1000 Commercial City of Sherman	
Landscaping	0.00
Allowing to add 255 sqft of landscaping. This will include grass, rock, plants, and border to match existing landscaping.	
Concrete	6,180.00
Allowing to pour back 12 LF of curb. Matching existing style and ending at approach.	
Flag pole	1,457.00
30' Exposed Height .. Satin Finish.. 33' Overall Length.. 5" Base Diameter... 125" Wall Thickness.. 96 MPH Un-flagged Wind-speed .. 80 MPH Flagged Wind-speed.. External Rope Halyard System Standard Fittings: Gold Spun Aluminum Ball, Cast Aluminum Single Sheave Revolving Truck Assembly, Braided Nylon Halyard, Brass Flag Snaps, Cast Aluminum Cleat, Spun Aluminum Collar (Decorative Base Plate), and Corrugated Ground Sleeve Assembly. 1 Year Warranty	
Flag Systems PRO 30' Flagpole Installation..Includes: Materials, Equipment, Labor, Pole Transport, 1 Year Warranty	
US 6'X10' Nylon Texas 5'X8' Nylon	
50% deposit paid 4/08/24	
Overhead & Profit (commercial renovation)	3,613.40
"Commercial Alteration" Overhead @ 15% Profit @ 5%	
PAYMENT	21,680.40
TOTAL DUE	\$0.00

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BILL TO

Charlie Dannel
302 S Walnut
Sherman TX
75090

INVOICE 1691

DATE 08/22/2022

DUE DATE 08/22/2022

SERVICE	QTY	RATE	AMOUNT
Concrete Saw Cutting Concrete saw cutting will include the following, Haul off asphalt and base rock for foundation 28'x28'	784	2.75	2,156.00
"instead cut a 28'x28' for clearance on form boards and CMU block walls once plans were made"			
Foundation (non-engineered) Concrete Foundation Slab Non-Engineered 2'x1' footing #3 Rebar used for stringers x 4 3-1/2" - 5" Slab using #4 Rebar 16" ONC runners on chairs every 12' beams used 2' x 1' with stringers 3500 psi concrete 26'x26'	676	12.50	8,450.00
needs to be 26'x26' to accommodate for CMU block and Brick thickness Raised 5.5" to make grade adjustments			
Demolition Demolition required for the following; tying into existing building will require removal of brick on exterior. misc demo work in the existing building door opening. allowing for 8hrs	8	135.00	1,080.00
Construction Dumpster Waste removal for construction debris.	2	450.00	900.00

SERVICE	QTY	RATE	AMOUNT
Stucco (Masonry) CMU block masonry will include the following; 8"x8"x16" concrete blocks cost will vary +/- allowed 12096 864 sq ft @ 14 pr square Modular standard brick masonry sand and cement motor cost will vary +/- allowed 12096 credit	864	20.6064815	17,804.00
Framing materials Framing materials required as per plans; BCI Joist x 24"x14"x3-1/2" flange 90 series 2640 2x4 traditional framing 1000 nails misc, blades, fasteners 1000 allowed 4640 for flat roof additional materials cost for gabled roof	1	11,566.23	11,566.23
Framing labor Framing labor required per the plans; allowing for 40 hrs with a 4 man crew. allowed for 5400 40 hrs at 135 original work flat roof	1	6,104.00	6,104.00
TPO Roofing Remove existing roof on the existing structure, re roof with TPO 65 mil. fully adhered and mechanically fastened. install poly ISO 2" x 2 for R-20 parapet walls to have scuppers for the collector heads. re roofing existing building where the existing asphalt is allowing for 1000 sf 10 square at 720 pr square 7,200.00 Roofing changed to Royal estate IKO shadow slate credit	18	350.00	6,300.00
Insulation R-13 for interior walls conditioned space	1	650.00	650.00
Garage door (Janus 2000) Roll up door 12' x 14' 26 ga sheet metal 25,000 cycle springs non-insulated White unless specified chain hoist w/bottom bar	1	2,850.00	2,850.00

SERVICE	QTY	RATE	AMOUNT
Electrical "Commercial"	1	8,901.00	8,901.00
Commercial "allowance"			
3 phase w/high leg 208 v conduit and metal sheathing MC wiring smoke alarms, exit lights, LED lighting Low voltage wiring			
cost will vary +/- once plans have been made original amount allowed 2,304.00			
Revised amount and electrical proposal made as of 8/10/22			
Dannel Funeral Home Crematorium 302 S. Walnut			
Description Rate Qty Line Total			
Electrical Proposal			
Proposal is based on jobsite meeting and specs provided. Included are:			
\$0.00 1 \$0.00			
125amp 120/240volt indoor subpanel.			
Fed from exist. 200amp Challenger panel in garage. 1" conduit/conductors installed across back wall from panel to subpanel. Confirm location adjacent to crematorium.			
\$3,081.00 1 \$3,081.00			
20amp/120v cooler circuits on south wall.			
Surface mount conduit/wiring and receptacle			
\$175.00 2 \$350.00			
Recessed cans w/Led trims 6"			
Entry area[6] cremator niche[2]			
\$75.00 8 \$600.00			
Cremator circuit/connection. [TBD] 70amp/240volt.			
From subpanel to control box connection on cremator.			
\$1,365.00 1 \$1,365.00			
General purpose receptacles in cremator area. Conduit/wiring, boxes[surface mount]			
Recessed led adjustable accent lights.			
4" recessed led adjustable/necessary lamps/lenses,etc.			
General purpose receptacles [sifter,etc.			
Wall rough			
Switches			
Wall rough			
Exterior sconces			
Relocate existing [2] to crematorium exterior, extend existing switchleg. Replace relocated sconces.[FBO]			
Add wall pack[photocell control] to south side of crematorium.			
8' LED surface mount enclosed strips			
Crematorium ceiling.			
A/c split unit 20amp [location tbd]			

SERVICE	QTY	RATE	AMOUNT
Plumbing "water/plastic" Gas opening amount allowance cost will vary +/- once plans have been made	1	2,500.00	2,500.00
Mechanical "Commercial" Mini split system for office suite 9000 BTU 18 SEER Advanced cooling	1	3,100.00	3,100.00
Drywall TBT Drywall installation & tape bed & texture will include the following; 1/2 ultra light weight gypsum board installed with screws and nails taped bed & texture allowing for a medium orange peel with a knock down	360	4.50	1,620.00
Paint (exterior) Exterior paint will include the following; PPG products Exterior latex 100% Acrylic for walls and trim Masonry paint Top Gun 210 50 year elastomeric acrylic sealant Touch ups done on existing building from removal of gutters	680	2.50	1,700.00
Paint interior (Sherwin Williams) Interior paint include the following; PPG products Super Speed Hide 100% Acrylic latex for walls & ceilings	680	3.50	2,380.00
Glazing Glazing will include the following as per plans; Two windows vinyl 4/0x5/0 2/8x3/0 vinyl operational	1	488.50	488.50
Gutters (Residential 6") Gutters used instead of coping cap and scuppers due to the change in the roof Original amount for coping cap and down spoyts 3490	1	2,267.00	2,267.00
Retort Retort; Power-Pak 1 138,906 "Purchased by owner"	0	138,906.00	0.00
Equipment rental Equipment rental; "Original amount 2500" Scissor Lift 1 month rental T66 3 day uses "crane service paid by owner"	1	1,000.00	1,000.00
Overhead & Profit (commercial) "alteration commercial" Overhead @15% Profit @ 5%	151,316	0.20	30,263.20

SERVICE	QTY	RATE	AMOUNT
Qualifications and Considerations **The prices and specifications of this proposal are accepted and Apex Construction is authorized to proceed. The above pricing is based on performing all the above work at the same time. All material is guaranteed to be as specified or better. All work to be completed in a workmanlike manner according to generally accepted practices. There is no way to know in advance of "hidden" conditions, any work not expressly included above is excluded. Apex Construction will furnish all labor, material and equipment (except where noted differently above). Apex Construction holds Workers Compensation and General Liability Insurance will be kept current with compliance depot and can provide certificates available on request.**	1	0.00	0.00
Permits COM 5\$ on every \$1000 Commercial City of Sherman	1	750.00	750.00
Asbestos Inspection required by the city of sherman	1	540.00	540.00
Drafting plans required by city	1	505.60	505.60
form board survey Form board survey for pre pour inspection and city of sherman permit	1	2,165.00	2,165.00
Concrete Saw Cutting Concrete saw cutting will include the following, saw cut and remove paving between both buildings 2710 sq ft @ 2.75	2,710	2.75	7,452.50
Concrete Saw Cutting additional saw cutting for the following; saw cut approach and sidewalks	1	850.00	850.00
Flat Work Flat work will include the following; 4" thickness of 3000psi concrete with #3" rebar reinforced 18" OC 2600 sq ft @ 6.00 pr sr ft	2,600	6.00	15,600.00
Plumbing "water/plastic" Service call work for lowering and relocating gas/water lines for foundation. mini excavator included	1	1,350.00	1,350.00
Dirtwork 20 yards of cushion sand	1	700.00	700.00
Approach Driveway approach & sidewalks 6" thickness 3000 psi for the approach 4" thickness for sidewalks	1	3,200.00	3,200.00
Fence (privacy treated pine) Remove and haul off existing fencing 6' privacy fence treated pine reinstall and clamp to existing galvanized posts 3 runners using 2x4x16's treated all mounting hardware to be galvanized and zinc coated "one gates included in this line item next to the new crematory" top cap installed 1x4 on both sided and 2x6 treated pine Stain & Seal fencing @ 7 pr ft Labor @ 15 pr ft Materials @ 17.50 pr ft	137	39.50	5,411.50

SERVICE	QTY	RATE	AMOUNT
Windows	25	775.00	19,375.00
Remove 25 existing windows and framing			
Windows to have SHGC .28 U factor .29			
Argon Low E Vinyl single hung			
Plygem product			
Clay Exterior			
Clay interior			
single hung			
Upper sash to be with grid			
Lower grid no grid			
All siding to be removed & replaced with smart trim			
All trim to be caulked and painted			
Construction Dumpster	2	450.00	900.00
Dump fees for all construction debris window removal & fencing removal			
Asphalt	1	10,700.00	10,700.00
Seal coat 17440 sq ft "will last up to 3 years			
Fill cracks with hot rubber, and repair asphalt where joining to concrete has peeled up.			
install 24" x 4" thick around new crematory.			
Re Stripe the parking lot			
General notes	1	0.00	0.00
Original estimated date 07/01/21			
Revised estimated date 12/16/21			
Changing Flat roof with TPO to Hipped roof with			
IKO Royal estate composite shingles roofing 04/20/22			
Added exterior door to upstairs apartment 04/27/22			
PAYMENT		181,579.53	
TOTAL DUE		\$0.00	

Apex Construction
224 E HOUSTON ST
Sherman, TX 75090 US
(903)-213-2147
www.buildingapex.com



BILL TO

302 S walnut
Sherman TX
75090

INVOICE 1477

DATE 11/04/2020

DUE DATE 11/06/2020

SERVICE	QTY	RATE	AMOUNT
Demolition Demolition required for the following; remove all existing roof structure haul off all debris leaving all brick walls in tact. 32 hours	32	150.00	4,800.00
Equipment rental Equipment rental sky track 8k skid steer T16R	1	2,510.00	2,510.00
Construction Dumpster Waste removal for construction debris. allowing 10 dump loads	10	450.00	4,500.00

PAYMENT 11,810.00

TOTAL DUE \$0.00

PAID

"QUALITY ROOFING SINCE 1970"
RESIDENTIAL • COMMERCIAL • INDUSTRIAL

P.O. BOX 1689
SHERMAN, TX 75091-1689
(903)*868-1401

Customer's Order No. 5857, 7853		Date 6-26		20 24	
Name Charlie Dannel					
Address 302 S. Walnut St Sherman, TX 75090					
SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT	MDSE RETD
QUAN.		DESCRIPTION		PRICE	AMOUNT
work included					
		• tapered iso TPO roof system			
		• luxury designer shingles			
		• removed & replaced gutters and downspouts			
		• repaired damaged exterior surfaces as needed			
		• prepped, primed & painted building			
All claims and returned goods MUST be accompanied by this bill.				TAX	
Received By NARSAL PARRIS				TOTAL	#154,900.00



City Council Regular Meeting

Agenda Item No. G.5.

Meeting Date: 9/3/2024

Prepared By: Jana Walker, Controller

Approved By: Robby Hefton, City Manager

Caption:

*** RESOLUTION NO. 7354**

Adopting an Investment Policy for the City of Sherman

Issue:

Obtaining Council approval for the Fiscal Year 2025 City of Sherman Investment Policy

Background:

By law, the Council must annually review and adopt an investment policy that governs the investing of public funds by the City. No substantive changes were made this year. A copy of the proposed policy was provided to the Investment Committee prior to this meeting.

Origination:

Finance Department

Financial Consideration:

There is no cost associated with changing the Policy.

Staff Recommendation:

Investment Committee Recommendation

It is recommended that the Council approve the Policy as presented

Alternatives:

The Council could offer additional changes to those recommended by the staff and the Investment Committee, subject to Public Funds Investment Act (PFIA) requirements.

Attachments:

1. Resolution No. 7354
2. Investment Policy FY 24-25

RESOLUTION NO. 7354

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ADOPTING AN INVESTMENT POLICY FOR THE CITY OF SHERMAN; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, Chapter 2256 of the Texas Government Code requires that all municipal investments shall be made in accordance with written policies approved by the governing body; and

WHEREAS, the investment policies must address liquidity, diversification, safety of principal, yield, maturity, and quality and capability of investment management; and

WHEREAS, the City of Sherman Investment Committee has proposed an investment policy which meets these goals;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That all prior investment policies of the City of Sherman are hereby revoked in their entirety.

SECTION 2. That the City of Sherman Investment Policy, attached hereto and made a part hereof for all purposes, is hereby adopted and shall now and hereafter govern the investment activity of the City of Sherman.

SECTION 3. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 3rd day of September, 2024.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

BY: _____
DAVID PLYLER, MAYOR

**APPROVED AS TO FORM
AND CONTENT:**

BY: _____
RYAN D PITTMAN, CITY ATTORNEY

CITY OF SHERMAN
INVESTMENT POLICY
September 3, 2024

1.0 Policy

It is the policy of the City of Sherman, Texas, (“City”) to invest public funds in a manner which will provide the safest and most liquid opportunity with the highest investment return while meeting the daily cash flow demands of the City and conforming to the statutes governing the investment of public funds. This policy serves to satisfy the statutory requirements of defining and adopting a formal investment policy. The policy and strategy shall be reviewed by the Investment Committee and the City Council annually. Any modifications will be formally approved by the City Council. This investment policy, as approved, is in compliance with the provisions of the Public Funds Investment Act of the Texas Government Code Chapter 2256 (PFIA).

2.0 Scope

This policy applies to all aspects of investing the financial assets of the City. These funds are accounted for in the City’s Annual Comprehensive Financial Report and include: General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Trust and Agency Funds, and any new fund created by legislative body, unless specifically exempted or excluded. To maximize investment earnings, funds will be pooled and earnings allocated to the various funds based on their balances and in accordance with generally accepted accounting principles.

This policy shall not govern funds which are managed under separate investment programs in accordance with Section 2256.004 of the Public Funds Investment Act. Such funds currently include the Perpetual Care Cemetery and Mausoleum Fund, Deferred Compensation Fund and Bond Proceeds.

2.1 Perpetual Care Cemetery and Mausoleum Fund: This fund is governed by a trustee agreement and the provisions of Sections 712.021 - 712.029 of the Health and Safety Code. The investment decisions are the responsibility of the trustee. Therefore, this fund is excluded from this investment policy.

2.2 Deferred Compensation: The City's deferred compensation plan qualifies under Internal Revenue Service Section 457 and, therefore, is exempt from the Public Funds Investment Act and this policy.

2.3 Bond Proceeds: Funds received from the sale of general obligation bonds or certificates of obligation will be segregated and will be invested under a separate strategy.

3.0 Objectives

The following are the primary investment objectives of the City of Sherman, in order of priority:

3.1 Safety: Safety of principal is the foremost objective of the City of Sherman’s investment

policy. Safety is defined as the undiminished return of the principal of the City's investments and deposits. Investment officers must have an adequate understanding of the suitability of individual investment instruments in light of the City's financial needs. This understanding is gained through experience of the investment officers and through training designed to increase the expertise of the investment officers.

3.2 Liquidity: Liquidity is important to ensure sufficient cash to meet all operating requirements. A liquid investment is one that can be easily and quickly converted into cash without a substantial loss of value.

3.3 Public Trust: All participants in the City's investment process shall perform their duties at the highest level of public trust. Investment officers shall avoid any transaction that might impair public confidence in the City's ability to govern effectively.

3.4 Yield: For the City of Sherman, the yield objective is secondary to those of safety and liquidity. Yield is defined as the rate of annual income return on an investment, expressed as a percentage. The one-year Constant Maturity Treasury rate or other Treasury-based rate which corresponds to the approximate weighted average of the portfolio will be a benchmark to promote a better understanding of portfolio performance.

4.0 Standards of Care

Persons who act in good faith and in compliance with this policy shall be relieved of any personal liability arising from the investment activities of the City of Sherman.

4.1 Prudence: Investments shall be made with judgment and care, under prevailing circumstances that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration: (1) the investment of all funds under the City's control over which the officer had responsibility rather than a consideration as to the prudence of a single investment; (2) whether the investment decision was consistent with this written investment policy of the City of Sherman; and (3) whether the decision might have impaired public confidence in the City's ability to govern effectively.

4.2 Ethics: Investment officers shall refrain from any activity that conflicts, or appears to conflict, with the officer's proper execution of the investment program or which could impair the officer's ability to make impartial investment decisions.

4.3 Conflicts of Interest: Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of investment programs, or which could impair their ability to make impartial investment decisions. Employees and investment officers shall disclose to the Texas Ethics Commission and the City Manager, and the City Manager discloses to the City Council if:

- a) The officer has a personal business relationship with a business organization offering to engage in an investment transaction with the City; or
- b) The officer is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the City.

4.4 Delegation of Authority: As originally granted by Resolution 3230, dated September 11, 1995, and modified by Resolution 5953 on April 6, 2015, the daily operation and management of the City of Sherman's investments are the responsibility of the following persons:

- a) **Investment Officers:** The City Manager shall name two investment officers from among the employees with the following job titles: City Manager, Chief Financial Officer and Controller. The investment officers are authorized to deposit, withdraw, invest, transfer, or manage in any other manner, funds of the City of Sherman. Investment officers must disclose any business or personal relationships with business organizations offering to engage in an investment transaction with the City according to Section 2256.005.
- b) **Investment Committee:** The Investment Committee shall consist of the City Manager and two members of the City Council as appointed by the Council. The committee shall annually approve the list of approved brokers, dealers and financial institutions, review and approve revisions to this policy, recommend investment strategies within this policy, and monitor investment results, controls, and compliance with this policy. The approved list of brokers, dealers and financial institutions is in Appendix B.
- c) **Other Investment Authorizations:** The Financial Services Specialists, Accountants and the Chief Accountant are also authorized to deposit funds into the bank depository.

4.5 Quality and Capability of Investment Management: Recognizing that the investment officers of the City have many other duties and that they may lack formal education in investing, this policy allows the City to use only the more basic and easily understood types of investments available to local governments.

4.6 Training of Investment Officers: Investment training is required for all investment officers of the City. Within 12 months after assuming duties, each investment officer must complete initial training of at least 10 hours of instruction relating to the investment officer's respective responsibilities under the PFIA. Thereafter, each investment officer must attend an investment training session not less than once in a two-year period beginning on October 1st and receive not less than eight hours of instruction relating to investment responsibilities under the PFIA. Investment training sessions must be provided by approved sources which include the Government Finance Officers Association (GFOA), the Governmental Finance Officers Association of Texas (GFOAT), the Government Treasurers' Organization of Texas (GTOT), the University of North Texas Center for Public Management, and the Texas Municipal League.

5.0 Strategies

The investment strategy is the logical product of the investment objectives. As such, it emphasizes low credit risk, diversification, and the management of maturities. The strategy also takes into

account the expertise and time constraints of the investment officers. The allowable investments listed in Section 7 of this policy reflect the avoidance of credit risk. Diversification refers to dividing investments among a variety of securities offering independent returns. The management of maturities refers to structuring the maturity dates of the direct investments so that, while funds are initially invested for a longer period of time, some investments mature at regularly-recurring intervals.

A basic strategy governs the investment of all funds under this policy. A separate strategy applies to the investment of bond proceeds.

5.1 Depository Bank: Funds at the depository bank are to be managed to a level that minimizes the cost of the relationship to the City. In instances where the depository contract allows for the payment of fees by maintaining balances at the depository, every effort is to be made to minimize the amount of money held at the depository in excess of that needed to compensate the bank for its services. Concerns about safety are to be addressed by the pledging requirements of the depository, in accordance with state law. This strategy specifies that sufficient funds to support daily operations are maintained in the depository bank, but that any funds in excess of that are held to a minimum. In accordance with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the City will require that the bank's board of directors or a designated committee approve the depository agreement, including the pledge of collateral to secure with bank's obligations with respect to the deposits maintained at the bank by the City.

5.2 Other Financial Institutions: The City may invest in certificates of deposit with maturities of five years or less with a bank other than the Depository Bank. A laddered maturity strategy is used for these instruments and only funds whose expenditure is not anticipated during the term of the certificate are invested.

5.3 Investment Pools: An investment pool is an entity created to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are safety, liquidity, and yield. Funds are usually available from investment pools on a next day basis, meaning the pools have a high degree of liquidity. Because of the size and expertise of their staffs, investment pools are able to prudently invest in a variety of the investment types allowed by state law. In this manner, investment pools achieve diversification. Funds that may be needed on a short-term basis but that are in excess of the amount maintained at the depository bank are available for deposit in investment pools.

5.4 Federal Deposit Insured Corporation (FDIC) Insured Investment Accounts: FDIC insured investments are interest bearing deposit accounts which meet public funds investment objectives of safety, liquidity and yield, similar to investment pools. Accounts are subject to FDIC regulations which enable depositors to obtain FDIC insurance coverage. Funds are usually available on a next day basis, meaning they have a high degree of liquidity. Deposits are aggregated with other deposit sources. There is no market risk (par value--dollar in/dollar out) and yields are typically higher than other short term investments. Funds that may be needed on a short-term basis but that are in excess of the amount maintained at the depository bank are available for deposit in FDIC insured investment accounts.

5.5 Direct Investments: The City of Sherman purchases securities of the U.S. Treasury, U.S. Agencies, and direct obligations of this state, its agencies, counties, cities and other political

subdivisions in the secondary market and in the primary market in the case of new issue offerings. For purposes of this policy, the term "U. S. Agencies" shall include obligations, including letters of credit, of the United States or its agencies and instrumentalities. The City employs a laddered maturity strategy for these instruments. With that method, some investments reach maturity at regularly-recurring intervals, enhancing liquidity. The investment officers must give consideration to the over-all liquidity of the portfolio before making a direct investment. Additionally, the City occasionally purchases a U. S. Treasury or Agency security with maturities as long as five years. See Section 5.6 below.

5.6 Hold until Maturity: The strategy of the City is to maintain enough liquidity in its portfolio that it never needs to sell a security. This will protect the principal of the investment against market risk. Should it become necessary to sell a security prior to maturity, the prior written consent of the City Manager must be obtained.

5.7 Investment of Reserve Funds: Up to one-third of the funds held in reserve are available for investment in Treasury or Agency securities with remaining maturities up to five years.

5.8 Separate Strategy for Bond Proceeds: Proceeds from the sale of general obligation bonds or certificates of obligation will be segregated from the other investments of the City. The basic intent is to match the availability of funds to the cash requirements of the capital projects. Therefore, the maturity limits of Section 7.8 do not apply. The following investments are available for this strategy: treasury securities, demand deposits, certificates of deposit, FDIC insured investment accounts and investment pools. Ten percent of anticipated costs of the projects must be kept in demand deposits or pooled investments to cover unanticipated cash demands. The remaining proceeds are to be invested so as to match anticipated demands for cash. Except for the requirement for demand deposits or investment pools above, there is no restriction on the percentage of the bond proceeds that may be invested in any authorized investment vehicle.

6.0 Authorized Financial Dealers and Institutions

6.1 Approved List of Investment Service Providers: All banking services will be governed by the depository contract. In addition, the Chief Financial Officer shall maintain a list of security brokers, dealers, financial institutions, and investment pools that are authorized by the Investment Committee and the City Council. To be eligible to be approved to do business with the City of Sherman, a seller of securities or financial institution must be a primary dealer, a regional dealer that qualifies under SEC Rule 15C3-1, be regulated by Federal banking authorities, or an investment pool that meets all the requirements of state law. More details on investment pool qualifications are listed in Section 7.4. Annually, the Investment Committee must review, revise and adopt a list of qualified brokers and financial institutions that are authorized to engage in investment transactions with the City. The approved list of financial institutions and broker/dealers can be found in Appendix B.

6.2 Acknowledgment of Investment Policy: A written copy of this investment policy shall be presented to any person or firm seeking to sell to the City any investment. A qualified representative of the business organization seeking to sell an investment shall execute a written instrument substantially to the effect that the registered principal has: (1) received and thoroughly reviewed the City's investment policy; and (2) acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment

activities arising out of investment transactions conducted between the City and the organization. The City's investment officers are expressly prohibited from buying any security from a person or firm which has not delivered a document that complies with the requirements of this section of the City's investment policy.

7.0 Authorized Investments, Including Diversification Limits and Maximum Maturities

Following is a list of investments that are authorized by this policy for inclusion in the City of Sherman's portfolio of investments. Also shown are the target and maximum percentages (portfolio cap) of that type of security and the maximum maturity that is allowable.

7.1 Certificates of Deposit: These investments are permitted if invested through a broker or depository institution that has its main office or a branch office in this state and is eligible under Section 2256.010 of the Public Funds Investment Act.

7.2 Obligations of the United States Treasury: United States Treasury Bills, Notes and Bonds are authorized investments of the City of Sherman. For purposes of collateral against the City's investments, the maximum length of remaining maturity may be fifteen years, as long as the total market value of the securities pledged against the City's investments always exceeds those investments.

7.3 Obligations of Agencies or Instrumentalities of the United States: United States Agency securities or other obligations, are authorized investments of the City provided that they are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States or its respective agencies and instrumentalities. For purposes of collateral against the City's investments, the maximum length of remaining maturity may be fifteen years, as long as the total market value of the securities pledged against the City's investments always exceeds those investments.

7.4 Investment Pools: Public funds investment pools which have been created to function as a money market mutual fund are authorized investments of the City provided that they meet the following criteria: (1) they are continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service; (2) they mark their portfolio to market daily; (3) they maintain a stable net asset value of no less than .995 and no more than 1.005; (4) they limit their investments to those allowable to local governments by state law; and, (5) they meet or exceed the initial and monthly disclosure requirements of applicable state law. Deposits in investment pools that contain commercial paper are not authorized.

7.5 Federal Deposit Insurance Corporation (FDIC) Insured Investment Accounts: Interest bearing deposit accounts subject to FDIC regulations are authorized investments of the City provided they meet the following criteria: (1) the funds are invested through a broker or depository institution that has its main office or a branch office in this state and is eligible under Section 2256.010 of the Public Funds Investment Act; and (2) the balances are maintained at or below levels which qualify for FDIC insurance coverage.

7.6 Repurchase Agreements; Bankers' Acceptances: These investment options are authorized for the City of Sherman only to the extent that they are contained in the portfolios of approved public funds investment pools in which the City invests. The direct investment in repurchase

agreements and bankers' acceptances by the City of Sherman is not authorized. However, indirect investment in repurchase agreements by the City's depository under a sweep arrangement is allowable for purposes of this policy.

7.7 Direct Obligations of this State, its agencies, Counties, Cities and other political subdivisions: State agency means an office, department, commission, board or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities rated no lower than A or at an equivalent rating by at least one nationally recognized rating service.

7.8 Diversification Limits and Maximum Maturities: The City will diversify the portfolio at all times to ensure the reduction of risk while still maintaining reasonable rates of return and ensuring an adequate amount of liquidity. With the exception of authorized pools and FDIC insured investment accounts, no more than 50% of the total investment portfolio will be invested in a single security type, such as U.S. Agencies, U.S. Treasuries, obligations of the State of Texas and its subdivisions, Certificates of Deposits, etc.

The City will not invest in securities maturing more than five years from the date of purchase. The maximum average dollar-weighted maturity shall be 500 days.

8.0 Prohibited Securities

8.1 Allowed by State Law but Prohibited by This Policy: The following instruments are eligible for investment by local governments according to state law, but have been intentionally prohibited for the City by this policy: collateralized mortgage obligations; obligations of other states and their agencies, counties, cities, and other political subdivisions; bonds issued by the State of Israel; securities lending programs; guaranteed investment contracts; mutual funds; commercial paper; and investment pools except those pools which are created to function as money market mutual funds. This prohibition is in view of the time constraints on and the expertise level of the investment officers.

8.2 Expressly Prohibited by State Law and This Policy: The following securities are expressly prohibited by state law and this policy: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjust opposite to the changes in a market index (inverse floaters).

9.0 Collateralization

In accordance with Chapter 2257 of the Texas Government Code and the depository contract, all demand deposits and all time deposits will be collateralized by the pledging of investment securities or by letters of credit from Federal Home Loan Bank. If securities are used as collateral, the Finance Director or designee must approve the security prior to its pledging. Pledged securities shall always be held by a third party and evidenced by a current safekeeping receipt.

10.0 Safekeeping

All investment transactions entered into by the City, other than those with investment pools, certificates of deposit and FDIC insured investment accounts, shall be conducted on a delivery-versus-payment basis. Securities shall be held by a third party custodian and evidenced by current safekeeping receipts.

11.0 Internal Control

The Chief Financial Officer shall establish a system of internal controls designed to prevent the loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. The system shall contain, but is not limited to, the following items:

11.1 Competitive Bids: Generally, securities will be purchased using competitive offerings. The Chief Financial Officer or designee shall make their best effort to obtain at least three offers from firms listed on the approved list of brokers and dealers. Offers shall be in writing and may be delivered to the City in person, or by fax or email. The award shall be on the basis of the best value to the City. Records of the offers and award shall be maintained by the Chief Financial Officer or designee.

The City recognizes that a competitive offering process is not always necessary or is not always in the best interest of the City. Accordingly, new issue offerings may be purchased directly from an approved broker/dealer in the primary market.

11.2 Delivery-Versus-Payment: The safekeeping agent must receive all investments, other than investment pool funds, certificates of deposit and FDIC insured investment accounts, before funds are released for their purchase.

11.3 Compliance Audit: In conjunction with its annual financial audit, the City shall require a compliance audit of management controls on investments and adherence to this policy.

11.4 Collateral: Evidence of pledged collateral shall be maintained by the Chief Financial Officer or designee. Collateral shall be reviewed weekly to assure that the market value of the pledged securities is adequate.

11.5 Other Components: Internal control shall address separation of transaction authority from accounting and recordkeeping, clear delegation of authority to subordinate staff members, and written confirmation of transaction for investments and wire transfers.

Other sections of this policy contain aspects of internal control procedures. These include holding securities until maturity, providing adequate training for all investment officers, requiring vendors to meet minimum qualifications before selling securities to the City, disclosing personal or business relationships between investment officers and vendors, and regular reporting of investments to the City Council.

12.0 Valuation

The market value of each investment in the City's portfolio will be calculated quarterly, on the following basis:

12.1 Investment Pools: Monthly statements are received from the investment pools which show the amount on deposit and the market value of the pool as a percentage of the book value. The market value of the investment pools will be the product of these two figures.

12.2 Treasury Notes: The market value of Treasury Notes will be obtained from the City's third-party securities custodian.

12.3 Treasury Bills: The market value of Treasury Bills will be obtained from the City's third-party securities custodian.

12.4 Agencies of the United States and the State of Texas: The market value of agency securities and direct obligations of this state, its agencies, counties, cities and other political subdivisions will be obtained from the City's third-party securities custodian.

13.0 Credit Ratings

The credit rating of each investment in the City's portfolio will be determined quarterly from Standard and Poor's, Moody's or other nationally recognized rating agencies. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

14.0 Performance Standards

For each of the City's investment objectives, following are the performance standards:

14.1 Safety: All investment principal is maintained.

14.2 Liquidity: Sufficient cash is maintained or can be generated to pay all current obligations without selling direct securities or incurring loss of principal.

14.3 Yield: Yield on the portfolio of City funds, excluding demand deposits at the bank depository, should approximate the Treasury-based yield having similar weighted-average maturities.

15.0 Reporting

No less than quarterly, the investment officers shall prepare, sign, and present to the City Council a report of the City's investments in compliance with section 2256.023 of the Public Funds Investment Act.

16.0 Investment Policy Adoption and Revision

The City Council shall adopt the written investment policy by resolution. Annually the City Council shall review the investment policy and strategy. Revisions to the policy shall be made by City Council resolution.

APPENDIX A

GLOSSARY OF COMMON TREASURY TERMINOLOGY

Agencies: Federal agency securities.

Amortized cost: Cost of investments adjusted for amortized premiums and discounts.

Asked: The price offered for securities.

Bid: The price offered by a buyer of securities.

Book value: A term synonymous with amortized cost.

Broker: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

Collateral: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Commercial Paper (CP): An unsecured short-term promissory note issued by corporations, with maturities ranging from 2-270 days.

Coupon: (a) the annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond

evidencing interest due on a payment date.

Credit Risk: The risk of loss of principal and interest due to a failure of the security or broker.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Debenture: A bond secured only by the general credit of the issuer.

Delivery versus Payment: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Discount: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Securities: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury bills.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Federal Credit Agencies: Agencies of the Federal government set up to supply credit to various classes of institutions

and individuals, e.g., small business firms, students, farmers, farm cooperatives, and exporters.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

Federal Funds Rate: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Home Loan Banks (FHLB): The institutions that regulate and lend savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-a-vis member commercial banks.

Federal National Mortgage Association (FNMA): FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development, H.U.D. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC): Consists of seven members of

the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open-market as a means of influencing the volume of bank credit and money.

Federal Reserve System: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C. 12 regional banks and about 5,700 commercial banks that are members of the system.

Government National Mortgage Association (GNMA or Ginnie Mae): Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government, Ginnie Mae securities are backed by FHA, VA or FMHM mortgages. The term pass-through is often used to describe Ginnie Maes.

Laddered Portfolio: Investment portfolio with securities in each maturity range (e.g. monthly) over a specified period of time.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

Local Government Investment Pool (LGIP): The aggregate of all funds from political subdivisions that are placed in custody for investment and reinvestment.

Market Risk: The risk that the market value and interest earnings of an investment or a portfolio will fall due to changes in general interest rates.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement: To protect investors, many public investors will request that repurchase agreements be preceded by a master repurchase agreement between the investor and the financial institution or dealer. The master agreement should define the nature of the transaction, identify the relationship between the parties, establish normal practices regarding ownership and custody of the collateral securities during the term of the investment, provide remedies in the case of default by either party and clarify issues of ownership. The master repurchase agreement protects the investor by eliminating the uncertainty of ownership and hence, allowing investors to liquidate collateral if a bank or dealer defaults during the term of the agreement.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money Market: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

Offer: The price asked by a seller of securities.

Open Market Operations: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks and a few unregulated firms.

Prudent Person Rule: An investment standard. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Qualified Public Depositories: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes

under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

Rate of Return: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (RP or REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

Safekeeping: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Treasury Bills: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

Treasury Bonds: Long-term U.S. Treasury securities having initial maturities of more than ten years.

Treasury Notes: Intermediate term coupon bearing U.S. Treasury securities having initial maturities from one to ten years.

Unrealized Gains (Losses): Increases (decreases) in the value of investments representing the difference between the amortized cost of the investments and their current market value. Increases (decreases) in value are caused primarily by changes in market interest rates subsequent to purchasing investments.

Weighted Average Rate of Return: Rate of return calculated based on interest earnings and the length of actual holding for each individual security.

Yield: The rate of annual income return on an investment, expressed as a percentage. (a) **Income Yield** is obtained by dividing the current dollar income by the current market price of the security. (b) **Net Yield** or **Yield to Maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Yield: The rate of annual income return on investment, expressed as a percentage.

APPENDIX B

APPROVED LIST OF BROKER/DEALERS AND FINANCIAL INSTITUTIONS

Local Government Investment Pools:

TexPool
Houston, TX

TexStar
Dallas, TX

TexasTERM
Austin, TX

Depository Bank:

Simmons Bank
Sherman, TX

Other Financial Institutions:

BOK Financial Securities, Inc.
Sherman, TX

Brokers/Dealers:

FHN Financial Capital Markets, Inc.
Houston, TX

Hilltop Securities, Inc.
Dallas, TX

Investors Brokerage of Texas
Waco, TX

SAMCO Capital Markets, Inc.
Dallas, TX

Stifel Nicolaus & Co Inc.
Seattle, WA



City Council Regular Meeting

Agenda Item No. H.1.

Meeting Date: 9/3/2024

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

Other Business

Appoint a Special Districts Subcommittee

Issue:

To appoint members to a Special Districts Subcommittee

Background:

Increased interest in Sherman has necessitated the need for a policy framework for consistent and accountable decision-making when it comes to approving Public Improvement Districts (PID), Municipal Utility Districts (MUD), and Tax Increment Reinvestment Zones (TIRZ). These special districts are requested more frequently and the City Council and staff must operate in the best interest of the citizens. This subcommittee's job would be to recommend to the City Council policies to use in decision-making, and in line with the overall goals of the City, as laid out in the Comprehensive Plan.

Origination:

City Manager's Office

Financial Consideration:

No cost to approving this board

Staff Recommendation:

Staff recommends appointment of the subcommittee members (3)

Alternatives:

Council could consider adoption of the policies based only on staff recommendations and not utilize a subcommittee.

Attachments:

None

Council Calendar

January						
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	Holiday
	Holiday for Firefighters/Police Only
	City Council Regular Meeting
	Special Called Meeting
	Budget Workshop
	Cancelled City Council Meeting

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2025

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