RICHLAND HILLS CITY COUNCIL
REGULAR MEETING AGENDA
SEPTEMBER 11, 2023
CITY HALL, 3200 DIANA DRIVE

The Work Session and Regular Session are open to the public. If Executive Session is required, it will be held in the Council Conference Room, and is closed to the public. Please note that although the Council will generally consider the items on the agenda in the order shown below, they may elect to re-order items in order to accommodate the needs of the Council, city staff, presenters, or the public generally. Therefore, members of the public interested in any agenda item are encouraged to be in attendance at the start of the meeting.

CITY COUNCIL WORK SESSION – 6:30 PM

1. **Executive Session**: Pursuant to the Open Meetings Act, Chapter 551, Texas Government Code, Sections 551.071, 551.072, 551.073, 551.074, 551.076, 551.087, 418.183(f) and 418.106(d) & (e). **Executive Session may be held, under these exceptions, at any time during the meeting that a need arises for the City Council to seek advice from the City Attorney as to the posted subject matter of this City Council meeting.**

2. Discuss items listed on tonight's City Council agenda. No action will be taken and each item will be considered during the Regular Session.

REGULAR SESSION – 7:00 PM

CALL TO ORDER

INVOCATION AND PLEDGES OF ALLEGIANCE

1. PRESENTATIONS

A. Employee Service Awards
- 5 years – City Manager Candice Edmondson
- 5 years – Firefighter Gabriel Munoz
- 5 years – Firefighter Lainea Nolen
- 5 years – Firefighter Jaime Taylor

B. National Emergency Preparedness Month Proclamation

C. Citizen Appearances/Public Comments

Citizen comments emailed to Lindsay Rawlinson (lrawlinson@richlandhills.com) on an item either listed on this agenda or not listed on this agenda will be heard at this time. Citizens in attendance at the meeting who have signed a card to speak to the City Council will also be heard at this time. In compliance with the Texas Open Meetings Act, unless the subject matter of the presentation is on the agenda, the city staff and City Council members are prevented from discussion of the subject and may respond only with statements of factual information or existing city policy. Public comment will not be taken on items that the Council has previously considered in a public hearing.

2. CONSENT AGENDA

All items listed below are considered to be routine by the City Council and will be enacted with one motion. There will be no separate discussion of the items unless a Councilmember or citizen so requests, in which event the item will be removed from the consent agenda and considered in its normal sequence. Approval of the consent agenda authorizes the City Manager to implement each item in accordance with staff recommendations.

A. Approve minutes from the August 28, 2023 City Council Regular Meeting

B. Excuse the absence of Mayor Edward Lopez from the July 10, 2023 regular City Council meeting

C. Excuse the absence of Councilmember Douglas Knowlton from the August 14, 2023 regular City Council meeting

D. Approve an update to the Authorized Representatives at the Federal Reserve Bank for City deposits at JP Morgan Chase Bank, N.A.

E. Approve Resolution 583-23, authorizing the change of authorized representatives for the Texas Local Government Investment Pool (TexPool)

F. Approve Resolution 584-23, authorizing the change of authorized representatives for the Texas Short Term Asset Reserve Program (TexSTAR)

G. Approve Ordinance 1481-23 approving a negotiated settlement between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division regarding the Company’s 2023 Rate Review Mechanism Filing

3. PUBLIC HEARINGS, MEETINGS, AND OTHER RELATED ITEMS

A. Fiscal Year 2024 Budget and Multi-Year Capital Improvement Program **PUBLIC HEARING**

B. Fiscal Year 2024 Tax Rate **PUBLIC HEARING**

4. ORDINANCES & RESOLUTIONS AND OTHER RELATED ITEMS

A. Consider Ordinance 1482-23 providing for the sale and issuance of the City of Richland Hills, Texas Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2023; and ordaining other matters relating to the subject

5. CONTRACTS, AGREEMENTS, BID AWARDS AND OTHER RELATED ITEMS

A. None

6. OTHER ITEMS FOR CONSIDERATION

A. Consider extension of Agreement for Use of Hotel Motel Revenue between the City of Richland Hills and CN Churchill II LLC and CN Churchill III LLC and request for hotel motel tax revenue grant funds

7. REPORTS & DISCUSSIONS

A. Fiesta de Herencia

B. Solid Waste, Recycling and Bulk Collection

8. COMMUNITY INTEREST ITEMS

This is a standing item on the agenda of every regular meeting of the City Council. (The Texas Open Meetings Act effective September 1, 2009, provides that "*a quorum of the city council may receive from municipal staff, and a member of the governing body may make, a report regarding items of community interest during a council meeting without having given notice of the subject of the report, provided no action is taken or discussed.*" The Open Meetings Act does not allow Council to discuss an item concerning pending City Council business unless it is specifically, appropriately posted on the agenda.) An "item of community interest" includes the following:

- information regarding holiday schedules;
- honorary recognitions of city officials, employees, or other citizens;
- reminders about upcoming events sponsored by the city or other entity that is scheduled to be attended by a city official or city employee; and
- announcements involving imminent public health and safety threats to the city

9. EXECUTIVE SESSION

Executive Session: Pursuant to the Open Meetings Act, Chapter 551, Texas Government Code, Sections 551.071, 551.072, 551.073, 551.074, 551.076, 551.087, 418.183(f) and 418.106(d) & (e). **Executive Session may be held, under these exceptions, at any time during the meeting that a need arises for the City Council to seek advice from the City Attorney as to the posted subject matter of this City Council meeting.**

Reconvene into open session for possible action resulting from any items posted and legally discussed in Executive Session.

10. ADJOURNMENT

CERTIFICATE

I hereby certify that the above agenda was posted on this the 7th day of September 2023 by 5:30 p.m., on the official bulletin board at the Richland Hills City Hall, 3200 Diana Drive, Richland Hills, Texas, pursuant to the Texas Government Code, Chapter 551.

Lindsay Rawlinson

Lindsay Rawlinson
City Secretary

ACCESSIBILITY STATEMENT

The Facility is wheelchair accessible. If you plan to attend this public meeting and have a disability that requires special arrangements, please notify the City Secretary 48 hours in advance at (817) 616-3810 and reasonable accommodations will be made to assist you.

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Lindsay Rawlinson, City Secretary

Date: September 11, 2023

Subject: Employee Service Award

Agenda Item:

Presentation of 5-year Service Award to Candice Edmondson, City Manager

Background Information:

Candice Edmondson has served as the City Manager for the City of Richland Hills since January 2020. A servant leader at heart, Candice is passionate about public service and local government's role in shaping a community's quality of life. As City Manager, Candice provides oversight and direction for all city departments and services. She works closely with the City's Leadership Team to implement City Council priorities, promote citizen engagement, and deliver high-quality municipal services.

Candice began her career in public service in 2007 working as a Management Assistant for the City of Hurst. She joined the City of Southlake in 2010 as Assistant to the Director of Community Services and was promoted to Deputy Director in 2013. In September 2018, Candice joined the City of Richland Hills as Assistant City Manager and was promoted to City Manager a year later.

Candice holds a Bachelor of Arts in Psychology from the University of Texas at Austin and a Master of Public Administration from the University of North Texas. She is a member of several professional organizations including: Urban Management Assistants of North Texas, North Texas City Managers Association, Texas City Management Association and the International City/County Management Association. Candice has served in leadership roles on the Government Affairs & Policy Committee and Assistant Chief Administrative Officer Committee for ICMA and is currently serving on the Advocacy Committee for TCMA. She is a recent graduate of the High-Performance Leadership Academy.

Candice and her husband Kevin have been married for 11 years and have two little girls, Everly (9) and Lyla (6) who love to visit mommy at work and have fun at our special events.

Financial Considerations:

N/A

Legal Review:

N/A

Board/Citizen Input:

N/A

Attachments:

N/A

Council Action Requested:

Presentation of 5-year Service Award to Candice Edmondson, City Manager

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: C. Russell Shelley, Fire Chief

Date: September 11, 2023

Subject: Employee Service Awards

Agenda Item:

Presentation of 5-year Service Award to Firefighters Munoz, Nolen, and Taylor

Background Information:

FF Gabriel Munoz - Started in the fire service in 2014 as a volunteer firefighter. I knew this was my calling, so I went to Fire Academy and Paramedic School. I started with Richland Hills in September 2018 after doing my Paramedic internship with RHFD. I became the EMS Coordinator for the department in August 2022. When I am not working, I enjoy golf and live music. I have two daughters, Isabella 8, and Amber 10. They love the fact that I get to help people when they need it the most, and always tell people about it.

FF Lainea Nolen - Lainea started as a volunteer for Millsap Fire Department in 2012. In 2013, she completed her Emergency Care Attendant certification. In 2016, she completed EMT certification, and in 2018 she obtained her Texas Commission on Fire Protection certification after attending the Fire Academy. She started working part time at Richland Hills in September 2018, and went full-time in November of the same year. In 2022, she completed her paramedic training and became both state and nationally certified. In 2023, she obtained her Associate’s Degree of Applied Science in Emergency Medical Services and her Licensed Paramedic certification through the state of Texas.

FF Jaime Taylor - I started with the RHFD in September 2018. The department was kind enough to allow a wildland firefighter with a three-hour window a chance to come in and interview for part time employment upon my return to Texas the following month. I transitioned to a full-time position with the department in August 2020. I am heavily involved in the start-up of the NEFDA Peer Support Program as the Richland Hills Representative. I am also working with Tarrant County College to start up a train the trainer program for mental health with new firefighter trainees. When I am off duty, my time is dedicated to my loved ones, travel, Ironman triathlons, and ultra marathons.

Financial Considerations:

N/A

Legal Review:

N/A

Board/Citizen Input:

N/A

Attachments:

N/A

Council Action Requested:

Presentation of 5-year Service Award to Firefighters Munoz, Nolen, and Taylor

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Lindsay Rawlinson, City Secretary

Date: September 11, 2023

Subject: Emergency Preparedness Month Proclamation

Agenda Item:

Emergency Preparedness Month Proclamation

Background Information:

In recognition of "Emergency Preparedness Month", Mayor Lopez will present a Proclamation to Richland Hills Fire Chief Russell Shelley.

Financial Considerations:

N/A

Legal Review:

N/A

Board/Citizen Input:

N/A

Attachments:

Emergency Preparedness Month Proclamation

Council Action Requested:

Presentation of Emergency Preparedness Month Proclamation

Proclamation

Richland Hills

WHEREAS, Emergency Preparedness Month, occurring annually in September, creates an ideal opportunity for every resident of Richland Hills to join citizens across the United States in preparing their homes, businesses, and communities for any type of emergency, including natural, technological, and human-caused; and

WHEREAS, the Federal Emergency Management Agency (FEMA) announced the 2023 Emergency Preparedness Month theme of "Take Control In 1, 2, 3"; and

WHEREAS, planning now—before a disaster—is the best way to improve community resiliency from disaster; and

WHEREAS, we commit, as a community, to non-discrimination and equitable citizen participation in planning for and responding to disasters; and

WHEREAS, when residents working together with the government take responsibility for preparing their families and their communities, the chance of survival and return to normalcy following a disaster is greatly increased; and

WHEREAS, all residents of Richland Hills are urged to plan ahead for disasters and encourage their family and friends to do so.

NOW, THEREFORE, BE IT RESOLVED THAT I, Edward Lopez, Mayor of Richland Hills, do hereby proclaim September as:

EMERGENCY PREPAREDNESS MONTH

in Richland Hills, Texas and encourage the community to observe this month by preparing for emergencies before they occur.

Mayor Edward Lopez
City of Richland Hills

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Lindsay Rawlinson, City Secretary

Date: September 11, 2023

Subject: Minutes from the August 28, 2023 Regular City Council Meeting

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Agenda Item:

Approval of minutes from the August 28, 2023 Regular City Council Meeting

Background Information:

N/A

Financial Considerations:

N/A

Legal Review:

N/A

Board/Citizen Input:

N/A

Attachments:

August 28, 2023 Draft Minutes

Council Action Requested:

Motion to approve the minutes from the August 28, 2023 Regular City Council Meeting

RICHLAND HILLS CITY COUNCIL
REGULAR MEETING
AUGUST 28, 2023
MINUTES

Roll Call:

Council present	Council absent
Edward Lopez, Mayor	
G.W. Estep, Mayor Pro Tem	
Douglas Knowlton, Place 1	
Travis Malone, Place 2	
Theresa Bledsoe, Place 3	
Javier Alvarez, Place 4	
Roland Goveas, Place 6	

Staff present
Candice Edmondson, City Manager
Lindsay Rawlinson, City Secretary
James Donovan, City Attorney

CITY COUNCIL WORK SESSION – 6:01 PM

1. **Executive Session:** Pursuant to the Open Meetings Act, Chapter 551, Texas Government Code, Sections 551.071, 551.072, 551.073, 551.074, 551.076, 551.087, 418.183(f) and 418.106(d) & (e). Executive Session may be held, under these exceptions, at any time during the meeting that a need arises for the City Council to seek advice from the City Attorney as to the posted subject matter of this City Council meeting.

None.

2. FY 2024 Budget Overview: Special Revenue Funds

City Manager Candice Edmondson presented an overview of the Special Revenue and Debt Service Funds FY 2024 proposed budgets. She advised that the proposed budget is based on an ad valorem tax rate of $0.522689, which is a three percent reduction from FY 2023, and includes a proposed three percent pay increase for civilian personnel and a STEP (three percent) pay increase for public safety personnel. Debt Service is supported by ad valorem taxes.

Ms. Edmondson also provided a listing of Special Revenue Funds including the Court Security Fund, Court Technology Fund, Crime Control and Prevention District Fund, Richland Hills Development Corporation Fund, Oil and Gas Fund, Hotel Occupancy Tax Fund, Capital Improvement Projects Fund, Tax Increment Financing (TIF) Fund, Street Improvement Fund, Vehicle Replacement Fund, Keep Richland Hills Beautiful Fund, Link

Replacement Fund, American Rescue Plan Fund, Emergency Management Fund, and the Strategic Initiative Fund. She advised of the purpose of each fund and projects within the funds included for FY 2024.

3. Discuss items listed on tonight's City Council agenda. No action will be taken and each item will be considered during the Regular Session.

None.

Mayor Lopez adjourned the work session at 7:11 p.m.

REGULAR SESSION – Mayor Lopez Called to Order – Time 7:11 p.m.

INVOCATION AND PLEDGES OF ALLEGIANCE – Councilmember Knowlton

PRESENTATIONS

1A. Library Card Sign-Up Month Proclamation

Mayor Lopez read a proclamation declaring September 2023 as "Library Card Sign-Up Month" in Richland Hills and presented it to Library Director Chantele Hancock.

1B. Distinguished Budget Presentation Award

Mayor Lopez presented the Distinguished Budget Presentation Award to City Manager Candice Edmondson on behalf of former Finance Director Patricia Albrecht who retired in May 2023.

1C. Citizen Appearances/Public Comments

None.

City Manager Candice Edmondson introduced Oncor Area Manager Scott Baumbach who recently became the Oncor representative for Richland Hills.

Mr. Baumbach expressed his appreciation to the City Council and City staff for welcoming him.

CONSENT AGENDA

2A. Approved minutes from the August 14, 2023 City Council Regular Meeting

2B. Approved Resolution 580-23 establishing the Strategic Initiative Fund and setting guidelines for annual transfers

2C. Approved Resolution 581-23 establishing a maximum annual subsidy from the General Fund to the Link Fund, establishing the Link Capital Replacement Fund and setting guidelines for annual transfers

2D. Approved Resolution 582-23 amending City Council Rules of Procedure

2E. Approved First Amendment to an Interlocal Agreement between the City of Fort Worth and the City of Richland Hills for participation in the Environmental Collection Center Household Hazardous Waste Program

Motion: Motion was made by Councilmember Malone and seconded by Mayor Pro Tem Estep to approve the consent agenda.

Motion carried by a vote of 7-0.

PUBLIC HEARINGS, MEETINGS, AND OTHER RELATED ITEMS

3. None.

ORDINANCES & RESOLUTIONS AND OTHER RELATED ITEMS

4A. Approved Ordinance 1479-23 amending the Code of Ordinances of the City of Richland Hills, Article IV, "Solicitors, Canvassers and Handbill Distribution" of Chapter 18 "Businesses"

Police Chief Kimberly Sylvester presented the item to the City Council and advised that the Ordinance 1479-23 amends Article IV of Chapter 18 of the Code of Ordinances related to Solicitors, Canvassers, and Handbill Distribution. She advised of several changes including changing the administrator of the program from the City Secretary to the Chief of Police as well as an updated permitting process and soliciting hours.

Discussion ensued regarding notifying residents of the changes, residents calling dispatch to report issues with solicitors, and the City maintaining a list of permitted solictors.

Motion: Motion was made by Mayor Pro Tem Estep and seconded by Councilmember Knowlton to approve Ordinance 1479-23 amending the Code of Ordinances of the City of Richland Hills, Article IV, "Solicitors, Canvassers and Handbill Distribution" of Chapter 18 "Businesses."

Motion carried by a vote of 7-0.

4B. Approved Ordinance 1480-23 amending the Municipal Fee Schedule

City Manager Candice Edmondson presented the item to the City Council and advised that Ordinance 1480-23 amends the City's Municipal Fee Schedule and reviewed the proposed changes. She advised of fees related to Agenda Item 4A as well as a new annual fire inspection fee and supplies such as USB drives and earbuds available for purchase at the Library. Additionally, Ms. Edmondson advised of an error in previously approved drainage fees and confirmed that the monthly drainage fee has again been set to $8.00 per month.

Motion: Motion was made by Councilmember Goveas and seconded by Mayor Pro Tem Estep to approve Ordinance 1480-23 amending the Municipal Fee Schedule

Motion carried by a vote of 7-0.

CONTRACTS, AGREEMENTS, BID AWARDS AND OTHER RELATED ITEMS

5. None.

OTHER ITEMS FOR CONSIDERATION

6A. Approved reallocation of available project funds to additional improvements at the Animal Services Center

City Manager Candice Edmondson advised that in the FY 2023 budget, City Council approved funding for improvements at the Animal Services Center. An allocation of $460,000 was included in the Tax Increment Financing (TIF) Fund for building and drainage improvements and $215,000 was included in the Strategic Initiative Fund (SIF) for parking lot improvements.

The Animal Center drainage and parking lot improvements were designed together and bid with the Latham drainage channel improvements for cost-saving measures. C Green Scaping LP provided a bid in the amount of $336,586 which City Council approved on June 26, 2023. The total cost for grading, drainage and parking lot improvements, including general items, at the Animal Services Center is $207,245. Grading and drainage improvements total $102,478 and parking lot improvements total $104,767.

Once the grading, drainage and parking lot improvements are complete, $156,997 will remain in the TIF Fund Animal Center project budget and $66,254 in the SIF Fund Animal Center Parking Lot project budget.

As part of the FY 2024 budget process, staff is recommending a few additional improvements at the Animal Center for an overall cost of $127,000 that were not part of the original scope of work including:

- $82,000 – installation of synthetic turf to enhance sanitation and improve the condition of the outdoor dog runs completed by Synthetic Grass Pros off through Buy-Board contract #641-21

- $30,000 – replacement of the exterior perimeter fence with a new 8-foot cedar fence
- $10,000 – installation of new landscaping
- $5,000 – installation of shade screening for outdoor dog runs

Discussion ensued regarding the useful life of the synthetic turf.

Motion: Motion was made by Councilmember Bledsoe and seconded by Councilmember Knowlton to approve the reallocation of available project funds to include installation of synthetic turf and shade screening in the outdoor dog runs, installation of new landscaping and replacement of perimeter fencing in the amount of $127,000, and approval of installation of synthetic turf by Synthetic Grass Pros through Buy-Board contract #641-21.

Motion carried by a vote of 7-0.

6B. Approved amended Employee Compensation Plan and adoption of the FY 2024 Civilian and Public Safety Pay Plans

City Manager Candice Edmondson advised that per the City's adopted Employee Compensation Plan, a market salary survey is to be conducted every two years. The City completed a market survey this spring and any recommended adjustments to keep positions at 90 percent market average have been included in the proposed FY 2024 Budget.

Prior to beginning the market survey, the City amended its labor market to remove cities that were no longer comparable or competitive to Richland Hills and add cities that have similar budgets, services and communities. The market salary survey adjustments to keep positions at 90 percent market average totaled approximately $145,000. Employees not receiving a market adjustment have been recommended to receive a 3 percent cost of living adjustment.

Discussion ensued regarding staffing levels.

Motion: Motion was made by Mayor Pro Tem Estep and seconded by Councilmember Goveas to approve amended Employee Compensation Plan and adoption of the FY 2024 Civilian and Public Safety Pay Plans.

Motion carried by a vote of 7-0.

<u>REPORTS & DISCUSSIONS</u>

7A. Street Improvement Update

Director of Public Works and Capital Projects Kip Dernovich presented the street improvement update and advised that work on Dover Lane is scheduled for completion by September 28, 2023. He provided an update on road projects on Magnolia Park and the intersection of Handley Ederville Road and Burns. Additionally, he advised of a flood insurance discount for residents within the floodplain.

7B. School Resource Officer Positions

Police Chief Kimberly Sylvester advised that during the 88th Legislative Session, HB 3 added to the Education Code a requirement that school districts employ a security officer for each campus effective September 1, 2023. This can be accomplished through armed-security officers, a school marshal, guardian program or by agreement with the local police department.

Birdville Independent School District has evaluated the options to comply with this mandate and feels that the best option for the safety and security of their staff and students is to continue the use of School Resource Officers (SRO) through partnership with the local police departments.

The Police Chiefs from North Richland Hills, Haltom City, Watauga, and Richland Hills recently met with BISD administration to discuss this mandate, and all agreed that the School Resource Officer program is the most beneficial and effective way to fulfill this new mandate. The school district and police departments have worked together to develop a temporary program that will meet the requirements until funding can be approved and additional officers hired.

The FY 2024 proposed budget already includes funding for a second SRO position, which had been previously funded and approved by BISD. With the HB 3 requirement, Richland Hills will need to hire an additional SRO to cover the other elementary campus for a total of three SROs. This would have the Richland Hills Police Department providing security at Richland Middle School, Jack C Binion Elementary, and Cheney Hills Elementary. In addition, the department will supplement security at Mullendore Elementary with on-duty staff while the campus is temporarily located in Richland Hills for the next two years.

As outlined in the City's current agreement with BISD, the school district pays 65 percent of the salary, benefits and equipment for the SRO position and the City covers the remaining 35 percent of personnel costs. This agreement would apply to the additional SRO positions when added.

The other partner cities employ a supervisor level position to be the primary point of contact with the school district and oversee the SRO program. With the expansion of the SRO program and oversight of two additional officers, staff recommends making one of the SRO positions a Sergeant position to provide the proper level of oversight and support to the district. The Sergeant would be an active SRO and be assigned to one of the campuses as their primary site. BISD will contribute 65 percent towards the salary, benefits and equipment of the supervisory position.

7C. July Department Reports

Library Director Chantele Hancock provided a brief recap of the Summer Reading Program.

Director of Parks and Recreation Jason Brown provided a brief recap of the 4th of July event and activities at The Link.

<u>COMMUNITY INTEREST ITEMS</u>

8. Mayor Pro Tem Estep advised of several upcoming events:

- Thursday, August 31, 2023, Senior Synergy Expo, Amon G. Carter Exhibit Hall, 8:30 a.m. to 1:30 p.m.;
- Monday, September 4, 2023, City facilities including The Link will be closed for Labor Day;
- Tuesday, September 12, 2023, Richland Hills Literary Club, Public Library, 6:30 p.m.;
- Thursday, September 14, 2023,
  - Senior Lunch Bunch and Bingo, The Link, 12:00 to 2:00 p.m.;
  - Tarrant County Food Pantry, The Link parking lot, 5:30 to 7:00 p.m.; and
- Friday, September 15, 2023, Fiesta de Herencia, The Link Plaza, 6:00 to 9:00 p.m.;
- Solar Eclipse September, celebrating the October 16 solar eclipse, Public Library;
- Every Thursday, Coffee Talk, Public Library, 10:00 to 11:30 a.m.;

<u>EXECUTIVE SESSION</u>

9. **Executive Session:** Pursuant to the Open Meetings Act, Chapter 551, Texas Government Code, Sec. 551.071, Sec. 551.072, Sec. 551.073, Sec. 551.074, Sec. 551.076, Sec. 551.087 and Sec. 418.0183 (f) and 418.106 (d) & (e) of the Texas Government Code (Texas Disaster Act).

1. <u>Section 551.071: Consultation with Attorney</u>
   1. Auto Repair Businesses

Motion: Motion was made by Councilmember Knowlton and seconded by Councilmember Malone to adjourn into Executive Session at 9:25 p.m.

Motion carried by a vote of 7-0.

Mayor Lopez reconvened into open session at 10:02 p.m.

ADJOURNMENT

10. A motion was made by Councilmember Knowlton and seconded by Mayor Pro Tem Estep to adjourn.

Motion carried by a vote of 7-0.

There being no further business to come before the City Council, Mayor Lopez declared the meeting adjourned at 10:02 p.m.

ATTEST: **APPROVED:**

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Lindsay Rawlinson, City Secretary

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Edward Lopez, Mayor

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Lindsay Rawlinson, City Secretary

Date: September 11, 2023

Subject: Mayor Lopez absence

Agenda Item:

Excuse the absence of Mayor Edward Lopez from the July 10, 2023 regular City Council meeting

Background Information:

As outlined in the City Charter and Council Rules of Procedure, City Council may, by majority vote, excuse the absence or absences of a member. Mayor Lopez provided the appropriate notifications prior to his absence.

Financial Considerations:

N/A

Legal Review:

N/A

Board/Citizen Input:

N/A

Attachments:

N/A

Council Action Requested:

Motion to excuse the absence of Mayor Edward Lopez from the July 10, 2023 regular City Council meeting

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Lindsay Rawlinson, City Secretary

Date: September 11, 2023

Subject: Councilmember Knowlton Absence

Agenda Item:

Excuse the absence of Councilmember Douglas Knowlton from the August 14, 2023 regular City Council meeting

Background Information:

As outlined in the City Charter and Council Rules of Procedure, City Council may, by majority vote, excuse the absence or absences of a member. Councilmember Knowlton provided the appropriate notifications prior to his absence.

Financial Considerations:

N/A

Legal Review:

N/A

Board/Citizen Input:

N/A

Attachments:

N/A

Council Action Requested:

Motion to excuse the absence of Councilmember Douglas Knowlton from the August 14, 2023 regular City Council meeting

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Candice Edmondson, City Manager

Date: September 11, 2023

Subject: Update of Authorized Representatives at the Federal Reserve Bank

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Agenda Item:

Approve an update to the Authorized Representatives at the Federal Reserve Bank for City deposits at JP Morgan Chase Bank, N.A.

Background Information:

The purpose of this item is to add Lupe Rios, Director of Finance and Administrative Services, and remove Patricia Albrecht, as an authorized representative for approving and releasing collateral at the Federal Reserve Bank of Boston. The attached agreement form also retains current authorized representatives Candice Edmondson, City Manager, and Bernadette Gendron, Accountant, with the removal of Cathy Bourg, former City Secretary.

For City deposits at JP Morgan Chase Bank, N.A. that are greater than the FDIC limit of $250,000, there are collateral securities held to back the City's deposits by the Federal Reserve at the Boston location. Collateralization of deposits is required by State and is included in the City's investment policy for the safety of the City's deposits.

Financial Considerations:

The proposed update will provide the City with the authorization to ensure that funds held at JP Morgan Chase Bank N.A. are promptly and properly collateralized.

Legal Review:

N/A

Board/Citizen Input:

N/A

Attachments:

Pledgee Agreement Form – Federal Reserve Bank of Boston

Council Action Requested:

Motion to approve an update to the Authorized Representatives at the Federal Reserve Bank for City deposits at JP Morgan Chase Bank, N.A.

Pledgee Agreement Form

To: Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, MA 02210
Attn: Wholesale Operations/Joint Custody

Tel: 800-327-0147, Option #4
Fax: 877-973-8972

Date: 9/11/23

We, the City of Richland Hills agree to the terms of **Appendix C** of your ***Operating Circular 7***, dated August 19, 2005, as it may be amended from time to time with respect to the account on your books designated B293. (4 digit alpha-numeric account number)

We further agree that you may accept par for par substitutions: securities from the Pledgor as a replacement of, or in substitution for, those securities presently held (please check one):

☒ NO (Instructions required for each withdrawal) ☐ YES (Standing approval)

Provided that the replacement or substitution does not reduce the aggregate par amount of securities held in custody for us. (See ***Operating Circular 7, Appendix C, Section 4.3.)***

We authorize you to use the following call-back procedure for securities transactions pertaining to this account (please check one):

☒ Three-party call-back ☐ Four-party call-back

We certify that the individuals listed below may take authoritative action on our behalf with respect to the account, including a direction to release collateral from the account. You may rely on the authority of these individuals with respect to the account until we otherwise notify you.

Telephone: (817) 616-3807 Print Name: Candice Edmondson Title: City Manager
Fax: (817) 616-3803 Signature: Date: 9/11/23

Telephone: (817) 616-3815 Print Name: Lupe Rios Title: Finance Director
Fax: (817) 616-3803 Signature: Date: 9/11/23

Telephone: (817) 616-3817 Print Name: Bernadette Gendron Title: Accountant
Fax: (817) 616-3803 Signature: Date: 9/11/23

Pledgee Agreement Form
(page 2 of 2)

The Undersigned hereby certifies that he/she is the present lawful incumbent of the designated public office.

Pledgee

_City of Richland Hills

Name of governmental unit

_3200 Diana Drive

Street Address or P.O Box Number

_Richland Hills, TX 76118

City, State, Zip Code

____

Official Signature/ **Date**

_Candice Edmondson

Printed Name and Title

Notary

State of ___________________________

County of _______________________

On this ______day of ____________, 20_ before me personally appeared _______________________________, to me personally known or satisfactorily proven, who by me duly sworn, did depose and say that he/she resides at ____, in the City of _________________________________, in the State of ______________________, that he/she is the ______________________________[Title] of ____and that he/she executed this document on behalf of ____________________________________before me.

____

(Signature of Notary)

____

(Print name of Notary)

My commission expires on ________________________ [Date]

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Candice Edmondson, City Manager

Date: September 11, 2023

Subject: Update of Authorized Representatives for TexPool

Agenda Item:

Approve Resolution 583-23 authorizing the change of authorized representatives for the Texas Local Government Investment Pool (TexPool)

Background Information:

The purpose of this item is to add Lupe Rios, Director of Finance and Administrative Services, as an authorized representative to invest funds for the City of Richland Hills with TexPool. The attached resolution also retains current authorized representatives Candice Edmondson, City Manager, and Bernadette Gendron, Accountant. The updated information removes Patricia Albrecht, former Director of Finance and Administrative Services and Cathy Bourg, former City Secretary. The City utilizes TexPool for investment of funds and TexPool requires formal action by City Council to make changes to authorized representatives.

Financial Considerations:

The proposed update will provide the City with the authorization to ensure unimpeded access to funds while allowing for the investment of these local funds.

Legal Review:

N/A

Board/Citizen Input:

N/A

Attachments:

Resolution 583-23
TexPool Resolution Amending Authorized Representatives

Council Action Requested:

Motion to approve Resolution 583-23 authorizing the change of authorized representatives for the Texas Local Government Investment Pool (TexPool)

RESOLUTION NO. 583-23

A RESOLUTION OF THE RICHLAND HILLS CITY COUNCIL AMENDING THE AUTHORIZED REPRESENTATIVES FOR THE TEXAS LOCAL GOVERNMENT INVESTMENT POOL (TEXPOOL)

WHEREAS, the City of Richland Hills, Location Number 78215, is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, the Texas Local Government Investment Pool ("TexPool / Texpool Prime"), a public funds investment pool, were created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, this document supersedes all previous Authorized Representative forms.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RICHLAND HILLS, TEXAS, THAT:

SECTION 1.

The individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexPool / TexPool Prime and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.

SECTION 2.

An Authorized Representative of the Participant may be deleted by a written instrument signed by two remaining Authorized Representatives provided that the deleted Authorized Representative (1) is assigned job duties that no longer require access to the Participant's TexPool / TexPool Prime account or (2) is no longer employed by the Participant.

SECTION 3.

The Participant may by Amending Resolution signed by the Participant add an Authorized Representative provided the additional Authorized Representative is an officer, employee, or agent of the Participant. Any new individuals will be issued personal identification numbers to transact business with TexPool Participant Services.

____
Lupe Rios, Director of Finance
& Administrative Services
lrios@richlandhills.com
817-616-3815 Phone
817-616-3803 Fax

____
Candice Edmondson, City Manager
cedmondson@richlandhills.com
817-616-3807 Phone
817-616-3803 Fax

____
Bernadette Gendron, Accountant
bgendron@richlandhills.com
817-616-3817 Phone
817-616-3803 Fax

SECTION 4.

The name of the Authorized Representative listed above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements under the Participation Agreement: **Lupe Rios**

SECTION 5.

This Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexPool Participant Services receives a copy of any such amendment or revocation.

APPROVED AND ADOPTED at a regular called meeting of the Richland Hills City Council on September 11, 2023, by a vote of _____ayes, _____nays, and _____abstentions.

APPROVED:

____
The Honorable Mayor Edward Lopez

ATTEST:

____
Lindsay Rawlinson, City Secretary

Print Form Clear Form

TEXPOOL
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

Resolution Amending Authorized Representatives

Please complete this form to amend or designate Authorized Representatives. *This document supersedes all prior Authorized Representative forms.*

*** Required Fields**

1. Resolution

WHEREAS,

City of Richland Hills — Participant Name*

7 8 2 1 5 — Location Number*

("**Participant**") is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, the Texas Local Government Investment Pool ("**TexPool / Texpool Prime**"), a public funds investment pool, were created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act.

NOW THEREFORE, be it resolved as follows:

A. That the individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexPool / TexPool Prime and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.

B. That an Authorized Representative of the Participant may be deleted by a written instrument signed by two remaining Authorized Representatives provided that the deleted Authorized Representative (1) is assigned job duties that no longer require access to the Participant's TexPool / TexPool Prime account or (2) is no longer employed by the Participant; and

C. That the Participant may by Amending Resolution signed by the Participant add an Authorized Representative provided the additional Authorized Representative is an officer, employee, or agent of the Participant;

List the Authorized Representative(s) of the Participant. Any new individuals will be issued personal identification numbers to transact business with TexPool Participant Services.

1. Name: Candice Edmondson
Title: City Manager
Phone: 8 1 7 6 1 6 3 8 0 7
Fax: 8 1 7 6 1 6 3 8 0 3
Email: cedmondson@richlandhills.com
Signature:

2. Name: Lupe Rios
Title: Director of Finance & Administrative Services
Phone: 8 1 7 6 1 6 3 8 1 5
Fax: 8 1 7 6 1 6 3 8 0 3
Email: lrios@richlandhills.com
Signature:

3. Name: Bernadette Gendron
Title: Accountant
Phone: 8 1 7 6 1 6 3 8 1 7
Fax: 8 1 7 6 1 6 3 8 0 3
Email: bgendron@richlandhills.com
Signature:

Form Continues on Next Page

1. Resolution (continued)

4.
Name
Title

Phone
Fax
Email

Signature

List the name of the Authorized Representative listed above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements under the Participation Agreement.

Lupe Rios
Name

In addition and at the option of the Participant, one additional Authorized Representative can be designated to perform only inquiry of selected information. *This limited representative cannot perform transactions.* If the Participant desires to designate a representative with inquiry rights only, complete the following information.

Name
Title

Phone
Fax
Email

D. That this Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexPool Participant Services receives a copy of any such amendment or revocation. This Resolution is hereby introduced and adopted by the Participant at its regular/special meeting held on the 11 day of September , 2023.

Note: Document is to be signed by your Board President, Mayor or County Judge and attested by your Board Secretary, City Secretary or County Clerk.

City of Richland Hills
Name of Participant*

SIGNED	ATTEST
Signature*	Signature*
Edward Lopez	Lindsay Rawlinson
Printed Name*	Printed Name*
Mayor	City Secretary
Title*	Title*

2. Mailing Instructions

The completed Resolution Amending Authorized Representatives can be faxed to TexPool Participant Services at 1-866-839-3291, and mailed to:

TexPool Participant Services
1001 Texas Avenue, Suite 1150
Houston, TX 77002

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Candice Edmondson, City Manager

Date: September 11, 2023

Subject: Update of Authorized Representatives for TexSTAR

Agenda Item:

Approve Resolution 584-23 authorizing the change of authorized representatives for the Texas Short Term Asset Reserve Program (TexSTAR)

Background Information:

The purpose of this item is to add Lupe Rios, Director of Finance and Administrative Services as an authorized representative to invest funds for the City of Richland Hills with TexSTAR. The attached resolution also retains current authorized representatives, Candice Edmondson, City Manager and Bernadette Gendron, Accountant. With the account changes, this removes Patricia Albrecht, former Director of Finance and Administrative Services and Cathy Bourg, former City Secretary. The City utilizes TexSTAR for investment of funds and TexSTAR requires formal action by City Council to make changes to authorized representatives.

Financial Considerations:

The proposed update will provide the City with the authorization to ensure unimpeded access to funds while allowing for the investment of these local funds.

Legal Review:

N/A

Board/Citizen Input:

N/A

Attachments:

Resolution 584-23
TexSTAR Amending Resolution Form

Council Action Requested:

Motion to approve Resolution 584-23 authorizing the change of authorized representatives for the Texas Short Term Asset Reserve Program (TexSTAR)

RESOLUTION NO. 584-23

A RESOLUTION OF THE RICHLAND HILLS CITY COUNCIL AMENDING THE AUTHORIZED REPRESENTATIVES FOR THE SHORT TERM ASSET RESERVE FUND (TEXSTAR)

WHEREAS, the City of Richland Hills (the "Government Entity") by authority of the Application for Participation in TexSTAR (the "Application") has entered into an Interlocal Agreement (the "Agreement") and has become a participant in the public funds investment pool created there under known as TexSTAR Short Term Asset Reserve Fund ("TexSTAR"); and

WHEREAS, the Application designated on one or more "Authorized Representatives" within the meaning of the Agreement; and

WHEREAS, the Government Entity now wishes to update and designate the following persons as the "Authorized Representatives" within the meaning of the Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RICHLAND HILLS, TEXAS, THAT:

SECTION 1.

The following officers, officials or employees of the Government Entity specified in this document are hereby designated as "Authorized Representatives" within the meaning of the Agreement, with full power and authority to open accounts, to deposit and withdraw funds, to agree to the terms for use of the website for online transactions, to designate other authorized representatives, and to take all other action required or permitted by Government Entity under the Agreement created by the application, all in the name and on behalf of the Government Entity.

SECTION 2.

This document supersedes and replaces the Government Entity's previous designation of officers, officials or employees of the Government Entity as Authorized Representatives under the Agreement.

SECTION 3.

This resolution will continue in full force and effect until amended or revoked by Government Entity and written notice of the amendment or revocation is delivered to the TEXSTAR Board.

SECTION 4.

Terms used in this resolution have the meanings given to them by the Application.

SECTION 5.

Each of the following Participant officials is designated as Participant's Authorized Representative authorized to give notices and instructions to the Board in accordance with the Agreement, the Bylaws, the Investment Policy, and the Operating Procedures:

____
Lupe Rios, Director of Finance
& Administrative Services
lrios@richlandhills.com
817-616-3815 Phone
817-616-3803 Fax

____
Candice Edmondson, City Manager
cedmondson@richlandhills.com
817-616-3807 Phone
817-616-3803 Fax

____
Bernadette Gendron, Accountant
bgendron@richlandhills.com
817-616-3817 Phone
817-616-3803 Fax

SECTION 6.

The name of the Authorized Representative listed above that will be designated as the Primary Contact and will receive all TexSTAR correspondence including transaction confirmations and monthly statements: **Lupe Rios**

SECTION 7.

Participant may designate other authorized representatives by written instrument signed by an existing Participant Authorized Representative or Participant's chief executive officer.

SECTION 5.

This Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexSTAR Participant Services receives a copy of any such amendment or revocation.

APPROVED AND ADOPTED at a regular called meeting of the Richland Hills City Council on September 11, 2023, by a vote of _____ayes, _____nays, and _____abstentions.

APPROVED:	**ATTEST:**
______________________________	______________________________
The Honorable Mayor Edward Lopez	Lindsay Rawlinson, City Secretary

AMENDING RESOLUTION

WHEREAS, the City of Richland Hills

(the "Government Entity") by authority of the Application for Participation in TexSTAR (the "Application") has entered into an Interlocal Agreement (the "Agreement") and has become a participant in the public funds investment pool created there under known as TexSTAR Short Term Assert Reserve Fund ("TexSTAR");

WHEREAS, the Application designated on one or more "Authorized Representatives" within the meaning of the Agreement;

WHEREAS, the Government Entity now wishes to update and designate the following persons as the "Authorized Representatives" within the meaning of the Agreement;

NOW, THEREFORE, BE IT RESOLVED:

SECTION 1. The following officers, officials or employees of the Government Entity specified in this document are hereby designated as "Authorized Representatives" within the meaning of the Agreement, with full power and authority to open accounts, to deposit and withdraw funds, to agree to the terms for use of the website for online transactions, to designate other authorized representatives, and to take all other action required or permitted by Government Entity under the Agreement created by the application, all in the name and on behalf of the Government Entity.

SECTION 2. This document supersedes and replaces the Government Entity's previous designation of officers, officials or employees of the Government Entity as Authorized Representatives under the Agreement

SECTION 3. This resolution will continue in full force and effect until amended or revoked by Government Entity and written notice of the amendment or revocation is delivered to the TEXSTAR Board.

SECTION 4. Terms used in this resolution have the meanings given to them by the Application.

Authorized Representatives. Each of the following Participant officials is designated as Participant's Authorized Representative authorized to give notices and instructions to the Board in accordance with the Agreement, the Bylaws, the Investment Policy, and the Operating Procedures:

1. Name: Candice Edmondson Title: City Manager
   Signature: ____________ Phone: 817-616-3807
   Email: cedmondson@richlandhills.com
2. Name: Lupe Rios Title: Director of Finance & Admin Svcs
   Signature: ____________ Phone: 817-616-3815
   Email: lrios@richlandhills.com
3. Name: Bernadette Gendron Title: Accountant
   Signature: ____________ Phone: 817-616-3817
   Email: bgendron@richlandhills.com
4. Name: ____________ Title: ____________
   Signature: ____________ Phone: ____________
   Email: ____________

{REQUIRED} PRIMARY CONTACT: List the name of the Authorized Representative **listed above** that will be designated as the Primary Contact and will receive all TexSTAR correspondence including transaction confirmations and monthly statements

Name: City of Richland Hills

*{OPTIONAL} **INQUIRY ONLY CONTACT:*** In addition, the following additional Participant representative (***not listed above***) is designated as an ***Inquiry Only*** Representative authorized to obtain account information:

Name: ____________ Title: ____________

Signature: ____________ Phone: ____________

Email: ____________

Participant may designate other authorized representatives by written instrument signed by an existing Participant Authorized Representative or Participant's chief executive officer.

DATED September 11, 2023

REQUIRED
PLACE OFFICIAL SEAL OF ENTITY HERE

City of Richland Hills
(NAME OF PARTICIPANT)

SIGNED BY: ____________
(Signature of official)

Candice Edmondson
(Printed name and title)

ATTESTED BY: ____________
(Signature of official)

Lindsay Rawlinson
(Printed name and title)

FOR INTERNAL USE ONLY
APPROVED AND ACCEPTED: TEXAS SHORT TERM ASSET RESERVE FUND

....
AUTHORIZED SIGNER

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Candice Edmondson, City Manager

Date: September 11, 2023

Subject: Negotiated Rate Settlement with Atmos

Agenda Item:

Approve Ordinance 1481-23 approving a negotiated settlement between the Atmos Cities Steering Committee (ACSC) and Atmos Energy Corp., Mid-Tex Division regarding the Company's 2023 Rate Review Mechanism Filing

Background Information:

Richland Hills, 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 March 31, 2023, 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, 2022, entitled it to additional system-wide revenues of $165.9 million.

Application of the standards set forth in ACSC's RRM Tariff reduces the Company's request to $156.1 million, $113.8 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 $130.9 million instead of the claimed $156.1 million.

After several settlement meetings, the parties have agreed to settle the case for $142 million. This is a reduction of $23.9 million to the Company's initial request. This includes payment of ACSC's expenses. The settlement also includes an additional $19.5 million for the securitization regulatory asset expenses related to Winter Storm Uri. This was previously approved by the Texas Legislature and Railroad Commission. The Effective

Date for new rates is October 1, 2023. ACSC members should take action approving the Ordinance before September 30, 2023.

Rate Tariffs:
The Atmos generated rate tariffs attached to the Ordinance will generate $142 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 $6.47 on a monthly basis, or 7.31 percent. The increase for average commercial usage will be $24.72 or 5.19 percent. 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, 2023, ACSC residents will maintain an economic monthly advantage over GRIP and DARR rates.

Comparison to Other Mid-Tex Rates (Residential)

	Average Bill	Compared to RRM Cities
RRM Cities:	$42.62	-
DARR:	$42.55	($0.07)
ATM Cities:	$44.39	$1.77
Environs:	$44.27	$1.65

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

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 $165.9 million in additional system-wide revenues, the RRM settlement at $142 million for ACSC Cities reflects substantial savings to ACSC cities. Settlement at $142 million is fair and reasonable. The ACSC Executive Committee consisting of city employees of 18 ACSC members urges all ACSC members to pass the Ordinance before September 30, 2023. New rates become effective October 1, 2023.

Financial Considerations:

N/A

Legal Review:

Legal Counsel with Lloyd Gosselink Rochelle & Townsend, P.C., who represent ACSC member cities, reviewed the 2023 RRM Ordinance and attachments

Board/Citizen Input:

N/A

Attachments:

Ordinance 1481-23
2023 RRM Average Bill Comparison

Council Action Requested:

Motion to approve Ordinance 1481-23 approving a negotiated settlement between the Atmos Cities Steering Committee (ACSC) and Atmos Energy Corp., Mid-Tex Division regarding the Company's 2023 Rate Review Mechanism Filing

ORDINANCE NO. 1481-23

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RICHLAND HILLS, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE ("ACSC") AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2023 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 Richland Hills, 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 March 31, 2023 Atmos Mid-Tex filed its 2023 RRM rate request with ACSC Cities based on a test year ending December 31, 2022; and

WHEREAS, ACSC coordinated its review of the Atmos Mid-Tex 2023 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 $142 million on a system-wide basis with an Effective Date of October 1, 2023; 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; and

WHEREAS, the RRM Tariff includes Securitization Interest Regulatory Asset amount of $19.5 million.

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

SECTION 1.

The findings set forth in this Ordinance are hereby in all things approved.

SECTION 2.

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 $142 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 2023 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.

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.

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 $142 million on a system-wide basis, over the amount allowed under currently approved rates. Such tariffs are hereby adopted.

SECTION 5.

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.

Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of ACSC in processing the Company's 2023 RRM filing.

SECTION 7.

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

SECTION 8.

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.

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.

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, 2023.

SECTION 11.

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.

APPROVED AND ADOPTED at a regular meeting of the Richland Hills City Council on September 11, 2023, by a vote of _____ ayes, _____ nays, and _____ abstentions.

APPROVED:

____
THE HONORABLE MAYOR EDWARD LOPEZ

ATTEST:

____
LINDSAY RAWLINSON, CITY SECRETARY

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 10/01/2023**	

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	$ 22.25 per month
Rider CEE Surcharge	$ 0.05 per month[1]
Total Customer Charge	$ 22.30 per month
Commodity Charge – All Ccf	$0.48567 per Ccf [2]

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.

[1]Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2023.
[2]The commodity charge includes the base rate amount of $0.46724 per Ccf and Securitization Regulatory Asset amounts related to financing costs in the amount of $0.01843 per Ccf until recovered.

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 10/01/2023**	

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	$ 72.00 per month
Rider CEE Surcharge	($ 0.02) per month[1]
Total Customer Charge	$ 71.98 per month
Commodity Charge – All Ccf	$ 0.18280 per Ccf [2]

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.plantprotection*@atmosenergy.com.

[1] Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2023.
[2] The commodity charge includes the base rate amount of $0.16437 per Ccf and Securitization Regulatory Asset amounts related to financing costs in the amount of $0.01843 per Ccf until recovered.

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 10/01/2023**	

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	$ 1,382.00 per month
First 0 MMBtu to 1,500 MMBtu	$ 0.7484 per MMBtu[1]
Next 3,500 MMBtu	$ 0.5963 per MMBtu[1]
All MMBtu over 5,000 MMBtu	$ 0.2693 per MMBtu[1]

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

[1] The tiered commodity charges include the base rate amounts of $0.5684, $0.4163, and $0.0893 per MMBtu, respectively, plus Securitization Regulatory Asset amounts related to financing costs in the amount of $0.1800 per MMBtu until recovered.

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 10/01/2023**	

utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

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.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 10/01/2023**	

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	$ 1,382.00 per month
First 0 MMBtu to 1,500 MMBtu	$ 0.5684 per MMBtu
Next 3,500 MMBtu	$ 0.4163 per MMBtu
All MMBtu over 5,000 MMBtu	$ 0.0893 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 10/01/2023**	

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 10/01/2023**	

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 jth customer in ith rate schedule is computed as:

$WNA_i = WNAF_i \times q_{ij}$

Where q_{ij} is the relevant sales quantity for the jth customer in ith 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 10/01/2023**	

Base Use/Heat Use Factors

	Residential		Commercial	
Weather Station	Base use Ccf	Heat use Ccf/HDD	Base use Ccf	Heat use Ccf/HDD
Abilene	9.51	0.1415	88.91	0.7010
Austin	8.87	0.1213	213.30	0.7986
Dallas	12.54	0.2007	185.00	0.9984
Waco	8.81	0.1325	125.26	0.7313
Wichita Falls	10.36	0.1379	122.10	0.6083

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, 2022

Line No.	Description	Shared Services: Pension Account Plan	Shared Services: Post-Employment Benefit Plan	Mid-Tex Direct: Pension Account Plan	Mid-Tex Direct: Post-Employment Benefit Plan	Mid-Tex Direct: Supplemental Executive Benefit Plan	Adjustment Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Proposed Benefits Benchmark - Fiscal Year 2023 Willis Towers Watson Report as adjusted (1) (2) (3)	$ 1,434,339	$ (518,336)	$ 2,336,419	$ (2,678,818)	$ 267,917	
2	Allocation Factor	44.92%	44.92%	78.74%	78.74%	100.00%	
3	Proposed Benefits Benchmark Costs Allocated to Mid-Tex (Ln 1 x Ln 2)	$ 644,336	$ (232,848)	$ 1,839,667	$ (2,109,267)	$ 267,917	
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)	$ 644,336	$ (232,848)	$ 1,839,667	$ (2,109,267)	$ 267,917	$ 409,804
6							
7	O&M Expense Factor (WP_F-2.3, Ln 2)	78.60%	78.60%	39.63%	39.63%	11.00%	
8							
9	Summary of Costs to Approve (1):						
10	Total Pension Account Plan	$ 506,464		$ 729,006			$ 1,235,469
11	Total Post-Employment Benefit Plan		$ (183,024)		$ (835,840)		(1,018,864)
12	Total Supplemental Executive Benefit Plan					$ 29,471	29,471
13	Total (Ln 10 + Ln 11 + Ln 12)	$ 506,464	$ (183,024)	$ 729,006	$ (835,840)	$ 29,471	$ 246,076

ATMOS ENERGY CORP., MID-TEX DIVISION
MID-TEX RATE REVIEW MECHANISM
AVERAGE BILL COMPARISON - BASE RATES
TEST YEAR ENDING DECEMBER 31, 2022

Line No.	Description								Current	Proposed	Change Amount	Change Percent
	(a)								(b)	(c)	(d)	(e)
1	**Rate R @ 43.6 Ccf**											
2	Customer charge								$ 21.55			
3	Consumption charge	43.6		CCF	X	$	0.36223	=	15.79			
4	Rider GCR Part A	43.6		CCF	X	$	0.63625	=	27.74			
5	Rider GCR Part B	43.6		CCF	X	$	0.41732	=	18.20			
6	Subtotal								$ 83.28			
7	Rider FF & Rider TAX		$	83.28	X		0.06237	=	5.19			
8	Total								$ 88.47			
9												
10	Customer charge									$ 22.25		
11	Consumption charge	43.6		CCF	X	$	0.48567	=		21.18		
12	Rider GCR Part A	43.6		CCF	X	$	0.63625	=		27.74		
13	Rider GCR Part B	43.6		CCF	X	$	0.41732	=		18.20		
14	Subtotal									$ 89.37		
15	Rider FF & Rider TAX		$	89.37	X		0.06237	=		5.57		
16	Total									$ 94.94	$ 6.47	7.31%
17												

ATMOS ENERGY CORP., MID-TEX DIVISION
MID-TEX RATE REVIEW MECHANISM
AVERAGE BILL COMPARISON - BASE RATES
TEST YEAR ENDING DECEMBER 31, 2022

Line No.	Description							Current	Proposed	Change Amount	Change Percent
	(a)							(b)	(c)	(d)	(e)
18	**Rate C @ 356.6 Ccf**										
19	Customer charge							$ 63.50			
20	Consumption charge	356.6	CCF	X	$	0.14137	=	50.41			
21	Rider GCR Part A	356.6	CCF	X	$	0.63625	=	226.86			
22	Rider GCR Part B	356.6	CCF	X	$	0.30202	=	107.69			
23	Subtotal							$ 448.46			
24	Rider FF & Rider TAX	$	448.46	X		0.06237	=	27.97			
25	Total							$ 476.43			
26											
27	Customer charge								$ 72.00		
28	Consumption charge	356.6	CCF	X	$	0.18280	=		65.18		
29	Rider GCR Part A	356.6	CCF	X	$	0.63625	=		226.86		
30	Rider GCR Part B	356.6	CCF	X	$	0.30202	=		107.69		
31	Subtotal								$ 471.73		
32	Rider FF & Rider TAX	$	471.73	X		0.06237	=		29.42		
33	Total								$ 501.15	$ 24.72	5.19%
34											

ATMOS ENERGY CORP., MID-TEX DIVISION
MID-TEX RATE REVIEW MECHANISM
AVERAGE BILL COMPARISON - BASE RATES
TEST YEAR ENDING DECEMBER 31, 2022

Line No.	Description							Current	Proposed	Change Amount	Change Percent
	(a)							(b)	(c)	(d)	(e)
35	**Rate I @ 1720 MMBTU**										
36	Customer charge							$ 1,204.50			
37	Consumption charge	1,500	MMBTU	X	$	0.4939	=	740.85			
38	Consumption charge	220	MMBTU	X	$	0.3617	=	79.64			
39	Consumption charge	0	MMBTU	X	$	0.0776	=	-			
40	Rider GCR Part A	1,720	MMBTU	X	$	6.2134	=	10,688.12			
41	Rider GCR Part B	1,720	MMBTU	X	$	0.6267	=	1,078.08			
42	Subtotal							$ 13,791.19			
43	Rider FF & Rider TAX		$13,791.19	X		0.06237	=	860.17			
44	Total							$ 14,651.36			
45											
46	Customer charge								$ 1,382.00		
47	Consumption charge	1,500	MMBTU	X	$	0.7484	=		1,122.62		
48	Consumption charge	220	MMBTU	X	$	0.5963	=		131.30		
49	Consumption charge	0	MMBTU	X	$	0.2693	=		-		
50	Rider GCR Part A	1,720	MMBTU	X	$	6.2134	=		10,688.12		
51	Rider GCR Part B	1,720	MMBTU	X	$	0.6267	=		1,078.08		
52	Subtotal								$ 14,402.12		
53	Rider FF & Rider TAX		$14,402.12	X		0.06237	=		898.28		
54	Total								$ 15,300.40	$ 649.04	4.43%
55											

ATMOS ENERGY CORP., MID-TEX DIVISION
MID-TEX RATE REVIEW MECHANISM
AVERAGE BILL COMPARISON - BASE RATES
TEST YEAR ENDING DECEMBER 31, 2022

Line No.	Description							Current	Proposed	Change Amount	Change Percent
	(a)							(b)	(c)	(d)	(e)
56	**Rate T @ 4720 MMBTU**										
57	Customer charge							$ 1,204.50			
58	Consumption charge	1,500	MMBTU	X	$	0.4939	=	740.85			
59	Consumption charge	3,220	MMBTU	X	$	0.3617	=	1,164.50			
60	Consumption charge	0	MMBTU	X	$	0.0776	=	-			
61	Rider GCR Part B	4,720	MMBTU	X	$	0.6267	=	2,957.85			
62	Subtotal							$ 6,067.70			
63	Rider FF & Rider TAX		$ 6,067.70	X		0.06237	=	378.45			
64	Total							$ 6,446.15			
65											
66	Customer charge								$ 1,382.00		
67	Consumption charge	1,500	MMBTU	X	$	0.5684	=		852.60		
68	Consumption charge	3,220	MMBTU	X	$	0.4163	=		1,340.29		
69	Consumption charge	0	MMBTU	X	$	0.0893	=		-		
70	Rider GCR Part B	4,720	MMBTU	X	$	0.6267	=		2,957.85		
71	Subtotal								$ 6,532.74		
72	Rider FF & Rider TAX		$ 6,532.74	X		0.06237	=		407.45		
73	Total								$ 6,940.19	$ 494.04	7.66%

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Candice Edmondson, City Manager

Date: September 11, 2023

Subject: FY 2024 Budget Public Hearing

Agenda Item:

Fiscal Year 2024 Budget and Multi-Year Capital Improvement Program **PUBLIC HEARING**

Background Information:

State law requires municipalities to hold at least one public hearing prior to approval and adoption of the annual budget. The City of Richland Hills is holding budget public hearings on September 11 and September 25 to meet this requirement.

Attached to this memo is the proposed FY 2024 Budget and Multi-Year Capital Improvement Program. The budget summarizes the plan of municipal operations and capital projects for the fiscal year that begins October 1, 2023. The proposed budget was presented in detail during City Council Work Sessions on August 14 and August 28.

Financial Considerations:

The proposed budget consists of 19 different funds. The attached fund summaries provide details about each fund including revenue projections, proposed expenditures and ending fund balances. The FY 2024 Budget includes estimated revenues of $25,639,331 and expenditures of $28,283,540, which is a 2.63% decrease in revenues and a 0.92% increase in expenditures over the FY 2023 Adopted Budget.

The decrease in revenues can be attributed to funds that were added to the FY 2023 Utility Fund for the water meter replacement project. When you remove those funds from the FY 2023 revenue calculations, the result is a 7.14% increase in estimated revenues for FY 2024.

The City of Richland Hills projects slight increases (3% - 4%) in both ad valorem and sales tax revenue. The primary sources of increased revenue are municipal court fines, building permits, plan review fees and investment income.

The proposed FY 2024 Budget includes funding for Council and resident priories identified in the citizen survey, strategic plan and previous budget discussions. Those priorities include:

- Comprehensive Plan updates
- Grant research & writing services
- Website enhancements
- Street improvements
- Retaining a high-quality workforce
- Infrastructure improvements & maintenance
- Street sweeping
- Traffic enforcement (Traffic Officer)

In addition to these priorities, the proposed budget also includes funding for:

- STEP increase (3%) for public safety employees and cost of living adjustment (3%) for civilian employees
- Market salary adjustments for any position not at 90% of market average
- Two (2) additional school resource officers
- Two (2) elections – November and May
- Development/Permitting software
- Mobile sewer camera
- Rena water tank rehabilitation
- Public Works masonry fence
- Water/Wastewater rate study
- Capital equipment for Police and Fire Departments
- Glenview Corridor Master Plan (continuation)
- Building Improvement Grants
- Backlit street signs along Baker Boulevard
- Branding implementation
- Kate Baker Park – pavilion/restroom and parking
- Rosebud Park – pavilion/restroom and parking
- Hike & Bike trailhead
- Park system fence replacement
- New street reconstruction projects
- HVAC improvements and roof screening at Police Department
- Animal Services property, drainage and parking lot improvements
- New landscape at City Plaza
- Link gym floor replacement
- Water system improvements
- Broadband expansion to city parks and facilities
- New ERP finance software
- Technology replacements (computers, back-up devices, etc.)
- Council Chamber and Conference Room improvements
- Engineering and design services for Fire Admin and Public Works renovations

The FY 2024 Budget is based off a recommended tax rate of $0.522689 which is $0.016196 cents lower than the current tax rate.

Legal Review:

N/A

Board/Citizen Input:

Budget work sessions were held during City Council meetings on August 14 and August 28. Public hearings will be held on September 11 and September 25. City Council will consider approval and adoption of the FY 2024 Budget on September 25, 2023.

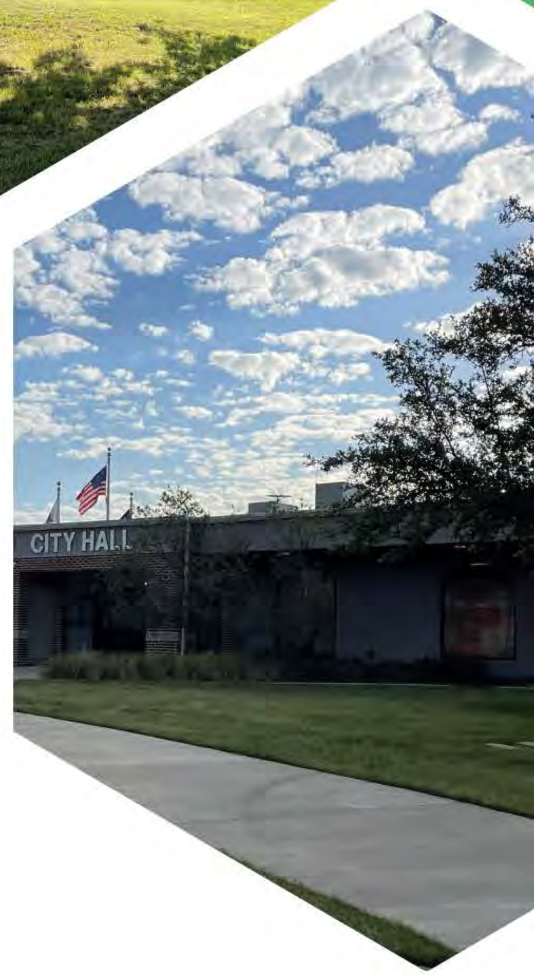
Attachments:

FY 2024 Proposed Annual Budget and Multi-Year Capital Improvement Program

Council Action Requested:

Public Hearing and Discussion Only

Richland Hills



Fiscal Year 2024
Proposed Budget

City of Richland Hills, Texas

City of Richland Hills

Proposed Annual Budget Fiscal Year 2024

The proposed budget will raise more property taxes than last year's budget by $609,233 or 14.4% percent and of that amount $2,835 is tax revenue to be raised from new property added to the tax roll this year.

Record vote of Each Council Member

Name	Place	For	Against	Abstain	Absent
Edward Lopez	Mayor				
Douglas Knowlton	Councilmember (Place 1)				
Travis Malone	Councilmember (Place 2)				
Theresa Bledsoe	Councilmember (Place 3)				
Javier Alvarez	Councilmember (Place 4)				
G. W. Estep	Mayor Pro Tem (Place 5)				
Roland Goveas	Councilmember (Place 6)				

Tax Rate	Adopted FY 2023	Proposed FY 2024
Property Tax Rate	$0.538885/$100	$0.522689/$100
No New Revenue Tax Rate	$0.517570/$100	$0.459704/$100
No New Revenue M&O Tax Rate	$0.375531/$100	$0.349471/$100
Voter Approval Tax Rate	$0.540096/$100	$0.522691/$100
Debt Rate	$0.125257/$100	$0.160989/$100

The total amount of municipal debt obligations secured by property taxes for the City of Richland Hills is $13,291,750.

CITY OF RICHLAND HILLS

SUMMARY OF FUNDS	FY 2024 PROPOSED BUDGET					
GOVERNMENTAL FUNDS	**FUND NO.**	**BEGINNING FUND BALANCE**	**REVENUES**	**EXPENDITURES**	**TRANSERS IN/(OUT)**	**ENDING FUND BALANCE**
GENERAL FUND	01	$ 3,294,124	10,138,937	9,489,789	(791,893)	$ 3,151,379
SPECIAL REVENUE FUNDS						
COURT SECURITY	24	33,831	5,500	1,050	-	38,281
COURT TECHNOLOGY	39	14,470	4,800	-	-	19,270
CRIME CONTROL DISTRICT	65	1,186,163	1,887,848	1,820,916	(192,828)	1,060,267
KRHB FUND	67	57,571	-	12,000	-	45,571
HOTEL OCCUPANCY TAX FUND	77	179,073	259,200	298,088	-	140,185
TAX INCREMENT FINANCING FUND- TIF	89	641,776	245,645	750,000	75,000	212,421
*LINK OPERATIONS FUND**	98	-	571,000	771,000	200,000	-
LINK REPLACEMENT FUND	103	-	-	25,000	25,000	-
COMPONENT UNIT						-
RICHLAND HILLS ECONOMIC DEV. FUND	26	1,206,408	1,261,286	1,517,012	(53,046)	897,636
DEBT SERVICE FUND	10	611,184	1,500,482	1,465,229	-	646,437
CAPITAL PROJECTS FUNDS						-
OIL AND GAS FUND	12	713,829	100,000	272,000	-	541,829
ROAD & STREET FUND	25	2,646,417	1,828,929	1,940,000	-	2,535,346
VEHICLE REPLACEMENT FUND	30	- 6,806	120,000	621,660	501,660	(6,806)
ARPA FUND	101	102,451	1,652,404	1,628,404	-	126,451
EMERGENCY MANAGEMENT FUND	104	-	-	2,500	2,500	-
STRATEGIC INITIATIVE FUND	107	1,709,000	-	855,000	256,260	1,110,260
SPECIAL EVENTS FUND	108	-	4,000	57,046	53,046	-
TOTAL GOVERNMENTAL FUNDS		**$ 12,389,491**	**$ 19,576,031**	**$ 21,469,648**	**$ 75,699**	**$ 10,518,527**
ENTERPRISE FUNDS	**FUND NO.**	**BEGINNING FUND BALANCE**	**REVENUES**	**EXPENSES**	**TRANSERS IN/(OUT)**	**ENDING FUND BALANCE**
WATER/SEWER FUND	2	$ 3,140,347	5,148,900	5,725,857	(63,815)	$ 2,627,205
DRAINAGE FUND	22	657,153	914,400	1,088,035	(11,884)	495,402
TOTAL ENTERPRISE FUNDS		**$ 3,797,500**	**$ 6,063,300**	**$ 6,813,892**	**$ (75,699)**	**$ 3,122,607**

**LINK FUND fund balance is reported with the General Fund at end of year.*

FY 2023-2024 PROPOSED BUDGET

GENERAL FUND REVENUES SUMMARY	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PROPERTY TAXES	$ 2,629,067	$ 2,803,082	$ 3,123,995	$ 3,217,091	$ 93,096	3.0%
SALES TAXES	3,616,110	4,571,298	4,712,216	4,877,144	164,928	3.5%
LIQUOR TAXES	2,925	2,784	2,500	2,500	-	0.0%
FRANCHISE FEES	533,360	549,332	562,000	556,800	(5,200)	-0.9%
FINES & FORFEITURES	282,839	298,288	262,050	385,100	123,050	47.0%
LICENSES & PERMITS	186,174	177,429	209,500	279,225	69,725	33.3%
CHARGES FOR SERVICES	290,281	296,821	305,850	268,850	(37,000)	-12.1%
MISCELLANEOUS REVENUES	130,392	563,149	140,152	552,227	412,075	294.0%
TOTAL REVENUES	**$ 7,671,148**	**$ 9,262,183**	**$ 9,318,263**	**$ 10,138,937**	**$ 820,674**	**8.8%**

GENERAL FUND EXPENDITURES SUMMARY	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
MUNICIPAL COURT	$ 266,107	$ 275,460	$ 300,040	$ 295,313	$ (4,727)	-1.6%
ADMINISTRATION	576,079	576,674	690,171	709,039	18,868	2.7%
POLICE	1,867,926	1,909,797	2,091,296	2,580,786	489,490	23.4%
FIRE	1,860,853	2,395,206	2,567,824	2,624,656	56,832	2.2%
STREETS	231,511	344,485	325,080	300,143	(24,937)	-7.7%
LIBRARY	360,307	387,950	403,133	470,100	66,967	16.6%
RECREATION	234,951	281,150	299,807	289,595	(10,212)	-3.4%
PARKS & GROUNDS	138,268	163,820	281,787	323,742	41,955	14.9%
COMMUNITY DEVELOPMENT	415,952	416,000	535,439	504,608	(30,831)	-5.8%
ANIMAL CONTROL	178,611	199,189	202,422	235,448	33,026	16.3%
LEGISLATIVE (CITY SECRETARY)	166,943	129,661	129,940	149,127	19,187	14.8%
SHARED SERVICES	652,716	616,040	839,990	957,232	117,242	14.0%
TOTAL EXPENDITURES	**$ 6,950,224**	**$ 7,695,432**	**$ 8,666,929**	**$ 9,439,789**	**$ 772,860**	**8.9%**
Transfers Out/Non Departmental	**$ 331,014**	**$ 446,218**	**$ 2,910,491**	**$ 585,633**	**$ (2,324,858)**	**-79.9%**
TOTAL EXPENDITURES AND TRANSFERS	**$ 7,281,238**	**$ 8,141,650**	**$ 11,577,420**	**$ 10,025,422**	**$ (1,551,998)**	
DIFF REVENUES VS EXPEND/TFERS	**$ 389,910**	**$ 1,120,533**	**$ (2,259,157)**	**$ 113,515**		
Transfer to Strat Initiative (USE OF FUND BALANC	$ -	$ -	$ -	$ (256,260)		

	FY 2021	FY 2022	FY 2023	FY 2024
BEGINNING FUND BALANCE	**$ 4,042,839**	**$ 4,432,749**	**$ 5,553,282**	**$ 3,294,124**
ENDING FUND BALANCE	**$ 4,432,749**	**$ 5,553,282**	**$ 3,294,124**	**$ 3,151,379**
90 DAYS RESERVE AMOUNT	*$ 2,041,219*	$ 1,897,504	$ 2,854,706	$ 2,472,022
AMOUNT OVER/(UNDER) RESERVE REQUIREMENTS	*$ 2,391,530*	*$ 3,655,778*	*$ 439,418*	*$ 679,357*

DEPARTMENT
04 REVENUE - TAXES

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
CURRENT PROPERTY TAX	$ 2,713,599	$ 2,892,515	$ 3,239,519	$ 3,364,387	$ 124,868	3.9%
TIF TRANSFER (PROPERTY TAX)	(127,481)	(136,472)	(157,524)	(192,296)	(34,772)	22.1%
DELINQUENT PROPERTY TAX	16,451	15,266	20,000	20,000	-	0.0%
INTEREST & PENALTY TAXES	26,498	31,773	22,000	25,000	3,000	13.6%
SALES & USE TAX	3,616,110	4,571,298	4,712,216	4,877,144	164,928	3.5%
LIQUOR & ENTERTAINMENT	2,925	2,784	2,500	2,500	-	0.0%
ELECTRIC FRANCHISE	254,338	256,744	260,000	260,000	-	0.0%
GAS FRANCHISE	78,214	102,642	105,000	110,000	5,000	4.8%
TELEPHONE FRANCHISE	28,789	20,640	28,000	18,800	(9,200)	-32.9%
SOLID WASTE FRANCHISE	117,739	119,029	115,000	120,000	5,000	4.3%
CABLE TV FRANCHISE	54,280	50,277	54,000	48,000	(6,000)	-11.1%
REVENUE-TAXES	**$ 6,781,462**	**$ 7,926,496**	**$ 8,400,711**	**$ 8,653,535**	**$ 252,824**	**3.0%**

DEPARTMENT
05 FINES & FORFEITURES

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
MUNICIPAL COURT FINES	$ 215,154	$ 201,951	$ 200,000	$ 300,000	$ 100,000	50.0%
LIBRARY	33	30	50	50	-	0.0%
DLQ MUNICIPAL CT FINES	37,979	66,165	38,000	55,200	17,200	45.3%
JUDICIAL EFFICIENCY FINES	118	145	250	100	(150)	-60.0%
WARRANTS	10,473	18,518	10,500	16,500	6,000	57.1%
MC DLQ COLLECTIONS	1,442	6,498	6,000	6,000	-	0.0%
ANIMAL CONTROL	16,120	4,256	6,000	6,000	-	0.0%
SCHOOL CROSSING GUARD	1,520	725	1,250	1,250	-	0.0%
FINES & FORFEITURES	**$ 282,839**	**$ 298,288**	**$ 262,050**	**$ 385,100**	**$ 123,050**	**47.0%**

DEPARTMENT
06 LICENSES & PERMITS

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
CONTRACTOR REGISTRATION FEES	$ 24,000	$ 14,700	$ 25,000	$ 25,000	$ -	0.0%
ELECTRICAL PERMITS	16,126	16,774	15,000	15,000	-	0.0%
ANIMAL LICENSE	255	120	200	200	-	0.0%
BUILDING PERMITS	101,938	104,197	125,000	175,000	50,000	40.0%
BUILDING REGISTRATION FEES	28,675	27,888	25,000	25,000	-	0.0%
LIQUOR SALE PERMIT	150	105	300	300	-	0.0%
MISCELLANEOUS PERMITS	5,440	4,975	4,000	4,000	-	0.0%
FIRE CODE PERMITS	9,590	8,670	15,000	15,000	-	0.0%
FIRE INSPECTION FEE	-	-	-	19,725	19,725	100.0%
LICENSES & PERMITS	**$ 186,174**	**$ 177,429**	**$ 209,500**	**$ 279,225**	**$ 69,725**	**33.3%**

DEPARTMENT
07 SERVICE CHARGES

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PLAN REVIEW	$ 27,307	$ 24,896	$ 22,000	$ 65,000	$ 43,000	195.5%
COPY MACHINE	2,292	1,984	2,600	2,600	-	0.0%
EMERGENCY MEDICAL SERVICE	260,427	269,891	280,000	200,000	(80,000)	-28.6%
ANIMAL VACCINATIONS	255	50	1,250	1,250	-	0.0%
SERVICE CHARGES	**$ 290,281**	**$ 296,821**	**$ 305,850**	**$ 268,850**	**$ (37,000)**	**-12.1%**

DEPARTMENT
08 MISCELLANEOUS REVENUE

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
OTHER FINANCIAL SOURCES	$ -	300,805	54,000	54,000	-	0.0%
INVESTMENT INCOME	761	6,843	1,500	252,000	250,500	16700.0%
GRANTS AND TRANSFERS	3,453	81,635	-	-		0.0%
MISCELLANEOUS	80,545	101,493	10,000	10,000	-	0.0%
BISD/SRO REIMBURSEMENT	45,633	63,299	74,652	236,227	161,575	216.4%
LIEN RELEASE FUNDS	-	9,074	-	-	-	0.0%
MISC. REVENUE	**$ 130,392**	**$ 563,149**	**$ 140,152**	**$ 552,227**	**$ 412,075**	**294.0%**
TOTAL GENERAL FUND REVENUE	**$ 7,671,148**	**$ 9,262,183**	**$ 9,318,263**	**$ 10,138,937**	**$ 820,674**	**8.8%**

FY 2023-2024 PROPOSED BUDGET

CITY OF RICHLAND HILLS - GENERAL FUND (FUND 001)

DEPARTMENT
11 MUNICIPAL COURT

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 228,551	$ 241,445	$ 254,216	$ 257,746	$ 3,530	1.4%
MATERIALS AND SUPPLIES	$ 34,242	$ 31,345	$ 42,492	$ 32,300	$ (10,192)	-24.0%
OTHER OPERATING EXPENSES	$ 3,314	$ 2,670	$ 3,332	$ 5,267	$ 1,935	58.1%
TOTAL - MUNICIPAL COURT	$ 266,107	$ 275,460	$ 300,040	$ 295,313	$ (4,727)	-1.6%

DEPARTMENT
12 ADMINISTRATION

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 329,792	$ 486,027	$ 413,037	$ 442,721	$ 29,684	7.2%
SUPPLIES AND MAINTENANCE	$ 232,791	$ 66,878	$ 250,788	$ 231,735	$ (19,053)	-7.6%
OTHER OPERATING EXPENSES	$ 13,496	$ 23,769	$ 26,346	$ 34,583	$ 8,237	31.3%
TOTAL - ADMINISTRATION	$ 576,079	$ 576,674	$ 690,171	$ 709,039	$ 18,868	2.7%

DEPARTMENT
13 POLICE

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 1,413,300	$ 1,616,065	$ 1,775,794	$ 2,309,748	$ 533,954	30.1%
SUPPLIES AND MAINTENANCE	$ 356,779	$ 196,967	$ 227,674	$ 180,862	$ (46,812)	-20.6%
OTHER OPERATING EXPENSES	$ 97,847	$ 96,765	$ 87,828	$ 90,176	$ 2,348	2.7%
TOTAL - POLICE DEPARTMENT	$ 1,867,926	$ 1,909,797	$ 2,091,296	$ 2,580,786	$ 489,490	23.4%

DEPARTMENT
14 FIRE

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 1,555,924	$ 1,832,425	$ 2,126,606	$ 2,210,163	$ 83,557	3.9%
SUPPLIES AND MAINTENANCE	224,603	204,185	294,932	285,766	$ (9,166)	-3.1%
OTHER OPERATING EXPENSES	49,433	48,763	89,286	105,427	$ 16,141	18.1%
CAPITAL	30,893	309,833	57,000	23,300	$ (33,700)	-59.1%
TOTAL - FIRE DEPARTMENT	$ 1,860,853	$ 2,395,206	$ 2,567,824	$ 2,624,656	$ 56,832	2.2%

DEPARTMENT
16 STREET DEPARTMENT

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 127,812	$ 131,238	$ 253,010	$ 233,193	$ (19,817)	-7.8%
SUPPLIES AND MAINTENANCE	28,248	50,576	70,670	65,550	$ (5,120)	-7.2%
OTHER OPERATING EXPENSES	75,451	20	1,400	1,400	$ -	0.0%
CAPITAL	-	162,651	-	-	$ -	0.0%
TOTAL - STREET DEPARTMENT	$ 231,511	$ 344,485	$ 325,080	$ 300,143	$ (24,937)	-7.7%

DEPARTMENT
17 LIBRARY

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 301,112	$ 313,823	$ 326,603	$ 396,770	$ 70,167	21.5%
SUPPLIES AND MAINTENANCE	49,424	54,034	57,600	44,500	$ (13,100)	-22.7%
OTHER OPERATING EXPENSES	9,771	20,093	18,930	28,830	$ 9,900	52.3%
TOTAL - LIBRARY	$ 360,307	$ 387,950	$ 403,133	$ 470,100	$ 66,967	16.6%

DEPARTMENT
18 RECREATION

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 171,149	$ 208,116	$ 216,089	$ 244,117	$ 28,028	13.0%
SUPPLIES AND MAINTENANCE	29,550	31,631	42,968	41,168	$ (1,800)	-4.2%
OTHER OPERATING	34,252	41,403	40,750	4,310	$ (36,440)	-89.4%
TOTAL - RECREATION	$ 234,951	$ 281,150	$ 299,807	$ 289,595	$ (10,212)	-3.4%

DEPARTMENT
19 PARKS

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 25,020	$ 15,011	$ 110,947	$ 114,902	$ 3,955	3.6%
SUPPLIES AND MAINTENANCE	106,510	131,639	158,700	207,200	$ 48,500	30.6%
OTHER OPERATING	6,738	932	12,140	1,640	$ (10,500)	-86.5%
CAPITAL	-	16,238	-	-	$ -	0.0%
TOTAL - PARKS DEPARTMENT	$ 138,268	$ 163,820	$ 281,787	$ 323,742	$ 41,955	14.9%

DEPARTMENT
20 COMMUNITY DEVELOPMENT

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 151,519	$ 382,097	$ 294,960	$ 205,399	$ (89,561)	-30.4%
SUPPLIES AND MAINTENANCE	$ 16,743	$ 23,726	$ 29,163	$ 36,811	$ 7,648	26.2%
OTHER OPERATING	$ 247,690	$ 10,177	$ 211,316	$ 262,398	$ 51,082	24.2%
TOTAL - COMMUNITY DEVELOPMENT	$ 415,952	$ 416,000	$ 535,439	$ 504,608	$ (30,831)	-5.8%

DEPARTMENT
21 ANIMAL CONTROL

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 119,011	$ 117,667	$ 150,322	$ 174,348	$ 24,026	16.0%
SUPPLIES AND MAINTENANCE	51,667	77,663	47,200	55,700	$ 8,500	18.0%
OTHER OPERATING	7,933	3,859	4,900	5,400	$ 500	10.2%
TOTAL - ANIMAL CONTROL	$ 178,611	$ 199,189	$ 202,422	$ 235,448	$ 33,026	16.3%

DEPARTMENT
23 LEGISLATIVE

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 72,529	$ 82,214	$ 82,570	$ 91,622	$ 9,052	11.0%
SUPPLIES AND MAINTENANCE	18,891	16,262	18,275	27,000	$ 8,725	47.7%
OTHER OPERATING	75,523	31,185	29,095	30,505	$ 1,410	4.8%
TOTAL - LEGISLATIVE	$ 166,943	$ 129,661	$ 129,940	$ 149,127	$ 19,187	14.8%

DEPARTMENT
30 SHARED SERVICES

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 85,893	$ 75,401	$ 162,849	$ 137,277	$ (25,572)	-15.7%
SUPPLIES AND MAINTENANCE	218,135	223,448	133,875	174,628	$ 40,753	30.4%
OTHER OPERATING	348,688	317,191	543,266	645,327	$ 102,061	18.8%
TOTAL - SHARED SERVICES	$ 652,716	$ 616,040	$ 839,990	$ 957,232	$ 117,242	14.0%

DEPARTMENT
NON-DEPARTMENTAL/TRANSFERS OUT

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
TRANSFER TO CAPITAL PROJECTS	$ 142,270	$ 92,311	$ 158,311	$ -	$ (158,311)	-100.0%
TRANSFER TO EOM FUND		6,000	2,500	2,500	$ -	0.0%
NON DEPT EXPENSE	57,197	77,527	50,000	50,000	$ -	0.0%
TRANSFER TO TIF SALES TAX		78,297	75,000	75,000	$ -	0%
TRANSFER TO LINK CAP REPLACEMENT *	$ -	25,000	25,000	25,000	$ -	0.0%
TRANSFER TO STRATEGIC INITIATIVE *	$ -	-	2,400,000	256,260	$ (2,143,740)	-89.3%
TRANSFER TO VEHICLE REPLACEMENT	$ -	-	-	233,133	$ 233,133	100.0%
TRANSFER TO LINK FUND	131,547	167,083	199,680	200,000	$ 320	0.2%
TOTAL - NON DEPARTMENTAL	$ 331,014	$ 446,218	$ 2,910,491	$ 841,893	$ (2,068,598)	-71.1%
TOTAL EXPENDITURES	$ 7,281,238	$ 8,141,650	$ 11,577,420	$ 10,281,682	$ (1,295,738)	-11.2%

*** Transfers out from Fund Balance**

DEPARTMENT
098-60 LINK REVENUES

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
TRANSFER FROM THE GENERAL FUND	$ 154,933	$ 167,083	$ 199,680	$ 200,000	$ 320	0.2%
LATE FEES & PENALTIES	460	10	-	-	$ -	0.0%
ONE TIME CLASSES (NOT4SENIORS)	11,799	6,747	5,400	8,000	$ 2,600	48.1%
LINK MEMBERSHIPS	61,387	62,522	74,400	74,400	$ -	0.0%
ONE DAY PASSES	3,366	4,682	5,500	4,800	$ (700)	-12.7%
FITNESS CLASSES	5,208	3,829	3,000	6,000	$ 3,000	100.0%
PERSONAL TRAINING	7,286	20,509	24,000	2,500	$ (21,500)	-89.6%
ATHLETICS	18,210	25,992	31,200	20,000	$ (11,200)	-35.9%
ALL DAY CAMPS	67,728	101,403	110,640	105,000	$ (5,640)	-5.1%
AFTER SCHOOL PROGRAM	66,943	100,010	145,350	160,000	$ 14,650	10.1%
SPECIAL EVENTS	2,857	2,213	2,000	2,500	$ 500	25.0%
SENIOR PROGRAMS	1,760	4,387	3,000	4,000	$ 1,000	33.3%
CONCESSIONS	3,630	6,816	6,000	7,200	$ 1,200	20.0%
INDOOR/OUTDOOR RENTALS	109,114	233,800	118,000	155,000	$ 37,000	31.4%
SILVER PROGRAMS	13,769	17,818	12,500	20,400	$ 7,900	63.2%
MISCELLANEOUS REVENUE	2,395	5,064	-	-	$ -	0.0%
LINK-EMPLOYEE MEMBERSHIPS	1,954	2,654	1,200	1,200	$ -	0.0%
CONTRA REV-CITY DISCOUNTS	(2,399)	(1,921)	-	-	$ -	0.0%
LINK REVENUES	**$ 530,400**	**$ 763,618**	**$ 741,870**	**$ 771,000**	**29,130**	**3.9%**

DEPARTMENT
098-61 LINK EXPENDITURES

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	**$ 329,638**	**$ 410,614**	**$ 441,368**	**$ 468,668**	$ 27,300	**6.2%**
SUPPLIES & MAINTENANCE	**$ 136,843**	**$ 170,527**	**$ 208,431**	**$ 194,535**	$ (13,896)	**-6.7%**
OTHER OPERATING	**$ 66,002**	**$ 81,099**	**$ 92,071**	**$ 107,797**	$ 15,726	**17.1%**
CAPITAL	**$ -**	**$ 19,038**	**$ -**	**$ -**	$ -	**0.0%**
LINK EXPENDITURES	**$ 532,483**	**$ 681,278**	**$ 741,870**	**$ 771,000**	**29,130**	**3.9%**

FY 2023-2024 PROPOSED BUDGET

WATER & SEWER FUND REVENUES SUMMARY	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
WATER SALES	$ 2,457,268	$ 2,475,104	$ 2,504,521	$ 2,595,900	$ 91,379	3.6%
WASTEWATER SALES	1,853,498	1,853,498	1,800,000	1,800,000	$ -	0.0%
MISCELLANEOUS INCOME	669,396	651,560	536,600	753,000	$ 216,400	40.3%
TOTAL INCOME	**$ 4,980,162**	**$ 4,980,162**	**$ 4,841,121**	**$ 5,148,900**	**$ 307,779**	**6.4%**
Transfers In	**$ 17,666**	**$ -**	**$ 2,406,753**	**$ -**	**$ (2,406,753)**	**-100.0%**

WATER & SEWER FUND EXPENSES SUMMARY	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
SHARED SERVICES	$ 320,663	$ 308,727	$ 311,427	$ 341,494	$ 30,067	9.7%
ADMINISTRATION	384,269	519,553	641,582	754,171	112,589	17.5%
DEBT SERVICE/NON DEPT.	802,014	931,332	1,004,832	1,188,143	183,311	18.2%
WATER PRODUCTION & DISTRIBUTION	1,224,943	980,990	3,633,344	1,744,698	(1,888,646)	-52.0%
WASTEWATER SERVICES	1,343,425	1,071,374	1,369,360	1,633,536	264,176	19.3%
TOTAL EXPENSES	**$ 4,075,314**	**$ 3,811,976**	**$ 6,960,545**	**$ 5,662,042**	**$ (1,298,503)**	**-18.7%**
BEGINNING (UNRESTRICTED) NET POSITION	**$ 2,356,497**	**$ 3,092,757**	**$ 2,853,018**	**$ 3,140,347**		
TRANSFERS IN (OUT)	**$ -**	**$ -**	**$ -**	**$ -**		
ENDING (UNRESTRICTED) NET POSITION	**$ 3,092,757**	**$ 2,853,018**	**$ 3,140,347**	**$ 2,627,205**		
90 DAYS RESERVE AMOUNT	*$ 919,661*	$ 939,939	$ 1,716,299	$ 1,396,120		
AMOUNT OVER/(UNDER) RESERVE REQUIREMENTS	*$ 2,173,096*	*$ 1,913,079*	*$ 1,424,048*	*$ 1,231,085*		

CITY OF RICHLAND HILLS - UTILITY FUND (FUND 002)

DEPARTMENT
54 WATER REVENUES

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PENALTY & INTEREST	$ 71,848	$ 87,761	$ 78,000	$ 84,000	$ 6,000	7.7%
SALE OF WATER	2,457,268	2,733,596	2,458,000	2,458,000	$ -	0.0%
TAP FEES	17,837	1,479	1,000	27,775	$ 26,775	2677.5%
WATER METER SETTING FEE	-	-	-	26,125	$ 26,125	100.0%
WATER REVENUES	**$ 2,546,953**	**$ 2,822,836**	**$ 2,537,000**	**$ 2,595,900**	**$ 58,900**	**2.3%**

CITY OF RICHLAND HILLS - UTILITY FUND (FUND 002)

DEPARTMENT
55 SEWER REVENUES

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
SEWER BILLING	$ 1,853,498	$ 1,874,177	$ 1,800,000	$ 1,800,000	$ -	0.0%
TOTAL - SEWER REVENUES	**$ 1,853,498**	**$ 1,874,177**	**$ 1,800,000**	**$ 1,800,000**	**$ -**	**0.0%**

CITY OF RICHLAND HILLS - UTILITY FUND (FUND 002)

DEPARTMENT
56 MISC REVENUES

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
USE OF LINES	$ 6,298	$ 7,377	5,000	5,000	$ -	0.0%
SERVICE CHARGES	3,093	2,859	2,500	2,500	-	0.0%
INVESTMENT INCOME	642	10,282	1,600	150,000	148,400	9275.0%
WASTE DISP. PROCESS. FEE	34,451	36,994	34,000	34,000	-	0.0%
SALE OF FIXED ASSETS	-	51,100	-	-	-	0.0%
MISC. REVENUE	62,730	62,927	20,000	20,000	-	0.0%
CONTRIBUTION FROM REPUBLIC	-	-	-	15,000	15,000	100.0%
GARBAGE BILLING	472,497	485,588	473,500	526,500	53,000	11.2%
TRANSFERS IN	-	7,856	2,406,753	-	(2,406,753)	-100.0%
TOTAL - MISC. REVENUES	**$ 579,711**	**$ 664,983**	**$ 2,943,353**	**$ 753,000**	**$ (2,190,353)**	**-74.4%**
TOTAL REVENUE	**$ 4,980,162**	**$ 5,361,996**	**$ 7,280,353**	**$ 5,148,900**	**(2,131,453)**	**-29.3%**

CITY OF RICHLAND HILLS - UTILITY FUND (FUND 002)

DEPARTMENT
30 SHARED SERVICES

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ -	$ -	$ -	$ -	$ -	0.0%
SUPPLIES AND MAINTENANCE	$ 93,945	$ 69,165	$ 31,908	$ 42,716	$ 10,808	33.9%
OTHER OPERATING	$ 226,718	$ 239,562	$ 279,519	$ 298,778	$ 19,259	6.9%
TOTAL - SHARED SERVICES	$ 320,663	$ 308,727	$ 311,427	$ 341,494	$ 30,067	9.7%

CITY OF RICHLAND HILLS - UTILITY FUND (FUND 002)

DEPARTMENT
62 ADMINISTRATION

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 202,092	$ 369,800	$ 410,332	$ 505,721	$ 95,389	23.2%
SUPPLIES AND MAINTENANCE	$ 46,934	$ 126,789	$ 203,667	$ 215,937	$ 12,270	6.0%
OTHER OPERATING	$ 135,243	$ 22,964	$ 27,583	$ 32,513	$ 4,930	17.9%
TOTAL - ADMINISTRATION	$ 384,269	$ 519,553	$ 641,582	$ 754,171	$ 112,589	17.5%

CITY OF RICHLAND HILLS - UTILITY FUND (FUND 002)

DEPARTMENT
64 TRANSFERS/DEBT SERVICE/00-NON DEPT.

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PRINCIPAL PAYMENT	$ 245,000	$ 399,500	$ 378,425	$ 300,500	$ (77,925)	-20.6%
INTEREST PAYMENT	91,719	92,469	75,907	285,328	209,421	275.9%
PAYING AGENT FEES	950	400	1,500	1,500	-	0.0%
HAZARDOUS WASTE DROPOFF	-	-	-	15,000	15,000	100.0%
GARBAGE BILLING	464,345	482,121	469,000	522,000	53,000	11.3%
TRANSFERS OUT VEH REPLCEM	-	47,319	-	63,815	63,815	100.0%
TRANSFERS OUT CIP/OTHER FUND	-	(90,477)	80,000	-	(80,000)	-100.0%
TOTAL - TRANSFERS/DEBT SERVIC	$ 802,014	$ 931,332	$ 1,004,832	$ 1,188,143	$ 183,311	18.2%

CITY OF RICHLAND HILLS - UTILITY FUND (FUND 002)

DEPARTMENT
66 WATER PRODUCTION& DISTRIBUTION

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 134,228	$ 192,582	$ 343,311	$ 353,851	$ 10,540	3.1%
SUPPLIES AND MAINTENANCE	213,963	115,804	187,210	247,350	$ 60,140	32.1%
OTHER OPERATING	865,753	658,604	521,070	518,497	$ (2,573)	-0.5%
CAPITAL	10,999	14,000	2,581,753	625,000	$ (1,956,753)	-75.8%
TOTAL - WATER PRODUCTION & DI	$ 1,224,943	$ 980,990	$ 3,633,344	$ 1,744,698	$ (1,888,646)	-52.0%

CITY OF RICHLAND HILLS - UTILITY FUND (FUND 002)

DEPARTMENT
67 WASTEWATER

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	$ 255,830	$ 206,812	$ 283,097	$ 208,073	$ (75,024)	-26.5%
SUPPLIES AND MAINTENANCE	138,729	50,129	63,530	64,900	$ 1,370	2.2%
OTHER OPERATING	948,866	814,433	1,022,733	1,189,650	$ 166,917	16.3%
CAPITAL	-	-	-	170,913	$ 170,913	100.0%
TOTAL - WASTEWATER	$ 1,343,425	$ 1,071,374	$ 1,369,360	$ 1,633,536	$ 264,176	19.3%
TOTAL EXPENSES	$ 4,075,314	$ 3,811,976	$ 6,960,545	$ 5,662,042	$ (1,298,503)	-18.7%

DRAINAGE UTILITY FUND (FUND 022)
DEPARTMENT
68 DRAINAGE REVENUE

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
CUSTOMER BILLING	$ 882,927	$ 834,524	$ 909,308	$ 910,200	$ 892	0.1%
MISCELLANEOUS INCOME	-	5,048	-	-	-	0.0%
SALE OF FIXED ASSETS	-	33,000	-	-	-	0.0%
INVESTMENT INCOME	56	797	150	4,200	4,050	2700.0%
TOTAL - INCOME	**$ 882,983**	**$ 873,369**	**$ 909,458**	**$ 914,400**	**$ 4,942**	**0.5%**

DRAINAGE UTILITY FUND (FUND 022)
DEPARTMENT
69 DRAINAGE EXPENSE

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PERSONNEL	**$ 128,460**	**$ 132,023**	**$ 171,164**	**$ 130,636**	**$ (40,528)**	**-23.7%**
SUPPLIES AND MAINTENANCE	**$ 202,768**	**$ 73,590**	**$ 270,110**	**$ 329,050**	**$ 58,940**	**21.8%**
OTHER OPERATING	**$ 12,413**	**$ -**	**$ -**	**$ -**	**$ -**	**0.0%**
CAPITAL	**$ -**	**$ 152,672**	**$ 5,000**	**$ 129,341**	**$ 124,341**	**2486.8%**
DEBT SERVICE	**$ 508,509**	**$ 466,454**	**$ 483,439**	**$ 475,240**	**$ (8,199)**	**-1.7%**
TRANSFER TO VEHCLE REPLACMENT	**$ -**	**$ -**	**$ -**	**$ 11,884**	**$ 11,884**	**100.0%**
TOTAL EXPENSE	**$ 852,150**	**$ 824,739**	**$ 929,713**	**$ 1,076,151**	**$ 146,438**	**15.8%**
TRANSFERS OUT						
BEGINNING (UNRESTRICTED) NET POSITION	**$ 572,322**	**$ 603,155**	**$ 677,408**	**$ 657,153**		
ENDING (UNRESTRICTED) NET POSITION	**$ 603,155**	**$ 677,408**	**$ 657,153**	**$ 495,402**		

DEPARTMENT
60/61 GENERAL DEBT SERVICE

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
CURRENT PROPERTY TAX	$ 953,700	$ 1,016,282	$ 990,917	$ 1,475,282	$ 484,365	48.9%
DELINQUENT PROPERTY TAX	4,618	4,693	5,000	5,000	-	0.0%
INTEREST & PENALTIES	6,357	6,387	5,200	5,200	-	0.0%
INTEREST INCOME	-	6,872	-	15,000	15,000	100.0%
TOTAL REVENUE	**$ 964,675**	**$ 1,034,234**	**$ 1,001,117**	**$ 1,500,482**	**$ 484,365**	**49.9%**
PAYMENT OF PRINCIPAL	$ 415,500	$ 435,500	$ 484,500	$ 815,426	$ 330,926	16.6%
AGENT AND REPORTING FEE	5,725	6,040	6,900	8,520	1,620	20.5%
PAYMENT OF INTEREST	487,265	475,263	457,444	641,283	183,839	-6.1%
TOTAL EXPENDITURES	**$ 908,490**	**$ 916,803**	**$ 948,844**	**$ 1,465,229**	**$ 516,385**	**4.4%**
BEGINNING FUND BALANCE	**$ 385,295**	**441,480**	**558,911**	**611,184**		
ENDING FUND BALANCE	**$ 441,480**	**$ 558,911**	**$ 611,184**	**$ 646,437**		

MUNICIPAL COURT SECURITY FUND
DEPARTMENT
42/43 MUNICIPAL COURT BLDG SECURITY FUND

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
REVENUE - BLDG. SECURITY	$ 5,534	$ 5,610	$ 5,500	$ 5,500	$ -	0.0%
TOTAL REVENUE	**$ 5,534**	**$ 5,610**	**$ 5,500**	**$ 5,500**	**-**	**0.0%**
PERSONNEL	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**0.0%**
SUPPLIES AND MAINTENANCE	**$ -**	**$ 756**	**$ -**	**$ 1,050**	**$ 1,050**	**100.0%**
OTHER OPERATING	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**0.0%**
TOTAL EXPENDITURES	**$ -**	**$ 756**	**$ -**	**$ 1,050**	**$ 1,050**	**100.0%**
BEGINNING FUND BALANCE	**$ 17,943**	**23,477**	**28,331**	**33,831**		
ENDING FUND BALANCE	**$ 23,477**	**$ 28,331**	**$ 33,831**	**$ 38,281**		

RICHLAND HILLS ECONOMIC DEVELOPMENT CORP (FUND 26)
DEPARTMENT
38/39 RH ECONOMIC DEVELOPMENT CORP

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
4B SALES TAX REVENUE	$ 921,073	$ 1,160,988	$ 1,178,054	$ 1,219,286	$ 41,232	3.5%
INTEREST INCOME	-	-	-	42,000	42,000	100.0%
TOTAL REVENUE	**$ 921,073**	**$ 1,160,988**	**$ 1,178,054**	**$ 1,261,286**	**$ 83,232**	**7.1%**
PERSONNEL	**$ 51,916**	**$ 131,028**	**$ 130,062**	**$ 169,340**	**$ 39,278**	**30.2%**
SUPPLIES AND MAINTENANCE	**$ 4,855**	**$ 17,970**	**$ 8,805**	**$ -**	**$ (8,805)**	**-100.0%**
OTHER OPERATING	**$ 114,283**	**$ 53,501**	**$ 209,000**	**$ 216,809**	**$ 7,809**	**3.7%**
TRANSFER TO FUND 20	**$ 445,757**	**$ -**	**$ 1,000,000**	**$ -**	**$ (1,000,000)**	**-100.0%**
TRANSFER TO SPECIAL EVENTS FUND	**$ -**	**$ -**	**$ -**	**$ 53,046**	**$ 53,046**	**100.0%**
CAPITAL	**$ -**	**$ -**	**$ -**	**$ 900,000**	**$ 900,000**	**100.0%**
DEBT SERVICE	**$ 229,913**	**$ 229,062**	**$ 228,663**	**$ 230,863**	**$ 2,200**	**1.0%**
TOTAL EXPENDITURES	**$ 846,724**	**$ 431,561**	**$ 1,576,530**	**$ 1,570,058**	**$ (6,472)**	**-0.4%**
BEGINNING FUND BALANCE	**$ 801,108**	**875,457**	**1,604,884**	**1,206,408**		
ENDING FUND BALANCE	**$ 875,457**	**$ 1,604,884**	**$ 1,206,408**	**$ 897,636**		

MUNICIPAL COURT TECHNOLOGY FUND
DEPARTMENT
75/82 MUNICIPAL COURT TECHNOLOGY FUND

DESCRIPTION	ACTUAL	ACTUAL	ADOPTED	PROPOSED	$ CHANGE	% CHANGE
MUNI CT TECH FUND	$ 4,785	$ 4,885	$ 4,800	$ 4,800	$ -	0.0%
TOTAL REVENUE	**$ 4,785**	**$ 4,885**	**$ 4,800**	**$ 4,800**	**$ -**	**0.0%**
PERSONNEL	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**0.0%**
SUPPLIES AND MAINTENANCE	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**0.0%**
OTHER OPERATING	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**0.0%**
TOTAL EXPENDITURES	**$ -**	**$ -**	**$ -**	**$ -**	**-**	**0.0%**
BEGINNING FUND BALANCE	**$ -**	**4,785**	**9,670**	**14,470**		
ENDING FUND BALANCE	**$ 4,785**	**$ 9,670**	**$ 14,470**	**$ 19,270**		

DEPARTMENT
60/61 CRIME CONTROL DISTRICT

DESCRIPTION	ACTUAL	ACTUAL	ADOPTED	PROPOSED	$ CHANGE	% CHANGE
SALES & USE TAX	$ 1,380,638	$ 1,733,824	$ 1,779,795	$ 1,842,088	$ 62,293	3.5%
GRANTS & TRANSFERS	1,742	1,603	21,760	21,760	-	0.0%
INTEREST INCOME	-	-	-	24,000	24,000	100.0%
TOTAL REVENUE	**$ 1,382,380**	**$ 1,735,427**	**$ 1,801,555**	**$ 1,887,848**	**$ 86,293**	**4.8%**
PERSONNEL	**$ 701,387**	**$ 737,956**	**$ 829,696**	**$ 966,140**	**$ 136,444**	**16.4%**
SUPPLIES AND MAINTENANCE	**$ 64,969**	**$ 80,657**	**$ 80,977**	**$ 137,457**	**$ 56,480**	**69.7%**
OTHER OPERATING	**$ 412,370**	**$ 403,807**	**$ 457,027**	**$ 435,975**	**$ (21,052)**	**-4.6%**
CAPITAL	**$ 60,598**	**$ 45,593**	**$ 78,871**	**$ 281,344**	**$ 202,473**	**256.7%**
TRANSFERS OUT	**$ -**	**$ 106,872**	**$ 50,000**	**$ 192,828**	**$ 142,828**	**285.7%**
TOTAL EXPENDITURES	**$ 1,239,324**	**$ 1,374,885**	**$ 1,496,571**	**$ 2,013,744**	**$ 517,173**	**34.6%**
BEGINNING FUND BALANCE	**$ 377,581**	**520,637**	**881,179**	**1,186,163**		
ENDING FUND BALANCE	**$ 520,637**	**$ 881,179**	**$ 1,186,163**	**$ 1,060,267**		

KEEP RICHLAND HILLS BEAUTIFUL FUND
FUND 67

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
DONATIONS/CONTRIBUTIONS	$ 17,617	$ 15,705	$ 15,000	$ -	$ (15,000)	-100.0%
TRANSFERS IN	32,982	-	-	-	-	0.0%
TOTAL REVENUE	**$ 50,599**	**$ 15,705**	**$ 15,000**	**$ -**	**$ (15,000)**	**100.0%**
BEAUTIFICATION/COMMUNITY PROJECTS	**$ 7,910**	**$ 10,772**	**$ 15,000**	**$ 12,000**	**$ (3,000)**	**-20.0%**
TOTAL EXPENDITURES	**$ 7,910**	**$ 10,772**	**$ 15,000**	**$ 12,000**	**$ (3,000)**	**0.0%**
BEGINNING FUND BALANCE	**$ 9,949**	**$ 52,638**	**$ 57,571**	**$ 57,571**		
ENDING FUND BALANCE	**$ 52,638**	**$ 57,571**	**$ 57,571**	**$ 45,571**		

HOTEL OCCUPANCY TAX FUND
60/61 HOTEL OCCUPANCY TAX

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
HOTEL OCCUPANCY TAX	$ 177,111	$ 214,587	$ 180,000	$ 252,000	$ 72,000	40.0%
INTEREST INCOME	-	-	-	7,200	7,200	100.0%
TOTAL REVENUE	**$ 177,111**	**$ 214,587**	**$ 180,000**	**$ 259,200**	**$ 79,200**	**44.0%**
PERSONNEL	**$ 67,734**	**$ 23,498**	**$ 38,656**	**$ 39,375**	**$ 719**	**1.9%**
SUPPLIES AND MAINTENANCE	**$ -**	**$ 550**	**$ -**	**$ 100,000**	**$ 100,000**	**0.0%**
OTHER OPERATING	**$ -**	**$ 55,000**	**$ 55,000**	**$ 55,000**	**$ -**	**0.0%**
DEBT SERVICE	**$ 106,062**	**$ 102,413**	**$ 105,013**	**$ 103,713**	**$ (1,300)**	**-1.2%**
TOTAL EXPENDITURES	**$ 173,796**	**$ 181,461**	**$ 198,669**	**$ 298,088**	**$ 99,419**	**50.0%**
BEGINNING FUND BALANCE	**$ 161,301**	**164,616**	**197,742**	**179,073**		
ENDING FUND BALANCE	**$ 164,616**	**$ 197,742**	**$ 179,073**	**$ 140,185**		

TAX INCREMENT FINANCING FUND (FUND 089)
DEPARTMENT
60/61TAX INCREMENT FINANCING

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
PROPERTY TAX - TRANSFER IN	$ 127,481	$ 136,472	$ 157,524	$ 192,296	$ 34,772	22.1%
INTERGOVERNMENTAL	39,663	39,102	44,185	53,349	9,164	20.7%
SALES TAX-TRANSFER IN FROM GF	68,182	72,655	75,000	75,000	-	0.0%
TOTAL REVENUE	**$ 235,326**	**$ 248,229**	**$ 276,709**	**$ 320,645**	**$ 43,936**	**15.9%**
CAPITAL IMPROVEMENTS	**$ -**	**$ -**	**$ -**	**$ 320,000**	**$ 320,000**	**0.0%**
TRANSFERS OUT	**$ 201,852**	**$ 98,574**	**$ -**	**$ -**	**$ -**	**0.0%**
OTHER OPERATING		**$ 75,713**	**$ 120,000**	**$ 430,000**	**$ 310,000**	**258.3%**
CAPITAL	**$ 95,350**	**$ 11,683**	**$ 460,000**	**$ -**	**$ (460,000)**	**-100.0%**
TOTAL EXPENDITURES	**$ 297,202**	**$ 185,970**	**$ 580,000**	**$ 750,000**	**$ 170,000**	**29.3%**
BEGINNING FUND BALANCE	**$ 944,684**	**882,808**	**945,067**	**641,776**		
ENDING FUND BALANCE	**$ 882,808**	**$ 945,067**	**$ 641,776**	**$ 212,421**		

LINK REPLACEMENT FUND
DEPARTMENT
FUND 103

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
TRANSFERS IN FROM GF	$ -	$ -	$ 25,000	$ 25,000	$ -	0.0%
TOTAL REVENUE	**$ -**	**$ -**	**$ 25,000**	**$ 25,000**	**$ -**	**0.0%**
REPLACEMENTS	**$ -**	**$ -**	**$ 25,000**	**$ 25,000**	**$ -**	**0.0%**
TOTAL EXPENDITURES	**$ -**	**$ -**	**$ 25,000**	**$ 25,000**	**-**	**0.0%**
BEGINNING FUND BALANCE			**$ -**	**$ -**		
ENDING FUND BALANCE			**$ -**	**$ -**		

EMERGENCY OPERATIONS MANAGEMENT FUND
DEPARTMENT
FUND 104

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
TRANSFERS IN FROM GF	$ -	$ -	$ 2,500	$ 2,500	$ -	0.0%
TOTAL REVENUE	**$ -**	**$ -**	**$ 2,500**	**$ 2,500**	**$ -**	**0.0%**
SUPPLIES	**$ -**	**$ -**	**$ 2,500**	**$ 2,500**	**$ -**	**0.0%**
TOTAL EXPENDITURES			**$ 2,500**	**$ 2,500**	**$ -**	**100.0%**
BEGINNING FUND BALANCE			**$ -**	**$ -**		
ENDING FUND BALANCE			**$ -**	**$ -**		

OIL & GAS FUND (FUND 012)
DEPARTMENT
60/61 OIL & GAS LEASE PROJ

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
OIL AND GAS LEASE REV	$ 74,010	$ 308,117	$ 77,000	$ 100,000	$ 23,000	29.9%
TOTAL REVENUE	**$ 74,010**	**$ 308,117**	**$ 77,000**	**$ 100,000**	**$ 23,000**	**29.9%**
MISCELLANEOUS	$ -	$ 2,357	$ -	$ 25,000	$ 25,000	100.0%
CAPITAL	107,424	51,924	-	-	-	0.0%
PARK IMPROVEMENTS	-	7,800	95,000	247,000	152,000	160.0%
TOTAL EXPENDITURES	**$ 107,424**	**$ 62,081**	**$ 95,000**	**$ 272,000**	**$ 177,000**	**186.3%**
BEGINNING FUND BALANCE	**$ 256,207**	**222,793**	**468,829**	**713,829**		
ENDING FUND BALANCE	**$ 222,793**	**$ 468,829**	**$ 450,829**	**$ 541,829**		

ROAD & STREET FUND (FUND 025)
DEPARTMENT
32/33 ROAD & STREET CONSTRUCTION FUND

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
SALES & USE TAX	$ 1,381,609	$ 1,741,482	$ 1,767,081	$ 1,828,929	$ 61,848	3.5%
TRANSFERS IN	132,553	251,480	-	-	0	0.0%
TOTAL REVENUE	**$ 1,514,162**	**$ 1,992,962**	**$ 1,767,081**	**$ 1,828,929**	**$ 61,848**	**3.5%**
STREET CONSTRUCTION	$ 652,475	$ 1,841,535	$ 2,929,388	$ 1,840,000	$ (1,089,388)	-37.2%
STREET REPAIRS & MAINT.	13,356	18,340	-	100,000	100,000	100.0%
STREET CAPITAL/EQUIP	87,212	-	-	-	-	0.0%
TOTAL EXPENDITURES	**$ 753,043**	**$ 1,859,875**	**$ 2,929,388**	**$ 1,940,000**	**$ (989,388)**	**-33.8%**
BEGINNING FUND BALANCE	**$ 1,125,837**	**1,886,956**	**2,020,043**	**2,646,417**		
ENDING FUND BALANCE	**$ 1,886,956**	**$ 2,020,043**	**$ 857,736**	**$ 2,535,346**		

VEHICLE REPLACEMENT FUND (FUND 030)

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
SALE OF FIXED ASSETS	$ 5,372	$ 23,915	$ 279,950	$ 120,000	$ (159,950)	-57.1%
MISC. REVENUE	23,673	18,708	-	-	-	0.0%
TRANSFERS IN GENERAL FD	-	-	-	233,133	233,133	100.0%
TRANSFERS IN DRN UTILITY FD	-	-	-	11,884	11,884	100.0%
TRANSFERS IN CRIME CONTROL DIST. I	-	16,860	-	192,828	192,828	100.0%
TRANSFERS IN UTILITY FUND	-	47,319	-	63,815	63,815	100.0%
TOTAL REVENUE	**$ 29,045**	**$ 106,802**	**$ 279,950**	**$ 621,660**	**$ 341,710**	122.1%
CAPITAL LEASE PAYMENTS	$ -	$ 130,322	$ 244,240	$ 339,702	$ 95,462	39.1%
CAPITAL PURCHASES	-	7,536	25,000	118,200	93,200	372.8%
CAPITAL EXPENDITURES	**$ -**	**$ 137,858**	**$ 269,240**	**$ 457,902**	**$ 188,662**	70.1%
MAINT/GAS		-	20,000	158,758	138,758	100.0%
MISC EXPENSES	18,390	-	-	5,000	5,000	100.0%
MISC EXPENSES	**$ 18,390**	**$ -**	**$ 20,000**	**$ 163,758**	**$ 143,758**	**100.0%**
TOTAL EXPENDITURES	**$ 18,390**	**$ 137,858**	**$ 289,240**	**$ 621,660**	**$ 332,420**	**114.9%**
BEGINNING FUND BALANCE	**$ 22,885**	**33,540**	**2,484**	**(6,806)**		
ENDING FUND BALANCE	**$ 33,540**	**$ 2,484**	**$ (6,806)**	**$ (6,806)**		

ARPA FUND 101

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
GRANTS/TRANSFERS IN	$ -	$ 202,578	$ 1,768,541	$ 1,628,404	(140,137)	-100.0%
INTEREST INCOME	-	5,677	-	24,000	24,000	100.0%
TOTAL REVENUE	**$ -**	**$ 208,255**	**$ 1,768,541**	**$ 1,652,404**	**$ (116,137)**	**100.0%**
WATER INFRASTRUCTURE		90,477	1,500,000	1,448,404	(51,596)	100.0%
PROJECT APPROPRIATIONS			171,768	180,000	8,232	100.0%
EQUIPMENT		12,599	-	-	-	0.0%
CAPITAL EXPENDITURES	**$ -**	**$ 103,076**	**$ 1,671,768**	**$ 1,628,404**	**$ (43,364)**	**100.0%**
PERSONNEL EXPENSES		99,501	-	-	-	100.0%
MISC EXPENSES	**$ -**	**$ 99,501**	**$ -**	**$ -**	**$ -**	**100.0%**
TOTAL EXPENDITURES	**$ -**	**$ 202,577**	**$ 1,671,768**	**$ 1,628,404**	**$ (43,364)**	**100.0%**
BEGINNING FUND BALANCE		**-**	**5,678**	**102,451**		
ENDING FUND BALANCE	**$ -**	**$ 5,678**	**$ 102,451**	**$ 126,451**		

STRATEGIC INITIATIVE FUND

FUND 107

DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ADOPTED	FY 2024 PROPOSED	FY 2024 TO FY 2023 $ CHANGE	FY 2024 TO FY 2023 % CHANGE
TRANSFERS IN FROM GF	$ -	$ -	$ 2,400,000	$ 256,260	(2,143,740)	-89.3%
TOTAL REVENUE	**$ -**	**$ -**	**$ 2,400,000**	**$ 256,260**	**$ (2,143,740)**	**100.0%**
TECHNOLOGY - CAPITAL			**111,000**	**225,000**	**114,000**	102.7%
FACILITY IMPROVEMENT			**325,000**	**300,000**	**(25,000)**	-7.7%
ANIMAL SHELTER PARKING			**-**	**105,000**	**105,000**	100.0%
COMPREHENSIVE PLAN UPDATE			**-**	**225,000**	**225,000**	100.0%
MISCELLANEOUS CAPITAL EXPENSE			**255,000**	**-**	**(255,000)**	-100.0%
TOTAL EXPENDITURES			**$ 691,000**	**$ 855,000**	**164,000**	**100.0%**
BEGINNING FUND BALANCE			**-**	**1,709,000**		
ENDING FUND BALANCE			**$ 1,709,000**	**$ 1,110,260**		

City of Richland Hills
FY 2024 Annual Budget
Five Year Capital Improvement Plan

Funding Source	Project Name	Project Cost Estimate	Budget FY 2024	Estimated FY 2025	Estimated FY 2026	Estimated FY 2027	Estimated FY 2028	Total Cost
RHDC Sales Tax Fund	Kate Baker Park Restroom/Pavilion/Parking Impr	$ 450,000	$ 450,000	$ -	$ -	$ -	$ -	$ 450,000
RHDC Sales Tax Fund	Rosebud Park Restroom/Pavilion/Parking Impr	$ 450,000	$ 450,000	$ -	$ -	$ -	$ -	$ 450,000
Street Impr Sales Tax Fund	Magnolia Park Drive reconstruction	$ 1,840,000	$ 1,840,000	$ -	$ -	$ -	$ -	$ 1,840,000
Street Impr Sales Tax Fund	Glenview Drive reconstruction (reserve for FY 2028 project)	$ -	$ -	$ 1,500,000	$ 1,500,000	$1,500,000	$1,500,000	$ 6,000,000
2023 Bond Issuance	Jameson Street (Street Reconstruction) *	$ 1,080,000	$ 1,080,000	$ -	$ -	$ -	$ -	$ 1,080,000
2023 Bond Issuance	Joanne Court (Street Reconstruction) *	$ 530,000	$ 530,000	$ -	$ -	$ -	$ -	$ 530,000
2023 Bond Issuance	Mary Boaz Drive- 1 (Street Reconstruction) *	$ 926,000	$ 926,000	$ -	$ -	$ -	$ -	$ 926,000
2023 Bond Issuance	Mary Boaz Drive- 2 (Street Reconstruction) *	$ 795,000	$ 795,000	$ -	$ -	$ -	$ -	$ 795,000
2023 Bond Issuance	Brooks Avenue (Street Reconstruction) *	$ 1,150,000	$ 1,150,000	$ -	$ -	$ -	$ -	$ 1,150,000
2023 Bond Issuance	Oxley Drive (Street Reconstruction) *	$ 1,680,000	$ 1,680,000	$ -	$ -	$ -	$ -	$ 1,680,000
2024 Bond Issuance	Street Reconstruction (neighborhood streets)	$ -	$ -	$ 8,160,000	$ -	$ -	$ -	$ 8,160,000
2025 Bond Issuance	Street Reconstruction (neighborhood streets)	$ -	$ -	$ -	$ 11,450,000	$ -	$ -	$ 11,450,000
Oil & Gas Fund	Hike & Bike Trailhead	$ 200,000	$ 200,000	$ -	$ -	$ -	$ -	$ 200,000
CCPD	Law Enforcement Center Improvements	$ 130,000	$ 130,000	$ -	$ -	$ -	$ -	$ 130,000
ARPA	Water System Backup Power Generation	$ 1,448,404	$ 1,448,404	$ -	$ -	$ -	$ -	$ 1,448,404
ARPA	Broadband Impr	$ 180,000	$ 180,000	$ -	$ -	$ -	$ -	$ 180,000
Strategic Initiative Fund	Animal Services Parking Lot Improvements	$ 105,000	$ 105,000	$ -	$ -	$ -	$ -	$ 105,000
Strategic Initiative Fund	Fire Administration & Public Works Design	$ 175,000	$ 175,000	$ -	$ -	$ -	$ -	$ 175,000
Drainage	Latham Channel Drainage Improvements	$ 129,341	$ 129,341	$ -	$ -	$ -	$ -	$ 129,341
	Total	$ 11,498,745	$ 11,498,745	$ 9,660,000	$ 12,950,000	$1,500,000	$1,500,000	$ 37,108,745

* Includes water/sewer line replacements

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Candice Edmondson, City Manager

Date: September 11, 2023

Subject: FY 2024 Tax Rate Public Hearing

Agenda Item:

Fiscal Year 2024 Tax Rate **PUBLIC HEARING**

Background Information:

At the August 14, 2023 Council meeting, the City Manager presented the proposed FY 2024 General Fund Budget that included a proposed ad valorem tax rate of $0.522689 per hundred dollars of valuation. Additionally, Council approved the FY 2024 /Tax Year 2023 Certified Tax Roll and reviewed the 2023 Tax Rate Calculation Worksheet. Per the attached 2023 Tax Rate Calculation Worksheet, the calculated No-New-Revenue Rate (formerly known as the Effective Tax Rate) is $0.459704/$100.

As the proposed tax rate is $0.522689 and greater than the No-New-Revenue Rate of $0.459704, a public hearing is required prior to tax rate adoption to allow for public input on the proposed tax rate. This agenda item provides for the required public hearing.

The proposed FY 2024 ad valorem tax rate is lower than the current FY 2023 ad valorem tax rate of $0.538885 by $0.016196 cents. The FY 2024 allocation of the tax rate is $0.361700 for Operations and Maintenance that funds General Fund operations, and $0.160989 for Interest and Sinking that funds debt service payments, for a total ad valorem tax rate of $0.522689.

Financial Considerations:

The FY 2024 ad valorem tax levy provides a portion of funding for the FY 2024 General Fund Budget and is the primary source of revenue for repayment of outstanding debt in the FY 2024 Debt Service Fund Budget. Funding for public safety and general city services is derived from property taxes otherwise known as ad valorem taxes.

Legal Review:

N/A

Board/Citizen Input:

Tonight's public hearing will allow citizens to provide input on the proposed FY 2024 ad valorem tax rate. City Council will consider approval and adoption of the proposed tax rate on September 25, 2023.

Attachments:

2023 Tax Rate Calculation Worksheet

Council Action Requested:

Public Hearing Only

2023 Tax Rate Calculation Worksheet
Taxing Units Other Than School Districts or Water Districts

Form 50-856

City of Richland Hills	817-616-3800
Taxing Unit Name	Phone *(area code and number)*
3200 Diana Drive Richland Hills, Texas 76118	www.richlandhill.com
Taxing Unit's Address, City, State, ZIP Code	Taxing Unit's Website Address

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue (NNR) tax rate and voter-approval tax rate for the taxing unit. These tax rates are expressed in dollars per $100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

School districts do not use this form, but instead use Comptroller Form 50-859 *Tax Rate Calculation Worksheet, School District without Chapter 313 Agreements* or Comptroller Form 50-884 *Tax Rate Calculation Worksheet, School District with Chapter 313 Agreements.*

Water districts as defined under Water Code Section 49.001(1) do not use this form, but instead use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* or Comptroller Form 50-860 *Developed Water District Voter-Approval Tax Rate Worksheet.*

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: No-New-Revenue Tax Rate

The NNR tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the NNR tax rate should decrease.

The NNR tax rate for a county is the sum of the NNR tax rates calculated for each type of tax the county levies.

While uncommon, it is possible for a taxing unit to provide an exemption for only maintenance and operations taxes. In this case, the taxing unit will need to calculate the NNR tax rate separately for the maintenance and operations tax and the debt tax, then add the two components together.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	**2022 total taxable value.** Enter the amount of 2022 taxable value on the 2022 tax roll today. Include any adjustments since last year's certification; exclude Tax Code Section 25.25(d) one-fourth and one-third over-appraisal corrections from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 6). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2) and the captured value for tax increment financing (adjustment is made by deducting TIF taxes, as reflected in Line 17).[1]	$ 847,977,977
2.	**2022 tax ceilings.** Counties, cities and junior college districts. Enter 2022 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2022 or a prior year for homeowners age 65 or older or disabled, use this step.[2]	$ 136,400,880
3.	**Preliminary 2022 adjusted taxable value.** Subtract Line 2 from Line 1.	$ 711,577,097
4.	**2022 total adopted tax rate.**	$ 0.538885 /$100
5.	**2022 taxable value lost because court appeals of ARB decisions reduced 2022 appraised value.**	
	A. Original 2022 ARB values: $ 21,074,942	
	B. 2022 values resulting from final court decisions: - $ 17,821,950	
	C. 2022 value loss. Subtract B from A.[3]	$ 3,252,992
6.	**2022 taxable value subject to an appeal under Chapter 42, as of July 25.**	
	A. 2022 ARB certified value: $ 8,310,893	
	B. 2022 disputed value: - $ 2,077,723	
	C. 2022 undisputed value. Subtract B from A.[4]	$ 6,233,170
7.	**2022 Chapter 42 related adjusted values.** Add Line 5C and Line 6C.	$ 9,486,162

[1] Tex. Tax Code §26.012(14)
[2] Tex. Tax Code §26.012(14)
[3] Tex. Tax Code §26.012(13)
[4] Tex. Tax Code §26.012(13)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
8.	**2022 taxable value, adjusted for actual and potential court-ordered adjustments.** Add Line 3 and Line 7.	$ 721,063,259
9.	**2022 taxable value of property in territory the taxing unit deannexed after Jan. 1, 2022.** Enter the 2022 value of property in deannexed territory. [5]	$ 0
10.	**2022 taxable value lost because property first qualified for an exemption in 2023.** If the taxing unit increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freeport, goods-in-transit, temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in 2023 does not create a new exemption or reduce taxable value.	
	A. **Absolute exemptions.** Use 2022 market value: $ 0	
	B. **Partial exemptions.** 2023 exemption amount or 2023 percentage exemption times 2022 value: + $ 1,942,724	
	C. **Value loss.** Add A and B. [6]	$ 1,942,724
11.	**2022 taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in 2023.** Use only properties that qualified in 2023 for the first time; do not use properties that qualified in 2022.	
	A. **2022 market value:** $ 0	
	B. **2023 productivity or special appraised value:** - $ 0	
	C. **Value loss.** Subtract B from A. [7]	$ 0
12.	**Total adjustments for lost value.** Add Lines 9, 10C and 11C.	$ 1,942,724
13.	**2022 captured value of property in a TIF.** Enter the total value of 2022 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which 2022 taxes were deposited into the tax increment fund. [8] If the taxing unit has no captured appraised value in line 18D, enter 0.	$ 27,985,785
14.	**2022 total value.** Subtract Line 12 and Line 13 from Line 8.	$ 691,134,750
15.	**Adjusted 2022 total levy.** Multiply Line 4 by Line 14 and divide by $100.	$ 3,724,421
16.	**Taxes refunded for years preceding tax year 2022.** Enter the amount of taxes refunded by the taxing unit for tax years preceding tax year 2022. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2022. This line applies only to tax years preceding tax year 2022. [9]	$ 22,158
17.	**Adjusted 2022 levy with refunds and TIF adjustment.** Add Lines 15 and 16. [10]	$ 3,746,579
18.	**Total 2023 taxable value on the 2023 certified appraisal roll today.** This value includes only certified values or certified estimate of values and includes the total taxable value of homesteads with tax ceilings (will deduct in Line 20). These homesteads include homeowners age 65 or older or disabled. [11]	
	A. **Certified values:** $ 946,539,167	
	B. **Counties:** Include railroad rolling stock values certified by the Comptroller's office: + $	
	C. **Pollution control and energy storage system exemption:** Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property: - $ 0	
	D. **Tax increment financing:** Deduct the 2023 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the 2023 taxes will be deposited into the tax increment fund. Do not include any new property value that will be included in Line 23 below. [12] - $ 37,311,294	
	E. **Total 2023 value.** Add A and B, then subtract C and D.	$ 909,227,873

[5] Tex. Tax Code §26.012(15)
[6] Tex. Tax Code §26.012(15)
[7] Tex. Tax Code §26.012(15)
[8] Tex. Tax Code §26.03(c)
[9] Tex. Tax Code §26.012(13)
[10] Tex. Tax Code §26.012(13)
[11] Tex. Tax Code §26.012, 26.04(c-2)
[12] Tex. Tax Code §26.03(c)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
19.	**Total value of properties under protest or not included on certified appraisal roll.** [13] **A. 2023 taxable value of properties under protest.** The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest. [14] .... $ 39,961,353 **B. 2023 value of properties not under protest or included on certified appraisal roll.** The chief appraiser gives taxing units a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties also are not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value of property not on the certified roll. [15] .... + $ 7,718,691 **C. Total value under protest or not certified.** Add A and B.	$ 47,680,044
20.	**2023 tax ceilings.** Counties, cities and junior colleges enter 2023 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2022 or a prior year for homeowners age 65 or older or disabled, use this step.[16]	$ 141,368,944
21.	**2023 total taxable value.** Add Lines 18E and 19C. Subtract Line 20. [17]	$ 815,538,973
22.	**Total 2023 taxable value of properties in territory annexed after Jan. 1, 2022.** Include both real and personal property. Enter the 2023 value of property in territory annexed. [18]	$ 0
23.	**Total 2023 taxable value of new improvements and new personal property located in new improvements.** New means the item was not on the appraisal roll in 2022. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the taxing unit after Jan. 1, 2022 and be located in a new improvement. New improvements **do** include property on which a tax abatement agreement has expired for 2023. [19]	$ 542,470
24.	**Total adjustments to the 2023 taxable value.** Add Lines 22 and 23.	$ 542,470
25.	**Adjusted 2023 taxable value.** Subtract Line 24 from Line 21.	$ 814,996,503
26.	**2023 NNR tax rate.** Divide Line 17 by Line 25 and multiply by $100. [20]	$ 0.459704 /$100
27.	**COUNTIES ONLY.** Add together the NNR tax rates for each type of tax the county levies. The total is the 2023 county NNR tax rate. [21]	$ ______ /$100

SECTION 2: Voter-Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. The voter-approval tax rate is split into two separate rates:

1. **Maintenance and Operations (M&O) Tax Rate:** The M&O portion is the tax rate that is needed to raise the same amount of taxes that the taxing unit levied in the prior year plus the applicable percentage allowed by law. This rate accounts for such things as salaries, utilities and day-to-day operations.
2. **Debt Rate:** The debt rate includes the debt service necessary to pay the taxing unit's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The voter-approval tax rate for a county is the sum of the voter-approval tax rates calculated for each type of tax the county levies. In most cases the voter-approval tax rate exceeds the no-new-revenue tax rate, but occasionally decreases in a taxing unit's debt service will cause the NNR tax rate to be higher than the voter-approval tax rate.

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
28.	**2022 M&O tax rate.** Enter the 2022 M&O tax rate.	$ 0.413628 /$100
29.	**2022 taxable value, adjusted for actual and potential court-ordered adjustments.** Enter the amount in Line 8 of the *No-New-Revenue Tax Rate Worksheet.*	$ 721,063,259

[13] Tex. Tax Code §26.01(c) and (d)
[14] Tex. Tax Code §26.01(c)
[15] Tex. Tax Code §26.01(d)
[16] Tex. Tax Code §26.012(6)(B)
[17] Tex. Tax Code §26.012(6)
[18] Tex. Tax Code §26.012(17)
[19] Tex. Tax Code §26.012(17)
[20] Tex. Tax Code §26.04(c)
[21] Tex. Tax Code §26.04(d)

Line	Voter-Approval Tax Rate Worksheet		Amount/Rate
30.	**Total 2022 M&O levy.** Multiply Line 28 by Line 29 and divide by $100		$ 2,982,519
31.	**Adjusted 2022 levy for calculating NNR M&O rate.**		
	A. **M&O taxes refunded for years preceding tax year 2022.** Enter the amount of M&O taxes refunded in the preceding year for taxes before that year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2022. This line applies only to tax years preceding tax year 2022.	+ $ 16,469	
	B. **2022 taxes in TIF.** Enter the amount of taxes paid into the tax increment fund for a reinvestment zone as agreed by the taxing unit. If the taxing unit has no 2023 captured appraised value in Line 18D, enter 0.	– $ 150,811	
	C. **2022 transferred function.** If discontinuing all of a department, function or activity and transferring it to another taxing unit by written contract, enter the amount spent by the taxing unit discontinuing the function in the 12 months preceding the month of this calculation. If the taxing unit did not operate this function for this 12-month period, use the amount spent in the last full fiscal year in which the taxing unit operated the function. The taxing unit discontinuing the function will subtract this amount in D below. The taxing unit receiving the function will add this amount in D below. Other taxing units enter 0.	+/- $ 0	
	D. **2022 M&O levy adjustments.** Subtract B from A. For taxing unit with C, subtract if discontinuing function and add if receiving function.	$ -134,342	
	E. Add Line 30 to 31D.		$ 2,848,177
32.	**Adjusted 2023 taxable value.** Enter the amount in Line 25 of the *No-New-Revenue Tax Rate Worksheet.*		$ 814,996,503
33.	**2023 NNR M&O rate (unadjusted).** Divide Line 31E by Line 32 and multiply by $100.		$ 0.349471 /$100
34.	**Rate adjustment for state criminal justice mandate.** [23] **If not applicable or less than zero, enter 0.**		
	A. **2023 state criminal justice mandate.** Enter the amount spent by a county in the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose.	$ 0	
	B. **2022 state criminal justice mandate.** Enter the amount spent by a county in the 12 months prior to the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. Enter zero if this is the first time the mandate applies.	– $ 0	
	C. Subtract B from A and divide by Line 32 and multiply by $100.	$ 0 /$100	
	D. Enter the rate calculated in C. If not applicable, enter 0.		$ 0 /$100
35.	**Rate adjustment for indigent health care expenditures.** [24] **If not applicable or less than zero, enter 0.**		
	A. **2023 indigent health care expenditures.** Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2022 and ending on June 30, 2023, less any state assistance received for the same purpose.	$ 0	
	B. **2022 indigent health care expenditures.** Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2021 and ending on June 30, 2022, less any state assistance received for the same purpose.	– $ 0	
	C. Subtract B from A and divide by Line 32 and multiply by $100.	$ 0 /$100	
	D. Enter the rate calculated in C. If not applicable, enter 0.		$ 0 /$100

[22] [Reserved for expansion]
[23] Tex. Tax Code §26.044
[24] Tex. Tax Code §26.0441

Line	Voter-Approval Tax Rate Worksheet		Amount/Rate
36.	**Rate adjustment for county indigent defense compensation.** [25] **If not applicable or less than zero, enter 0.**		
	A. **2023 indigent defense compensation expenditures.** Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2022 and ending on June 30, 2023, less any state grants received by the county for the same purpose.	$ 0	
	B. **2022 indigent defense compensation expenditures.** Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2021 and ending on June 30, 2022, less any state grants received by the county for the same purpose.	$ 0	
	C. Subtract B from A and divide by Line 32 and multiply by $100.	$ 0 /$100	
	D. Multiply B by 0.05 and divide by Line 32 and multiply by $100.	$ 0 /$100	
	E. Enter the lesser of C and D. If not applicable, enter 0.		$ 0 /$100
37.	**Rate adjustment for county hospital expenditures.** [26] **If not applicable or less than zero, enter 0.**		
	A. **2023 eligible county hospital expenditures.** Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2022 and ending on June 30, 2023.	$ 0	
	B. **2022 eligible county hospital expenditures.** Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2021 and ending on June 30, 2022.	$ 0	
	C. Subtract B from A and divide by Line 32 and multiply by $100.	$ 0 /$100	
	D. Multiply B by 0.08 and divide by Line 32 and multiply by $100.	$ 0 /$100	
	E. Enter the lesser of C and D, if applicable. If not applicable, enter 0.		$ 0 /$100
38.	**Rate adjustment for defunding municipality.** This adjustment only applies to a municipality that is considered to be a defunding municipality for the current tax year under Chapter 109, Local Government Code. Chapter 109, Local Government Code only applies to municipalities with a population of more than 250,000 and includes a written determination by the Office of the Governor. See Tax Code Section 26.0444 for more information.		
	A. **Amount appropriated for public safety in 2022.** Enter the amount of money appropriated for public safety in the budget adopted by the municipality for the preceding fiscal year	$ 0	
	B. **Expenditures for public safety in 2022.** Enter the amount of money spent by the municipality for public safety during the preceding fiscal year	$ 0	
	C. Subtract B from A and divide by Line 32 and multiply by $100	$ 0 /$100	
	D. Enter the rate calculated in C. If not applicable, enter 0.		$ 0 /$100
39.	**Adjusted 2023 NNR M&O rate.** Add Lines 33, 34D, 35D, 36E, and 37E. Subtract Line 38D.		$ 0.349471 /$100
40.	**Adjustment for 2022 sales tax specifically to reduce property taxes.** Cities, counties and hospital districts that collected and spent additional sales tax on M&O expenses in 2022 should complete this line. These entities will deduct the sales tax gain rate for 2023 in Section 3. Other taxing units, enter zero.		
	A. Enter the amount of additional sales tax collected and spent on M&O expenses in 2022, if any. Counties must exclude any amount that was spent for economic development grants from the amount of sales tax spent	$ 0	
	B. Divide Line 40A by Line 32 and multiply by $100	$ 0 /$100	
	C. Add Line 40B to Line 39.		$ 0.349471 /$100
41.	**2023 voter-approval M&O rate.** Enter the rate as calculated by the appropriate scenario below. **Special Taxing Unit.** If the taxing unit qualifies as a special taxing unit, multiply Line 40C by 1.08. - or - **Other Taxing Unit.** If the taxing unit does not qualify as a special taxing unit, multiply Line 40C by 1.035.		$ 0.361702 /$100

[25] Tex. Tax Code §26.0442
[26] Tex. Tax Code §26.0443

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
D41.	*Disaster Line 41 (D41):* **2023 voter-approval M&O rate for taxing unit affected by disaster declaration.** If the taxing unit is located in an area declared a disaster area and at least one person is granted an exemption under Tax Code Section 11.35 for property located in the taxing unit, the governing body may direct the person calculating the voter-approval tax rate to calculate in the manner provided for a special taxing unit. The taxing unit shall continue to calculate the voter-approval tax rate in this manner until the earlier of 1) the first year in which total taxable value on the certified appraisal roll exceeds the total taxable value of the tax year in which the disaster occurred, or 2) the third tax year after the tax year in which the disaster occurred If the taxing unit qualifies under this scenario, multiply Line 40C by 1.08. [27] If the taxing unit does not qualify, do not complete Disaster Line 41 (Line D41).	$ 0 /$100
42.	**Total 2023 debt to be paid with property taxes and additional sales tax revenue.** Debt means the interest and principal that will be paid on debts that: **(1)** are paid by property taxes, **(2)** are secured by property taxes, **(3)** are scheduled for payment over a period longer than one year, and **(4)** are not classified in the taxing unit's budget as M&O expenses. **A. Debt** also includes contractual payments to other taxing units that have incurred debts on behalf of this taxing unit, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. If the governing body of a taxing unit authorized or agreed to authorize a bond, warrant, certificate of obligation, or other evidence of indebtedness on or after Sept. 1, 2021, verify if it meets the amended definition of debt before including it here. [28] Enter debt amount .... $ 1,456,706 **B.** Subtract **unencumbered fund amount** used to reduce total debt. .... –$ 0 **C.** Subtract **certified amount spent from sales tax to reduce debt** (enter zero if none) .... –$ 0 **D.** Subtract **amount paid** from other resources .... –$ 0 **E. Adjusted debt.** Subtract B, C and D from A.	$ 1,456,706
43.	**Certified 2022 excess debt collections.** Enter the amount certified by the collector. [29]	$ 143,777
44.	**Adjusted 2023 debt.** Subtract Line 43 from Line 42E.	$ 1,312,929
45.	**2023 anticipated collection rate.** **A.** Enter the 2023 anticipated collection rate certified by the collector. [30] .... 100.00 % **B.** Enter the 2022 actual collection rate. .... 100.14 % **C.** Enter the 2021 actual collection rate. .... 99.93 % **D.** Enter the 2020 actual collection rate. .... 100.78 % **E.** If the anticipated collection rate in A is lower than actual collection rates in B, C and D, enter the lowest collection rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. [31]	100.00 %
46.	**2023 debt adjusted for collections.** Divide Line 44 by Line 45E.	$ 1,312,929
47.	**2023 total taxable value.** Enter the amount on Line 21 of the *No-New-Revenue Tax Rate Worksheet.*	$ 815,538,973
48.	**2023 debt rate.** Divide Line 46 by Line 47 and multiply by $100.	$ 0.160989 /$100
49.	**2023 voter-approval tax rate.** Add Lines 41 and 48.	$ 0.522691 /$100
D49.	*Disaster Line 49 (D49):* **2023 voter-approval tax rate for taxing unit affected by disaster declaration.** Complete this line if the taxing unit calculated the voter-approval tax rate in the manner provided for a special taxing unit on Line D41. Add Line D41 and 48.	$ ____ /$100

[27] Tex. Tax Code §26.042(a)
[28] Tex. Tax Code §26.012(7)
[29] Tex. Tax Code §26.012(10) and 26.04(b)
[30] Tex. Tax Code §26.04(b)
[31] Tex. Tax Code §§26.04(h), (h-1) and (h-2)

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
50.	**COUNTIES ONLY.** Add together the voter-approval tax rates for each type of tax the county levies. The total is the 2023 county voter-approval tax rate.	$ 0 /$100

SECTION 3: NNR Tax Rate and Voter-Approval Tax Rate Adjustments for Additional Sales Tax to Reduce Property Taxes

Cities, counties and hospital districts may levy a sales tax specifically to reduce property taxes. Local voters by election must approve imposing or abolishing the additional sales tax. If approved, the taxing unit must reduce its NNR and voter-approval tax rates to offset the expected sales tax revenue.

This section should only be completed by a county, city or hospital district that is required to adjust its NNR tax rate and/or voter-approval tax rate because it adopted the additional sales tax.

Line	Additional Sales and Use Tax Worksheet	Amount/Rate
51.	**Taxable Sales.** For taxing units that adopted the sales tax in November 2022 or May 2023, enter the Comptroller's estimate of taxable sales for the previous four quarters. [32] Estimates of taxable sales may be obtained through the Comptroller's Allocation Historical Summary webpage. Taxing units that adopted the sales tax before November 2022, enter 0.	$ 0
52.	**Estimated sales tax revenue.** Counties exclude any amount that is or will be spent for economic development grants from the amount of estimated sales tax revenue. [33] **Taxing units that adopted the sales tax in November 2022 or in May 2023.** Multiply the amount on Line 51 by the sales tax rate (.01, .005 or .0025, as applicable) and multiply the result by .95. [34] **- or -** **Taxing units that adopted the sales tax before November 2022.** Enter the sales tax revenue for the previous four quarters. Do not multiply by .95.	$ 0
53.	**2023 total taxable value.** Enter the amount from Line 21 of the *No-New-Revenue Tax Rate Worksheet.*	$ 815,538,973
54.	**Sales tax adjustment rate.** Divide Line 52 by Line 53 and multiply by $100.	$ 0 /$100
55.	**2023 NNR tax rate, unadjusted for sales tax.**[35] Enter the rate from Line 26 or 27, as applicable, on the *No-New-Revenue Tax Rate Worksheet.*	$ 0.459704 /$100
56.	**2023 NNR tax rate, adjusted for sales tax.** **Taxing units that adopted the sales tax in November 2022 or in May 2023.** Subtract Line 54 from Line 55. Skip to Line 57 if you adopted the additional sales tax before November 2022.	$ 0.459704 /$100
57.	**2023 voter-approval tax rate, unadjusted for sales tax.**[36] Enter the rate from Line 49, Line D49 (disaster) or Line 50 (counties) as applicable, of the *Voter-Approval Tax Rate Worksheet.*	$ 0.522691 /$100
58.	**2023 voter-approval tax rate, adjusted for sales tax.** Subtract Line 54 from Line 57.	$ 0.522691 /$100

SECTION 4: Voter-Approval Tax Rate Adjustment for Pollution Control

A taxing unit may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The taxing unit's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The taxing unit must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a taxing unit that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
59.	**Certified expenses from the Texas Commission on Environmental Quality (TCEQ).** Enter the amount certified in the determination letter from TCEQ. [37] The taxing unit shall provide its tax assessor-collector with a copy of the letter. [38]	$ 0
60.	**2023 total taxable value.** Enter the amount from Line 21 of the *No-New-Revenue Tax Rate Worksheet.*	$ 815,538,973
61.	**Additional rate for pollution control.** Divide Line 59 by Line 60 and multiply by $100.	$ 0 /$100
62.	**2023 voter-approval tax rate, adjusted for pollution control.** Add Line 61 to one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties) or Line 58 (taxing units with the additional sales tax).	$ 0.522691 /$100

[32] Tex. Tax Code §26.041(d)
[33] Tex. Tax Code §26.041(i)
[34] Tex. Tax Code §26.041(d)
[35] Tex. Tax Code §26.04(c)
[36] Tex. Tax Code §26.04(c)
[37] Tex. Tax Code §26.045(d)
[38] Tex. Tax Code §26.045(i)

SECTION 5: Voter-Approval Tax Rate Adjustment for Unused Increment Rate

The unused increment rate is the rate equal to the difference between the adopted tax rate and voter-approval tax rate adjusted to remove the unused increment rate for the prior three years. [39] In a year where a taxing unit adopts a rate by applying any portion of the unused increment rate, the portion of the unused increment rate must be backed out of the calculation for that year.

The difference between the adopted tax rate and adjusted voter-approval tax rate is considered zero in the following scenarios:

- a tax year before 2020; [40]
- a tax year in which the municipality is a defunding municipality, as defined by Tax Code Section 26.0501(a); [41] or
- after Jan. 1, 2022, a tax year in which the comptroller determines that the county implemented a budget reduction or reallocation described by Local Government Code Section 120.002(a) without the required voter approval. [42]

Individual components can be negative, but the overall rate would be the greater of zero or the calculated rate.

This section should only be completed by a taxing unit that does not meet the definition of a special taxing unit. [43]

Line	Unused Increment Rate Worksheet		Amount/Rate
63.	**Year 3 component.** Subtract the 2022 actual tax rate and the 2022 unused increment rate from the 2022 voter-approval tax rate.		
	A. Voter-approval tax rate (Line 67)	$ 0.540096 /$100	
	B. Unused increment rate (Line 66)	$ 0.027757 /$100	
	C. Subtract B from A	$ 0.512339 /$100	
	D. Adopted Tax Rate	$ 0.538885 /$100	
	E. Subtract D from C	$ -0.026546 /$100	
64.	**Year 2 component.** Subtract the 2021 actual tax rate and the 2021 unused increment rate from the 2021 voter-approval tax rate.		
	A. Voter-approval tax rate (Line 67)	$ 0.586308 /$100	
	B. Unused increment rate (Line 66)	$ 0.032449 /$100	
	C. Subtract B from A	$ 0.553859 /$100	
	D. Adopted Tax Rate	$ 0.558551 /$100	
	E. Subtract D from C	$ -0.004692 /$100	
65.	**Year 1 component.** Subtract the 2020 actual tax rate and the 2020 unused increment rate from the 2020 voter-approval tax rate.		
	A. Voter-approval tax rate (Line 65)	$ 0.591000 /$100	
	B. Unused increment rate (Line 64)	$ 0 /$100	
	C. Subtract B from A	$ 0.591000 /$100	
	D. Adopted Tax Rate	$ 0.558551 /$100	
	E. Subtract D from C	$ 0.032449 /$100	
66.	**2023 unused increment rate.** Add Lines 63E, 64E and 65E.		$ 0.001211 /$100
67.	**Total 2023 voter-approval tax rate, including the unused increment rate.** Add Line 66 to one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (taxing units with the additional sales tax) or Line 62 (taxing units with pollution control).		$ 0.523902 /$100

[39] Tex. Tax Code §26.013(a)
[40] Tex. Tax Code §26.013(c)
[41] Tex. Tax Code §§26.0501(a) and (c)
[42] Tex. Local Gov't Code §120.007(d), effective Jan. 1, 2022
[43] Tex. Tax Code §26.063(a)(1)
[44] Tex. Tax Code §26.012(8-a)
[45] Tex. Tax Code §26.063(a)(1)

SECTION 6: De Minimis Rate

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate, the rate that will raise $500,000, and the current debt rate for a taxing unit. [44]

This section should only be completed by a taxing unit that is a municipality of less than 30,000 or a taxing unit that does not meet the definition of a special taxing unit. [45]

Line	De Minimis Rate Worksheet	Amount/Rate
68.	**Adjusted 2023 NNR M&O tax rate.** Enter the rate from Line 39 of the *Voter-Approval Tax Rate Worksheet*	$ 0.349471 /$100
69.	**2023 total taxable value.** Enter the amount on Line 21 of the *No-New-Revenue Tax Rate Worksheet.*	$ 815,538,973
70.	**Rate necessary to impose $500,000 in taxes.** Divide $500,000 by Line 69 and multiply by $100.	$ 0.061309 /$100
71.	**2023 debt rate.** Enter the rate from Line 48 of the *Voter-Approval Tax Rate Worksheet.*	$ 0.160989 /$100
72.	**De minimis rate.** Add Lines 68, 70 and 71.	$ 0.571769 /$100

SECTION 7: Voter Approval Tax Rate Adjustment for Emergency Revenue Rate

In the tax year after the end of the disaster calculation time period detailed in Tax Code Section 26.042(a), a taxing unit that calculated its voter-approval tax rate in the manner provided for a special taxing unit due to a disaster must calculate its emergency revenue rate and reduce its voter-approval tax rate for that year.[46]

Similarly, if a taxing unit adopted a tax rate that exceeded its voter-approval tax rate, calculated normally, without holding an election to respond to a disaster, as allowed by Tax Code Section 26.042(d), in the prior year, it must also reduce its voter-approval tax rate for the current tax year. [47]

This section will apply to a taxing unit other than a special taxing unit that:

- directed the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit in the prior year; and
- the current year is the first tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred or the disaster occurred four years ago. This section will apply to a taxing unit in a disaster area that adopted a tax rate greater than its voter-approval tax rate without holding an election in the prior year.

Note: This section does not apply if a taxing unit is continuing to calculate its voter-approval tax rate in the manner provided for a special taxing unit because it is still within the disaster calculation time period detailed in Tax Code Section 26.042(a) because it has not met the conditions in Tax Code Section 26.042(a)(1) or (2).

Line	Emergency Revenue Rate Worksheet	Amount/Rate
73.	**2022 adopted tax rate.** Enter the rate in Line 4 of the *No-New-Revenue Tax Rate Worksheet.*	$ 0.538885 /$100
74.	**Adjusted 2022 voter-approval tax rate.** Use the taxing unit's Tax Rate Calculation Worksheets from the prior year(s) to complete this line. If a disaster occurred in 2022 and the taxing unit calculated its 2022 voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) of the 2022 worksheet due to a disaster, complete the applicable sections or lines of Form 50-856-a, Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet. **- or -** If a disaster occurred prior to 2022 for which the taxing unit continued to calculate its voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) in 2022, complete the separate *Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet* to recalculate the voter-approval tax rate the taxing unit would have calculated in 2022 if it had generated revenue based on an adopted tax rate using a multiplier of 1.035 in the year(s) following the disaster. [48] Enter the final adjusted 2022 voter-approval tax rate from the worksheet. **- or -** If the taxing unit adopted a tax rate above the 2022 voter-approval tax rate without calculating a disaster tax rate or holding an election due to a disaster, no recalculation is necessary. Enter the voter-approval tax rate from the prior year's worksheet.	$ 0 /$100
75.	**Increase in 2022 tax rate due to disaster.** Subtract Line 74 from Line 73.	$ 0 /$100
76.	**Adjusted 2022 taxable value.** Enter the amount in Line 14 of the *No-New-Revenue Tax Rate Worksheet.*	$ 691,134,750
77.	**Emergency revenue.** Multiply Line 75 by Line 76 and divide by $100.	$ 0
78.	**Adjusted 2023 taxable value.** Enter the amount in Line 25 of the *No-New-Revenue Tax Rate Worksheet.*	$ 814,996,503
79.	**Emergency revenue rate.** Divide Line 77 by Line 78 and multiply by $100. [49]	$ 0 /$100

[46] Tex. Tax Code §26.042(b)
[47] Tex. Tax Code §26.042(f)
[48] Tex. Tax Code §26.042(c)
[49] Tex. Tax Code §26.042(b)

Line	Emergency Revenue Rate Worksheet	Amount/Rate
80.	**2023 voter-approval tax rate, adjusted for emergency revenue.** Subtract Line 79 from one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (taxing units with the additional sales tax), Line 62 (taxing units with pollution control) or Line 67 (taxing units with the unused increment rate).	$ 0.523902 /$100

SECTION 8: Total Tax Rate

Indicate the applicable total tax rates as calculated above.

No-new-revenue tax rate. .... $ 0.459704 /$100
As applicable, enter the 2023 NNR tax rate from: Line 26, Line 27 (counties), or Line 56 (adjusted for sales tax).
Indicate the line number used: 26

Voter-approval tax rate .... $ 0.523902 /$100
As applicable, enter the 2023 voter-approval tax rate from: Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (adjusted for sales tax), Line 62 (adjusted for pollution control), Line 67 (adjusted for unused increment), or Line 80 (adjusted for emergency revenue).
Indicate the line number used: 67

De minimis rate. .... $ 0.571769 /$100
If applicable, enter the 2023 de minimis rate from Line 72.

SECTION 9: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the taxing unit. By signing below, you certify that you are the designated officer or employee of the taxing unit and have accurately calculated the tax rates using values that are the same as the values shown in the taxing unit's certified appraisal roll or certified estimate of taxable value, in accordance with requirements in the Tax Code. [50]

print here ▶ Wendy Burgess
Printed Name of Taxing Unit Representative

sign here ▶ Wendy Burgess
Taxing Unit Representative

8.2.2023
Date

[50] Tex. Tax Code §§26.04(c-2) and (d-2)

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Candice Edmondson, City Manager

Date: September 11, 2023

Subject: Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2023

Agenda Item:

Consider Ordinance 1482-23 providing for the sale and issuance of the City of Richland Hills, Texas Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2023; and ordaining other matters relating to the subject

Background Information:

During the April 10, 2023 City Council Budget Workshop, staff provided a presentation on the City's current debt obligations and capacity. In particular, staff looked at how the City could complete the next sixteen (16) street reconstruction projects by issuing Certificates of Obligation. The City's financial advisors, Hilltop Securities, provided a financial analysis that included three (3) separate debt issuances in 2023, 2024 and 2025. The analysis included a suggested three-cent, three-year tax rate increase to finance the sixteen (16) street projects. The tax rate impact could be less each year depending on property valuations and the General Fund's capacity to cover the additional debt.

The Series 2023 Certificates of Obligation will fund the following six (6) street improvement projects:

Street Name	Begin	End	Notes
Jameson St.	Gerome St.	Faye Dr.	Paving, Water, Sewer
Joanne Ct.	Mathews Dr.	Cul-de-sac	Paving, Water
Mary Boaz Dr.	Lavon Dr.	Marceille Ct.	Paving, Water, Sewer
Mary Boaz Dr.	Marceille Ct.	Jameson St.	Paving, Water, Sewer
Brooks Ave.	Rufe Snow Dr.	Holder St.	Paving, Water, Sewer
Oxley Dr	Evergreen Rd.	Booth Calloway Rd.	Paving, Water, Sewer

The tax rate impact for the Series 2023 issuance is $0.0178, which has been included in the City's proposed tax rate for Fiscal Year 2024.

On July 10, 2023 City Council approved Resolution 577-23 providing notice that the City intended to issue Certificates of Obligation for designing, equipping, and constructing streets, roads, sidewalks, including related drainage, utility relocation, signalization, landscaping, lighting and signage, and acquisition of land and rights of way therefor; (ii) designing, equipping, and constructing improvements to the City's water and wastewater system; and (iii) the payment of fiscal, engineering and legal fees associated with the projects.

The sale will be held on the morning of Monday, September 11 with the results of the sale being presented to City Council that evening. As a point of reference, if the bids received result in a higher than anticipated financial impact over the life of the debt issue, the City is not obligated to move forward with the transaction. Marti Shew with Hilltop Securities will be present at the meeting to provide Council with the results of the sale. An updated Ordinance, containing specific information related to the sale, will also be provided at the meeting.

Financial Considerations:

The City's current combined principal and interest required to pay all outstanding debt obligations is $30,764,837. The Series 2023 Certificates of Obligation will increase the City's total debt obligation by $8,992,938 for a total of $39,757,775.

The proposed FY 2024 Budget includes funding for the issuance of the combination tax and waterworks and sewer system revenue certificates of obligation. Paving and engineering costs will be paid for by the General Fund, while the Utility Fund will pay for improvements to the water and wastewater systems.

Legal Review:

The City's bond counsel at McCall, Parkhurst and Horton, L.L.P. has reviewed the ordinance and bond documents.

Board/Citizen Input:

N/A

Attachments:

Draft Ordinance 1482-23

Council Action Requested:

Motion to approve Ordinance 1482-23 providing for the sale and issuance of the City of Richland Hills, Texas Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2023; and ordaining other matters relating to the subject

CERTIFICATE FOR ORDINANCE

We, the undersigned officers of the City of Richland Hills, Texas, hereby certify as follows:

1. The City Council of said City convened in regular meeting on the 11th day of September, 2023, at the scheduled meeting place thereof, and the roll was called of the duly constituted officers and members of said City Council, to-wit:

Edward Lopez, Mayor
G.W. Estep, Mayor Pro-Tem
Douglas Knowlton, Member
Travis Malone, Member
Theresa Bledsoe, Member
Javier Alvarez, Member
Roland Goveas, Member

Lindsay Rawlinson, City Secretary

and all of said persons were present except, ____________________________ thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written Ordinance entitled

ORDINANCE PROVIDING FOR THE SALE AND ISSUANCE OF THE CITY OF RICHLAND HILLS, TEXAS COMBINATION TAX AND WATERWORKS AND SEWER SYSTEM REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023; AND ORDAINING OTHER MATTERS RELATING TO THE SUBJECT.

was duly introduced for consideration and passage. It was then duly moved and seconded that said Ordinance be passed; and, after due discussion, said motion, carrying with it the passage of said Ordinance, prevailed and carried by the following vote:

AYES: _____ NOES: _____ ABSTENTIONS: _____

2. A true, full and correct copy of the aforesaid Ordinance passed at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Ordinance has been duly recorded in the official minutes of said City Council; the above and foregoing paragraph is a true and correct excerpt from said minutes of said meeting pertaining to the passage of said Ordinance; the persons named in the above and foregoing paragraph, at the time of said meeting and the passage of said Ordinance, were the duly chosen, qualified and acting members of said City Council as indicated therein; each of said officers and member was duly and sufficiently notified officially and personally in advance, of the time, place and purpose of the aforesaid meeting and that said Ordinance would be introduced and considered for passage at said meeting; and said meeting was open to the public, and public

notice of the time, place and purpose of said meeting was given, all as required by Texas Government Code Chapter 551.

3. That the Mayor of said City has approved and hereby approves the aforesaid Ordinance; that the Mayor and the City Secretary of said City have duly signed said Ordinance; and that the Mayor and the City Secretary of said City hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of said Ordinance for all purposes.

SIGNED AND SEALED THE 11th DAY OF SEPTEMBER, 2023.

The Honorable Mayor Edward Lopez

ATTEST:

Lindsay Rawlinson, City Secretary

(SEAL)

ORDINANCE NO.1482-23

ORDINANCE PROVIDING FOR THE SALE AND ISSUANCE OF THE CITY OF RICHLAND HILLS, TEXAS, COMBINATION TAX AND WATERWORKS AND SEWER SYSTEM REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023; AND ORDAINING OTHER MATTERS RELATING TO THE SUBJECT

WHEREAS, the City Council of the City of Richland Hills, Texas (the "Issuer"), deems it advisable to issue Certificates of Obligation in the amount and for the purposes hereinafter set forth;

WHEREAS, the Certificates of Obligation hereinafter authorized and designated are to be issued and delivered for cash pursuant to Subchapter C of Chapter 271, Texas Local Government Code and Subchapter B, Chapter 1502, Texas Government Code;

WHEREAS, the City Council has heretofore passed a resolution authorizing and directing the City Secretary to give notice of intention to issue Certificates of Obligation, and said notice has been both (i) duly posted in a prominent location on the Issuer's website, and (ii) duly published in a newspaper of general circulation in said city, said newspaper being a "newspaper" as defined in Section 2051.044, Texas Government Code;

WHEREAS, the Issuer received no petition from the qualified electors of the Issuer protesting the issuance of such Certificates of Obligation;

WHEREAS, it is considered to be in the best interest of the Issuer that said interest-bearing Certificates of Obligation be issued to pay costs related to constructing, improving, acquiring and equipping the public improvements described below;

WHEREAS, no bond proposition to authorize the issuance of bonds for the same purpose as any of the projects being financed with the proceeds of the Certificates of Obligation was submitted to the voters of the Issuer during the preceding three years and failed to be approved; and

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

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

SECTION 1.
RECITALS, AMOUNT AND PURPOSE OF THE CERTIFICATES.

The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The Certificates of the Issuer are hereby authorized to be issued and delivered in the aggregate principal amount of $[__] for paying all or a portion of the Issuer's contractual obligations incurred in connection with (i) designing, equipping, and constructing streets, roads, sidewalks, including related drainage, utility relocation, signalization, landscaping, lighting and signage, and acquisition of land and rights of way therefor; (ii) designing, equipping, and constructing improvements to the City's water and wastewater system; and (iv) legal, fiscal and engineering fees in connection with such projects (collectively, the "Project").

SECTION 2.
DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES AND INTEREST RATES OF CERTIFICATES.

Each certificate issued pursuant to this Ordinance shall be designated: "CITY OF RICHLAND HILLS, TEXAS, COMBINATION TAX AND WATERWORKS AND SEWER SYSTEM REVENUE CERTIFICATE OF OBLIGATION, SERIES 2023" and initially there shall be issued, sold, and delivered hereunder one fully registered Certificate, without interest coupons, dated October 11, 2023, in the principal amount stated above and in the denominations hereinafter stated, numbered T-1 (the "Initial Certificate"), with Certificates issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-1 upward, payable to the respective Registered Owners thereof (with the Initial Certificate being made payable to the initial purchaser as described in Section 10 hereof), or to the registered assignee or assignees of said Certificates or any portion or portions thereof (in each case, the "Registered Owner"), and said Certificates shall mature and be payable serially on February 15 in each of the years and in the principal amounts, respectively, and shall bear interest from the dates set forth in the FORM OF CERTIFICATE set forth in **Exhibit A** of this Ordinance to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in the following schedule:

Years (8/15)	Principal Amounts ($)	Interest Rates (%)

The term “Certificates” as used in this Ordinance shall mean and include collectively the certificates initially issued and delivered pursuant to this Ordinance and all substitute certificates exchanged therefor, as well as all other substitute certificates and replacement certificates issued pursuant hereto, and the term “Certificate” shall mean any of the Certificates.

SECTION 3.
CHARACTERISTICS OF THE CERTIFICATES.

(a) Appointment of Paying Agent/Registrar. The Issuer hereby appoints U.S. Bank Trust Company, National Association, Dallas, Texas, to serve as paying agent and registrar for the Certificates (the “Paying Agent/Registrar”). Each of the Mayor and the City Manager is authorized and directed to execute and deliver in the name and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar.

(b) Registration. The Issuer shall keep or cause to be kept at the corporate trust office of the Paying Agent/Registrar books or records for the registration of the transfer, conversion and exchange of the Certificates (the “Registration Books”), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three (3) days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Certificate to which payments with respect to the Certificates shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar’s standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Certificate or Certificates. Registration of assignments, transfers, conversions and exchanges of Certificates shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE attached as Exhibit A to this Ordinance. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate.

(c) Exchange. The Paying Agent/Registrar promptly shall cancel all paid Certificates and Certificates surrendered for conversion and exchange. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Certificate or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Certificates in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of conversion and exchange of Certificates as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificates which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(d) Payment of Principal and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Certificates, and of all conversions and exchanges of Certificates, and all replacements of Certificates, as provided in this Ordinance. However, 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 Issuer. 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 Registered Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(e) Payment to Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Registration Books as the absolute owner of such Certificate for the purpose of payment of principal and interest with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Certificates only to or upon the order of the Registered Owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Certificates to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Ordinance.

(f) Paying Agent/Registrar. The Issuer covenants with the Registered Owners that at all times while the Certificates are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution or other entity to act as and perform the services of Paying Agent/Registrar for the Certificates under this Ordinance, and that the Paying Agent/Registrar will be one entity.

(g) Substitute Paying Agent/Registrar. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than one hundred-twenty (120) days written notice to the Paying Agent/Registrar, to be effective not later than sixty (60) days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Certificates, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(h) Book-Entry Only System. The Certificates issued in exchange for the Initial Certificate shall be initially issued in the form of a separate single fully registered Certificate for each of the maturities thereof and the ownership of each such Certificate shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and except as provided in subsections (j) and (k) of this Section, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

(i) Blanket Letter of Representations. The previous execution and delivery of the Blanket Letter of Representations with respect to obligations of the Issuer is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Certificates. Notwithstanding anything to the contrary contained herein, while the Certificates are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representations is hereby incorporated herein and its provisions shall prevail over any other provisions of this Ordinance in the event of conflict.

(j) Certificates Registered in the Name of Cede & Co. With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner of Certificates, as shown on the Registration Books, of any notice with respect to the Certificates, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner of Certificates, as shown in the Registration Books of any amount with respect to principal of or interest on the Certificates. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the Registered Owner at the close of business on the Record date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(k) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates and transfer one or more separate Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

(l) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the manner provided in the representation letter of the Issuer to DTC.

(m) General Characteristics of the Certificates. The Certificates (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates to be payable only to the Registered Owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Certificates, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Certificates shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Certificates, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE set forth as Exhibit A to this Ordinance.

(n) Authentication. Except as provided below, no Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE substantially in the form provided in this Ordinance, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE. In lieu of the executed PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, the Initial Certificate delivered on the closing date shall have attached thereto the COMPTROLLER'S REGISTRATION CERTIFICATE substantially in the form provided in this Ordinance, manually executed by the Comptroller of Public Accounts of the State of Texas or by such person's duly authorized agent, which certificate shall be evidence that the Certificate initially issued and delivered has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Issuer, and has been registered by the Comptroller. The Initial Certificate issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate issued in exchange for any Certificate issued under this Ordinance, the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the FORM OF CERTIFICATE set forth Exhibit A to this Ordinance.

(o) Cancellation of Initial Certificate. On the closing date, the Initial Certificate representing the entire principal amount of the Certificates, payable in stated installments to the order of the initial purchaser of the Certificates or its designee, executed by manual or facsimile signature of the Mayor and City Secretary, approved by the Attorney General of Texas, and registered by manual or facsimile signature by the Comptroller of Public Accounts of the State of Texas, will be delivered to such purchaser or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel the Initial Certificate and deliver to DTC on behalf of such purchaser one registered definitive Certificate for each year of maturity of the Certificates, in the aggregate principal amount of all of the Certificates for such maturity, registered in the name of Cede & Co., as nominee of DTC. To the extent that the Paying Agent/Registrar is eligible to participate in DTC's FAST System, pursuant to an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Certificates in safekeeping for DTC.

SECTION 4.
FORM OF CERTIFICATES.

The form of the Certificates, including the form of PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, the form of ASSIGNMENT and the form of COMPTROLLER'S REGISTRATION CERTIFICATE to be attached to the Certificates initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as set forth in Exhibit A of this Ordinance, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

SECTION 5.
INTEREST AND SINKING FUND; SURPLUS REVENUES.

(a) A special "Interest and Sinking Fund" is hereby created and shall be established and maintained by the Issuer as a separate fund or account and the funds therein shall be deposited into and held in an account at an official depository bank of said Issuer. Said Interest and Sinking Fund shall be accounted for separate and apart from all other funds and accounts of said Issuer, and shall be used only for paying the interest on and principal of said Certificates. All amounts received from the sale of the Certificates as accrued interest shall be deposited upon receipt to the Interest and Sinking Fund, and all ad valorem taxes levied and collected for and on account of said Certificates shall be deposited, as collected, to the credit of said Interest and Sinking Fund. During each year while any of said Certificates are outstanding and unpaid, the governing body of said Issuer shall compute and ascertain a rate and amount of ad valorem tax that will be sufficient to raise and produce the money required to pay the interest on said Certificates as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of said Certificates as such principal matures (but never less than 2% of the original amount of said Certificates as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of said Issuer, with full allowances being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in said Issuer, for each year while any of said Certificates are outstanding and unpaid, and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(b) The Certificates are additionally secured by a limited pledge (not to exceed $1,000) of surplus revenues of the Issuer's waterworks and sewer system that remain after the payment of all maintenance and operation expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are secured by a lien on all or any part of the net revenues of the Issuer's waterworks and sewer system, constituting "Surplus Revenues". The Issuer shall deposit such Surplus Revenues to the credit of the Interest and Sinking Fund created pursuant to subsection (a) of this section, to the extent necessary to pay the principal of and interest on the Certificates. Notwithstanding the requirements of subsection (a) of this section, if Surplus Revenues or other lawfully available moneys of the Issuer are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes that otherwise would have been required to be levied pursuant to subsection (a) of this Section may be reduced to the extent and by the amount of the Surplus Revenues or other lawfully available funds then on deposit in the Interest and Sinking Fund.

(c) Chapter 1208, Texas Government Code, applies to the issuance of the Certificates and the pledge of the taxes and Surplus Revenues granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Certificates are outstanding and unpaid, the result of such amendment being that the pledge of the taxes and Surplus Revenues granted by the Issuer under this Section, is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the Registered Owners a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

SECTION 6.
DEFEASANCE OF CERTIFICATES.

(a) Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Certificate") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Certificate, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates shall have become due and payable. At such time as a Certificate shall be deemed to be a Defeased Certificate hereunder, as aforesaid, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged or the limited pledge of Surplus Revenues as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities, and thereafter the Issuer will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such Defeased Certificates, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Certificates that is made in conjunction with the payment arrangements specified in subsection 6(a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Certificates for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Certificates immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Certificates may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 6(a)(i) or (ii) of this Section. All income from such Defeasance Securities which is not required for the payment of the Defeased Certificates, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire, or otherwise discharge obligations such as the Certificates.

(d) Until all Defeased Certificates shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Certificates the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(e) In the event that the Issuer elects to defease less than all of the principal amount of Certificates of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Certificates by such random method as it deems fair and appropriate.

SECTION 7.
DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES.

(a) Replacement Certificates. In the event any outstanding Certificate is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new certificate of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Certificate, in replacement for such Certificate in the manner hereinafter provided.

(b) Application for Replacement Certificates. Application for replacement of damaged, mutilated, lost, stolen or destroyed Certificates shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Certificate, the Registered Owner applying for a replacement certificate shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Certificate, the Registered Owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Certificate, as the case may be. In every case of damage or mutilation of a Certificate, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Certificate so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Certificate shall have matured, and no default has occurred that is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Certificate, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated

Certificate) instead of issuing a replacement Certificate, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Certificates. Prior to the issuance of any replacement certificate, the Paying Agent/Registrar shall charge the Registered Owner of such Certificate with all legal, printing, and other expenses in connection therewith. Every replacement certificate issued pursuant to the provisions of this Section by virtue of the fact that any Certificate is lost, stolen or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen or destroyed Certificate shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Certificates duly issued under this Ordinance.

(e) Authority for Issuing Replacement Certificates. In accordance with Section 1206.022, Texas Government Code, this Section 7 of this Ordinance shall constitute authority for the issuance of any such replacement certificate without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such certificates is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates in the form and manner and with the effect, as provided in Section 3 of this Ordinance for Certificates issued in conversion and exchange for other Certificates.

SECTION 8.
CUSTODY, APPROVAL, AND REGISTRATION OF CERTIFICATES; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED; ENGAGEMENT OF BOND COUNSEL.

(a) The Mayor of the Issuer is hereby authorized to have control of the Certificates initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificates pending their delivery and investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificates said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually, by facsimile, electronically or otherwise, sign the Comptroller's Registration Certificate attached to such Certificates, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Certificates issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners. In addition, if bond insurance is obtained, the Certificates may bear an appropriate legend as provided by the insurer.

(b) The obligation of the initial purchaser to accept delivery of the Certificates is subject to the initial purchaser being furnished with the final, approving opinion of

McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of initial delivery of the Certificates to the initial purchaser. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Certificates is hereby approved and confirmed.

SECTION 9.
COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE CERTIFICATES.

(a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Certificates as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the Registered Owner for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

1) to take any action to assure that no more than ten percent (10%) of the proceeds of the Certificates (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than ten percent (10%) of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than ten percent (10%) of the debt service on the Certificates, in contravention of section 141(b)(2) of the Code;

2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds five percent (5%) of the proceeds of the Certificates or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of five percent (5%) is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

3) to take any action to assure that no amount that is greater than the lesser of $5,000,000, or five percent (5%) of the proceeds of the Certificates (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

4) to refrain from taking any action that would otherwise result in the Certificates being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

5) to refrain from taking any action that would result in the Certificates being "federally guaranteed" within the meaning of section 149(b) of the Code;

6) to refrain from using any portion of the proceeds of the Certificates, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Certificates, other than investment property acquired with –

   A. proceeds of the Certificates invested for a reasonable temporary period until such proceeds are needed for the purpose for which the Certificates are issued,
   B. amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the rules and regulations of the United States Department of the Treasury (the "Treasury Regulations"), and
   C. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed ten percent (10%) of the proceeds of the Certificates;

7) to otherwise restrict the use of the proceeds of the Certificates or amounts treated as proceeds of the Certificates, as may be necessary, so that the Certificates do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

8) to refrain from using proceeds of the Certificates or the proceeds of any prior bonds to pay debt service on another issue more than ninety (90) days after the issuance of the Certificates in contravention of section 149(d) of the Code (relating to advance refundings);

9) to pay to the United States of America at least once during each five-year period (beginning on the delivery date of the Certificates) an amount that is at least equal to ninety percent (90%) of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than sixty (60) days after the Certificates have been paid in full, one hundred percent (100%) of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code;

10) to file or cause to be filed with the Secretary of the Treasury, not later than the fifteenth (15th) day of the second calendar month after the close of the calendar quarter in which the Certificates are issued, an information statement concerning the Certificates, all under and in accordance with section 149(e) of the Code and the applicable Treasury Regulations promulgated thereunder; and

11) to assure that the proceeds of the Certificates will be used solely for new money projects.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(9), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the Registered Owner. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Use of Proceeds. For purposes of the foregoing covenants (a)(1) and (a)(2), the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and the Treasury Regulations. In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Certificates, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Certificates, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Mayor or the City Manager of the Issuer to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates.

(d) Allocation of, and Limitation on, Expenditures for the Project. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the Project on its books and records by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Issuer shall not expend proceeds of the sale of the Certificates or investment earnings thereon more than sixty (60) days after the earlier of (1) the fifth anniversary of the delivery of the Certificates, or (2) the date the Certificates are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of the Certificates or the interest thereon. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The Issuer covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Certificates. For purpose of the foregoing, the Issuer may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Certificates. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Qualified Tax-Exempt Obligations. The Certificates are hereby designated as "qualified tax-exempt obligations" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the Issuer represents, covenants and warrants the following: (a) that during the calendar year in which the Certificates are issued, the Issuer (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Certificates, will result in more than $10,000,000 of "qualified tax-exempt obligations" being issued; (b) that the Issuer reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Certificates are issued, by the Issuer (or any subordinate entities) will not exceed $10,000,000; and, (c) that the Issuer will take such action or refrain from such action as necessary, and as more particularly set forth in this Section 15 in order that the Certificates will not be considered "private activity bonds" within the meaning of section 141 of the Code.

SECTION 10.
SALE OF CERTIFICATES AND APPROVAL OF OFFICIAL STATEMENT; FURTHER PROCEDURES.

(a) That the Certificates are hereby sold and shall be delivered to [_____] (the "Purchaser"), for the purchase price of $[_____] (representing the par amount of the Certificates of $[_____], plus an aggregate original issue premium of $[_____] (premium to be applied as set forth in Section 16), and less an underwriting discount of $[_____]) pursuant to the terms and provisions of an Official Notice of Sale and Official Bid Form, in substantially the form presented at this meeting, which the Mayor is hereby authorized to execute and deliver. The Initial Certificate shall be delivered to the Purchaser, and the Purchaser shall have the right to exchange the Initial Certificate as provided in Section 3 hereof without cost. The Initial Certificate shall be registered in the name of the Purchaser or the Purchaser's nominee.

(b) It is hereby officially found, determined and declared that the Certificates have been sold in a public sale to the Purchaser, after receiving sealed bids pursuant to an Official Notice of Sale and Official Bid Form. Before being awarded the winning bid, the Purchaser certified to the City in the Official Bid Form that either it filed the disclosure form required under Section 2252.908, Texas Government Code, or that it is exempt from the disclosure form filing requirements of the Texas Ethics Commission pursuant to Section 2252.908(c)(4), Texas Government Code. The sale of the Certificates to the Purchaser was on terms that are most advantageous to the City reasonably obtained and, upon the advice of the City's financial advisor, is in the best interests of the City.

(c) The City Council hereby approves the form and content of the Official Statement relating to the Certificates and any addenda, supplement or amendment thereto (the "Official Statement"), and approves the distribution of such Official Statement in the reoffering of the Certificates by the Purchaser in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement prior to the date hereof is hereby ratified and confirmed. The City Council also hereby approves the form and content of both the Official Notice of Sale and the Official Bid Form, and hereby ratifies and confirms the use of the Notice of Sale and Official Bid Form for the solicitation of bids on the Certificates prior to the date hereof.

(d) The Mayor, City Manager, City Secretary and Finance Director, and each of them, shall be and they 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 of the Issuer all other such documents, certificates and instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Certificates, the sale of the Certificates and the Official Statement. In case any officer whose signature shall appear on any Certificate shall cease to be such officer before the delivery of such Certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 11.
INVESTMENT AND SECURITY OF FUNDS.

(a) Interest earnings derived from the investment of proceeds from the sale of the Certificates shall be used along with other certificate proceeds for the Project; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on certificate proceeds that are required to be rebated to the United States of America pursuant to Section 9 hereof in order to prevent the Certificates from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

(b) The Issuer may invest proceeds of the Certificates (including investment earnings thereon) and amounts deposited into the Interest and Sinking Fund in investments authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; provided, however, that the Issuer hereby covenants that the proceeds of the sale of the Certificates will be used as soon as practicable for the purposes for which the Certificates are issued.

(c) All deposits authorized or required by this Ordinance shall be secured to the fullest extent required by law for the security of public funds

SECTION 12.
CONSTRUCTION FUND.

(a) The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2023 Certificates of Obligation Construction Fund" for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Project as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 5 of this Ordinance.

SECTION 13.
COMPLIANCE WITH RULE 15c2-12.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.
"Rule" means SEC Rule 15c2-12, as amended from time to time.
"SEC" means the United States Securities and Exchange Commission.

(b) Annual Reports.

i. The Issuer shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six (6) months after the end of each fiscal year ending in or after 2023, financial information and operating data with respect to the Issuer of the general type included in the final Official Statement under Tables numbered 1 through 6 and 8 through 15. The Issuer will additionally provide audited financial statements when and if available, and in any event, within twelve (12) months after the end of each fiscal year ending in or after 2023. If the audit of such financial statements is not complete within twelve (12) months after any such fiscal year end, then the Issuer will file unaudited financial statements within such twelve (12) month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in Appendix B to the Official Statement, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

ii. If the Issuer 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 Issuer 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 that is available to the public on the MSRB's internet website or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Event Notices.

i. The Issuer shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten (10) business days after the occurrence of the event) of any of the following events with respect to the Certificates:

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 Certificates, or other events affecting the tax status of the Certificates;
7. Modifications to rights of holders of the Certificates, if material;
8. Certificate calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor trustee or change in the name of the trustee, if material;
15. Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the Issuer, 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 any such financial obligation of the Issuer, any of which reflect financial difficulties.

As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. 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 of the Issuer, or if jurisdiction has been assumed by leaving the existing City Council and officials or officers of the Issuer 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 Issuer. For the purposes of the above describe event notices 15 and 16, the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "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.

ii. The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

(d) <u>Limitations, Disclaimers, and Amendments</u>.

i. The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the Issuer in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes Certificates no longer to be outstanding.

ii. The provisions of this Section are for the sole benefit of the Registered Owners and beneficial owners of the Certificates, 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 Issuer 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 Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

iii. UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, 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.

iv. No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

v. Should the Rule be amended to obligate the Issuer to make filings with or provide notices to entities other than the MSRB, the Issuer hereby agrees to undertake such obligation with respect to the Certificates in accordance with the Rule as amended. The provisions of this Section may be amended by the Issuer 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 Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (b) a qualified person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Registered Owners and beneficial owners of the Certificates. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 14.
METHOD OF AMENDMENT.

The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of any Registered Owner, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the Registered Owners, (ii) grant additional rights or security for the benefit of the Registered Owners, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the Registered Owners, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of nationally recognized bond counsel materially adversely affect the interests of the Registered Owners.

(b) Except as provided in paragraph (a) above, the Registered Owners of Certificates aggregating in principal amount 51% of the aggregate principal amount of then outstanding Certificates that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of 100% of the Registered Owners in aggregate principal amount of the then outstanding Certificates, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Certificates so as to:

1. Make any change in the maturity of any of the outstanding Certificates;
2. Reduce the rate of interest borne by any of the outstanding Certificates;
3. Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates;
4. Modify the terms of payment of principal or of interest or redemption premium on outstanding Certificates or any of them or impose any condition with respect to such payment; or
5. Change the minimum percentage of the principal amount of any series of Certificates necessary for consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail to each Registered Owner of the affected Certificates a copy of the proposed amendment. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the Issuer for inspection by all Registered Owners of such Certificates.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the Registered Owner of at least 51% in aggregate principal amount of all of the Certificates then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the Issuer and all Registered Owners of such affected Certificates shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the Registered Owner of a Certificate pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of such consent, and shall be conclusive and binding upon all future Registered Owners of the same Certificate during such period. Such consent may be revoked at any time after six (6) months from the date of such consent by the Registered Owner who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the Registered Owners of 51% in aggregate principal amount of the affected Certificates then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

(g) For the purposes of establishing ownership of the Certificates, the Issuer shall rely solely upon the registration of the ownership of such Certificates on the registration books kept by the Paying Agent/Registrar.

SECTION 15.
DEFAULT AND REMEDIES

(a) Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

i. the failure to make payment of the principal of or interest on any of the Certificates when the same becomes due and payable; or

ii. default in the performance or observance of any other covenant, agreement or obligation of the Issuer, the failure to perform which materially, adversely affects the rights of the Registered Owners, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to the Issuer.

(b) Remedies for Default.

i. Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Issuer for the purpose of protecting and enforcing the rights of the Registered Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies.

ii. It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Certificates then outstanding.

(c) Remedies Not Exclusive.

i. No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Certificates or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Certificates shall not be available as a remedy under this Ordinance.

ii. The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

iii. By accepting the delivery of a Certificate authorized under this Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers or employees of the Issuer or the City Council.

SECTION 16.
PREMIUM

The Certificates are being sold at an aggregate premium equal to $555,627.40. With respect to such premium attributable to the Certificates, $185,627.40 shall be used to pay costs of issuance (including underwriter’s discount and bond insurance premium).

SECTION 17.
APPROPRIATION

To pay the debt service coming due on the Certificates prior to receipt of the taxes levied to pay such debt service, if any, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

SECTION 18.
NO PERSONAL LIABILITY

No recourse shall be had for payment of the principal of or interest on any Certificates or for any claim based thereon, or on this Ordinance, against any official or employee of the Issuer or any person executing any Certificate.

SECTION 19.
SEVERABILITY

If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Ordinance, despite such invalidity, which remaining portions shall remain in full force and effect.

SECTION 20.
EFFECTIVE DATE

In accordance with the provisions of Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

APPROVED AND ADOPTED at a regular meeting of the Richland Hills City Council on September 11, 2023, by a vote of _____ ayes, _____ nays, and _____ abstentions.

APPROVED:	**ATTEST:**
______________________________	______________________________
The Honorable Mayor Edward Lopez	Lindsay Rawlinson, City Secretary

EXHIBIT A

(a) Form of Certificate.

NO. R- | UNITED STATES OF AMERICA
STATE OF TEXAS | PRINCIPAL AMOUNT
$_________

CITY OF RICHLAND HILLS, TEXAS
COMBINATION TAX AND WATERWORKS AND SEWER SYSTYEM REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2023

INTEREST RATE	DELIVERY DATE	MATURITY DATE	CUSIP NO.
		August 15, ____	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

THE CITY OF RICHLAND HILLS, TEXAS, in Tarrant County, Texas (the “Issuer”), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the “Registered Owner”), on the Maturity Date specified above, the Principal Amount specified above. The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date specified above at the Interest Rate per annum specified above. Interest is payable on February 15, 2024 and semiannually on each August 15 and February 15 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, if this Certificate is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate at maturity, or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of U.S. Bank Trust Company, National

Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Certificate. The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Certificate (the "Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared at the close of business on the last business day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. 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 owner of a Certificate appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Certificate prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Certificate for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the Registered Owner of this Certificate that on or before each principal payment date and interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates, when due.

IF THE DATE for the payment of the principal of or interest on this Certificate shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust 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 that 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 CERTIFICATE is one of a series of Certificates dated October 11, 2023, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of $[____] for paying all or a portion of the Issuer's contractual obligations incurred in connection with (i) designing, equipping, and constructing streets, roads, sidewalks, including related drainage, utility relocation, signalization, landscaping, lighting and signage, and acquisition of land and rights of way therefor; (ii) designing, equipping, and constructing improvements to the City's water and wastewater system; and (iii) the payment of fiscal, engineering, and legal fees incurred in connection therewith.

ON AUGUST 15, 2033, or on any date thereafter, the Certificates of this series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Certificates, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Certificate may be redeemed only in an integral multiple of $5,000), at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

AT LEAST THIRTY (30) days prior to the date fixed for any redemption of Certificates or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least thirty (30) days prior to the date fixed for any such redemption, to the Registered Owner of each Certificate to be redeemed at its address as it appeared on the business day prior to the mailing of such redemption notice; provided, however, that the failure of the Registered Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Certificate. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Certificates or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Certificate shall be redeemed, a substitute Certificate or Certificates having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of $5,000, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Ordinance.

WITH RESPECT TO ANY OPTIONAL REDEMPTION OF THE CERTIFICATES, unless certain prerequisites to such redemption required by this Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Issuer, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a notice of conditional redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the Issuer shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

ALL CERTIFICATES OF THIS SERIES are issuable solely as fully registered certificates, without interest coupons, in the denomination of any integral multiple of $5,000. As provided in the Ordinance, this Certificate may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered certificates, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of $5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any integral multiple of $5,000 to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Certificate or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within forty-five (45) days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Certificates is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners.

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Certificate have been performed, existed and been done in accordance with law; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate is additionally secured by and payable from a limited pledge (not to exceed $1,000) of the Surplus Revenues of the Issuer's waterworks and sewer system remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are payable from all or part of said revenues, all as provided in the Ordinance.

THE ISSUER HAS RESERVED THE RIGHT to amend the Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the Registered Owners of a majority in aggregate principal amount of the outstanding Certificates.

BY BECOMING the Registered Owner of this Certificate, the Registered Owner thereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Certificate and the Ordinance constitute a contract between each Registered Owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Certificate to be signed with the manual or facsimile signature of the Mayor of the Issuer and countersigned with the manual or facsimile signature of the City Secretary of said Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Certificate.

(signature)	(signature)
City Secretary	Mayor

(SEAL)

(b) Form of Paying Agent/Registrar's Authentication Certificate.

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Certificate is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Certificate has been issued under the provisions of the Ordinance described in the text of this Certificate; and that this Certificate has been issued in conversion or replacement of, or in exchange for, a certificate, certificates, or a portion of a certificate or certificates of a series that originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: ____________________.

U.S. Bank Trust Company, National Association
Dallas, Texas
Paying Agent/Registrar

By: ______________________________
Authorized Representative

I <u>Form of Assignment</u>.

ASSIGNMENT
(Please type or print clearly)

For value received, the undersigned hereby sells, assigns and transfers unto: ________

____

Transferee's Social Security or Taxpayer Identification Number:____________________

Transferee's name and address, including zip code: ______________________________

____

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

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

Dated: ______________________.

Signature Guaranteed:

____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

____

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Certificate in every particular, without alteration or enlargement or any change whatsoever.

(d) <u>Form of Registration Certificate of the Comptroller of Public Accounts</u>.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. ________

I hereby certify that there is on file and of record in my office a true and correct copy of the opinion of the Attorney General of the State of Texas approving this Certificate and that this Certificate has been registered this day by me.

Witness my signature and seal this ____________________.

____
Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

I <u>Initial Certificate Insertions</u>.

(B) The Initial Certificate shall be in the form set forth is paragraph (a) of this Section, except that:

B. immediately under the name of the Certificate, the headings "Interest Rate" and "Maturity Date" shall both be completed with the words "As shown below" and "CUSIP No. _____" shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"THE CITY OF RICHLAND HILLS, TEXAS, in Tarrant County, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on February 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years (8/15)	Principal Installments ($)	Interest Rates (%)

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date specified above at the respective Interest Rate per annum specified above. Interest is payable on February 15, 2024, and semiannually on each August 15 and February 15 thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Certificate is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full."

C. The Initial Certificate shall be numbered "T-1."

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Candice Edmondson, City Manager

Date: September 11, 2023

Subject: Agreement for Use of Hotel Motel Revenue Grants

Agenda Item:

Consider extension of Agreement for Use of Hotel Motel Revenue between the City of Richland Hills and CN Churchill II LLC and CN Churchill III LLC and request for hotel motel tax revenue grant funds

Background Information:

On October 17, 2019 the City of Richland Hills entered into an agreement for the use of hotel motel tax revenue with CN Churchill II LLC and CN Churchill III LLC ("Companies"). The Companies, represented by Sanjiv Melwani, owned and operated the La Quinta Inn & Suites and Fairfield Inn & Suites in Richland Hills.

On August 8, 2022 the City Council approved a one-year extension of the agreement and authorized payment of tax revenue grants in the amount of $55,000 for Fiscal Year 2022 and Fiscal Year 2023. The agreement is set to expire on November 9, 2022 if an extension is not approved. A copy of the current agreement is attached to this memo.

Per the agreement, the City may provide a single tax revenue grant in the amount of $55,000 payable to the Companies and to be used solely for marketing purposes. The Companies shall also submit to the City Council for its approval a budget for the use of the tax revenue grant funds. The Companies' request for tax revenue grant funds and three (3) year tourism budget is attached to this memo for your review.

Since the agreement was extended, the Companies have sold the La Quinta Inn & Suites to a new hotel operator and only operate the Fairfield Inn & Suites in Richland Hills.

Financial Considerations:

Funding in the amount of $55,000 is currently included in the FY 2024 Hotel Occupancy Tax (HOT) Fund for tax revenue grants.

Legal Review:

The City Attorney has previously reviewed the agreement.

Board/Citizen Input:

N/A

Attachments:

Agreement for Use of Hotel Motel Revenue
CN Churchill II and CN Churchill III Tax Revenue Grant Request
CN Churchill II and CN Churchill III Tourism Budget

Council Action Requested:

Motion to approve extension of Agreement for Use of Hotel Motel Revenue between the City of Richland Hills and CN Churchill II LLC and CN Churchill III LLC and approve request for hotel motel tax revenue grant funds

AGREEMENT FOR USE OF HOTEL MOTEL REVENUE

This Agreement (Agreement) is made by and between the City of Richland Hills, Texas, a home rule municipality located in Tarrant County, Texas (hereinafter referred to as the City), acting by and through Candice Edmondson, its duly authorized City Manager, and CN Churchill II LLC and CN Churchill III LLC, (hereinafter referred to jointly as Companies), acting by and through Sanjiv Melwani (the "Operator"), their duly authorized representative.

I.
DEFINITIONS

1. The City is the City of Richland Hills, in Tarrant County, Texas.

2. The Company and the Companies are, as the context requires, CN Churchill II LLC and CN Churchill III LLC, both Texas Limited Liability Companies with their principal offices located in Texas.

3. "Force majeure" is an act of God or a public enemy, war, riot, civil commotion, insurrection, strike (unless caused by acts or omissions of the Companies), governmental or de facto governmental regulatory or eminent domain action (unless caused by acts or omissions of the Companies, and excluding the City=s action in enforcing or declaring a default under the terms of this Agreement), fire, explosion, flood, or other natural catastrophe.

4. "Hotels" means the Fairfield Inn and Suites located at 643 NE Loop 820, Richland Hills, Texas 76118 and the La Quinta located at 653 NE Loop 820, Richland Hills, Texas 76118.

5. "The Link" means the Link Event and Recreation Center located at 6750 Baker Boulevard, Richland Hills, Texas 76118.

6. "Marketing" means advertising and conducting solicitation and promotion and programs to attract tourists and convention delegates or registrants to the City of Richland Hills and its vicinity, as permitted by Section 351.101(a)(3), with emphasis on bringing events to the Link.

7. "The Ordinance" is the City's ordinance, as amended, which authorizes the City to institute, collect, and enforce an occupancy tax for hotels and motels in the City of Richland Hills, pursuant to Chapter 351 of the Texas Tax Code.

8. "The Tax Revenue Grant", as used in this Agreement, is that portion of the hotel occupancy taxes paid to the City under the Ordinance, as amended, which is granted to the Companies pursuant to this Agreement and comprising a lump sum grant as described in Section IV of this Agreement.

9. "Tourists" refers to persons who visit the City of Richland Hills for tourism related purposes, including but not limited to visiting historical sites in or near the City, visiting commercial or retail establishments inside or near the City, researching future commercial, retail or residential development, or for any other purposes. The term Tourists does not include residents of the City or employees working in the City.

II.
RECITALS

WHEREAS, the Companies own the Hotels in the City of Richland Hills; and

WHEREAS, the City is authorized by Chapter 380 of the Texas Local Government Code; to provide economic development grants to promote local economic development and to stimulate business and commercial activity to the City; and

WHEREAS, the City has adopted a program for the purpose of promoting economic development; and

WHEREAS, the City desires to enter into this Agreement in order promote local commercial economic development and to stimulate business and commercial activity and expand the employment base of the City to the long-term interest and benefit of the City and its citizens and residents in accordance with Chapter 380 of the Texas Local Government Code; and

WHEREAS, the City Council finds the contemplated use of the Hotels and the other terms of this Agreement, are consistent with the program and all applicable law; and

WHEREAS, the City has enacted the Ordinance through which it has levied a hotel occupancy tax of seven percent (7%) pursuant to Chapter 351, Texas Tax Code, for the purpose of promoting tourism and the convention and hotel industry in the city; and

WHEREAS, Section 351.101 of the Texas Tax Code provides that the City may use revenues collected from hotel occupancy for various purposes, including for advertising and promotional programs designed to encourage Tourists to visit the City, for operation and maintenance of a visitor information center, for historic preservation projects and activities and museums, for a transportation system to transport Tourists from hotels in and near the municipality; and other purposes; and

WHEREAS, the Companies, as the owners of the Hotels, have an interest engaging in such purposes for the purpose of creating and expanding a customer base for the Hotels; and

WHEREAS, the Hotels will provide the funds, through the hotel occupancy tax, to fund such programs; and

WHEREAS, the City Council of the City deems a program designed to promote tourism as fundamental to the development and growth of the commercial and retail base of the City; and

WHEREAS, the development and growth of the commercial and retail base of the City will ultimately inure innumerable benefits to the residents of the City; and

WHEREAS, the City Council has determined that it is in the best interests of the City to enter into an agreement with the Companies to fund the development of a program designed to promote tourism in the City, with the City's sole funding obligation coming from revenues of visitors to the City;

NOW, THEREFORE, in consideration of the foregoing, and on the terms and conditions hereinafter set forth, the City and the Companies, for good and valuable consideration, do hereby contract, covenant and agree as follows:

III.
TERM OF AGREEMENT

The term of this Agreement shall begin on the date this Agreement has been signed by the parties (the "Effective Date") and continue for one (1) year thereafter (the "Expiration Date") or until this Agreement is otherwise terminated as provided in this Agreement, or extended by mutual written agreement of the parties.

IV.
AGREEMENT REGARDING MARKETING

A. CONDITION PRECEDENT

The Companies and the City agree that the Companies compliance with the hotel occupancy tax requirements, under both the Ordinance and Chapter 351 of the Texas Tax Code, and payment by the Companies of hotel occupancy taxes for one full calendar quarter, shall be conditions precedent to all the City's obligations under this Agreement.

B. DUTIES OF THE COMPANIES

1. The Companies, jointly and severally, agree and represent that they will submit to the City, hotel occupancy tax funds as required by the Ordinance. The Companies further agree that the amount due will be determined by the rate approved by the City and the occupancy of the Hotels and that the rate may be changed by the City Council as is allowed by law.

2. The Companies, jointly and severally, agree to maintain the Hotels in a manner that will permit and promote continued operations as well as the development of the City. The Companies jointly and severally, further agree and represent that they will use their best efforts to continue operating the Hotels in a professional manner, using sound business practices, so as to maximize the amount of hotel occupancy taxes collected and bring Tourists to the City for the duration of this Agreement.

3. While this Agreement is in effect, the Companies shall, jointly and severally, upon request of the City Council, certify to the City Council of the City whether the Companies are in compliance with each applicable term of this Agreement. The Companies, jointly and severally, agree to provide the City with any documentation the City may reasonably require or request to substantiate the Companies compliance.

4. The Companies duties, restrictions, burdens, and charges set forth in this Agreement shall exist at all times as long as this Agreement is in effect.

5. **THE COMPANIES, JOINTLY AND SEVERALLY, AGREE TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY, THEIR OFFICERS, AGENTS, EMPLOYEES, AND VOLUNTEERS IN BOTH THEIR PUBLIC AND PRIVATE CAPACITIES (COLLECTIVELY REFERRED TO HEREIN AS "THE INDEMNITEES"). THE COMPANIES, JOINTLY AND SEVERALLY, AGREE TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE INDEMNITEES FROM AND AGAINST CLAIMS SUITS, DEMANDS, LOSSES, DAMAGES, CAUSES OF ACTION, AND LIABILITY OF EVERY KIND, INCLUDING BUT NOT LIMITED TO EXPENSES OF LITIGATION OR SETTLEMENT, COURT COSTS, AND ATTORNEYS FEES WHICH MAY ARISE DUE TO ANY DEATH OR INJURY TO A PERSON OR PHYSICAL DAMAGE TO PERSONAL OR REAL PROPERTY, ARISING OUT OF OR OCCURRING AS A CONSEQUENCE OF THE PERFORMANCE OF THIS AGREEMENT, OR THE OPERATION OF THE HOTELS, REGARDLESS OF WHETHER SUCH IS ATTRIBUTABLE IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OF ONE OR MORE OF THE INDEMNITEES, AND REGARDLESS OF WHETHER ONE OR MORE OF THE INDEMNITEES IS HELD TO BE STRICTLY LIABLE UNDER PREVAILING LAW.** The Companies, jointly and severally, agree that the Companies indemnification obligations include the payment of reasonable attorneys' fees and expenses incurred by any of the above-named or described Indemnitees in connection with these claims, suits, or causes of action. The Companies further agree that this provision will survive the termination or expiration of this Agreement.

6. The obligations of the Companies under this Agreement shall survive any sale, lease, assignment, or replatting of all or a part of the Hotels, unless the City, by agreement of the City Council, expressly releases the one or both of the Companies from such obligations.

7. The Companies shall expend Tax Revenue Grant funds only for those Marketing purposes permitted by state law, limited to Texas Tax Code Section 351.101(a)(3) and applicable City ordinances, as such laws may be amended from time to time. Unless otherwise prohibited by law, such purposes shall include advertising and promotion of the City as a tourist and meeting destination and specifically marketing the Link. (The Hotels may be referenced in such advertising and promotion, provided that such is as an incident to the promotion of the City as described above.) Marketing may include any and all forms of advertising and promotion, including without limitation, all forms of media advertising (including television, radio, print, billboard, brochure and internet), direct mail, direct marketing, sponsorship marketing and related promotional activities, marketing through

trade associations, including without limitation, targeted marketing trips to association meetings, conventions and related events, marketing trips designed to bring representatives of trade associations, meeting groups and other targeted groups to market the City as a tourist, meeting and convention destination, promotional package gifts, sales and brand marketing, public relations and other advertising and promotional activities developed as part of an overall advertising and marketing strategy to promote the City as a tourist, convention and meeting destination (collectively referred to hereafter as the "Advertising and Promotional Guidelines").

8. On or before May 1 of each year, the Companies shall submit to the City Council for its approval, a budget ("the Budget") for the use of the Tax Revenue Grant funds for such ensuing Fiscal Year. The Budget shall be approved in writing so long as the uses of Tax Revenue Grant funds set forth therein are legally permissible. From time to time, the Budget may be adjusted to account for the amount of Tax Revenue Grant funds actually received by the Companies and other changes proposed by the Companies and approved by the City so long as such uses are legally permissible. The specific information contained in the Budget, other than the total amount of the annual budget, shall be considered proprietary and shall not be disclosed without the prior written consent of the Companies, unless the City receives a Public Information Act ruling requiring such disclosure or disclosure is otherwise required by law. A summary of the expenditures of Tax Revenue Grant funds by the Companies shall be set forth in quarterly reports prepared by the Companies and delivered to the City no later than sixty (60) days after each calendar quarter. The Tax Revenue Grant funds paid to the Companies by the City shall be kept by the Companies in a bank account separate and apart from any other bank accounts of the Companies. The Companies may pay costs from such account only if such expenditures are legally permissible under state and local law.

9. If state law restricts the uses of the grant, the Companies will so limit its use of the grant funds to those uses permitted by state law, and remit to the City any excess. **IF FOR ANY REASON AN EXPENDITURE OF THE GRANT COMPUTED WITH RESPECT TO HOTEL OCCUPANCY TAXES IS DEEMED TO BE UNAUTHORIZED OR ILLEGAL, THE COMPANIES, JOINTLY AND SEVERALLY, AGREE TO INDEMNIFY AND HOLD HARMLESS THE CITY FOR SUCH AMOUNTS, AND REIMBURSE THE CITY FOR ALL SUCH AMOUNTS, THOUGH IF PERMITTED BY STATE LAW, THE COMPANIES SHALL HAVE THE RIGHT TO CORRECT ANY UNAUTHORIZED OR ILLEGAL EXPENDITURE(S) BY MAKING ADDITIONAL AUTHORIZED AND LEGAL EXPENDITURES.**

10. The Companies acknowledge that the City is agreeing to grant a significant sum to the Companies to be expended by the Companies as described herein. The Companies agree that the City should be provided with security that the funds granted will be expended as described herein. Therefore, the Companies hereby grant the City a lien against the Hotels in an amount equal to the amount of the total of the granted funds, less any amounts properly expended as described herein. The Companies agree to execute or arrange execution of all documents required in the opinion of the City Attorney to perfect a lien against the Hotels securing the obligation to continue operation of the Hotels as described

herein until the Expiration Date of this Agreement, including a note, deed of trust, and other security instruments, and agree that such documents may be filed in the Deed Records of Tarrant County. This lien will be subordinate to any purchase money liens on the Hotels.

C. BREACH AND RECAPTURE

1. In the event that:

   (a) The Companies, jointly or severally, become delinquent in its obligation to pay hotel occupancy taxes or ad valorem property taxes owed to the City, provided the Companies retain the right to timely and properly protest such taxes as allowed by law; or

   (b) One or both of the Hotels ceases to remain open for business; or

   (c) The Companies, jointly or severally, violate any of the other terms or conditions of this Agreement;

   then the Companies shall be in default of this Agreement. In the event that the Companies default, then the City shall give the Companies written notice of such default. Notice shall be in writing as provided below. If the Companies have not cured such default or obtained a waiver of such default from the City, as the case may be, within thirty (30) days of said written notice, the Companies will be in breach of this Agreement, and the City may terminate this Agreement.

2. If, in the sole discretion and judgment of the City Council, the Companies have commenced to cure such default within said thirty (30) day period and if, in the sole discretion and judgment of the City Council, the Companies thereafter diligently proceed with the Companies efforts to cure the same, the City Council may grant the Companies additional time to cure such default.

3. Notwithstanding anything in this Agreement to the contrary, no inaction, and no action except an express written waiver by the City Council, shall be deemed a waiver of the right of the City to declare a default or a breach of this Agreement in the event of default or breach by the Companies, and no such express written waiver by the City shall be deemed a waiver of the right to declare a default or breach of this Agreement in the event of further or subsequent default or breach by the Companies, even if such default or breach is of the same kind or character as the waived default or breach.

4. In the event the Companies breach this Agreement by closing either of the Hotels (except any temporary closing for repair necessitated by casualty) at any time during the term of this Agreement, the Companies shall pay the City as liquidated damages within thirty (30) days after receiving written demand, an amount equal to the sum of the amounts paid by the City to the Companies hereunder each year this Agreement has then been in effect.

5. In the event the Companies breach this Agreement by expending sums granted herein

contrary to this Agreement or state law, at any time during the term of this Agreement (as determined by a court of competent jurisdiction or any applicable governmental regulatory or law enforcement agency), the Companies shall pay the City as liquidated damages within thirty (30) days after receiving written demand, an amount equal to 1.1 times the amount determined to have been expended contrary to this Agreement or state law, plus interest at the rate of eight percent (8.0%), compounded annually.

6. The parties acknowledge and agree that actual damages in the event of breach would be speculative and difficult to determine, and agree that the liquidated damages provided for herein are a fair and reasonable estimate of the damages that would be suffered by the City in the event of breach by the Companies.

D. DUTIES OF THE CITY

1. Lump Sum Grant. Subject to the Companies continued satisfaction of all the terms and conditions of this Agreement, the City agrees to provide a single Tax Revenue Grant in the amount of Fifty-Five Thousand Dollars ($55,000.00) for the fiscal year 2022, and a single Tax Revenue Grant in the amount of Fifty-Five Thousand Dollar ($55,000.00) for the fiscal year 2023, payable to the Companies jointly, to be used solely for Marketing.

2. The Operator shall submit to the City quarterly reports on July 15, October 15, January 15 and April 15 of each year detailing how the Lump Sum Grant has been spent.

3. The Lump Sum Grant shall be solely payable from hotel occupancy tax revenue. If for any reason, including a change in the law, any portion of such funds are legally unavailable for such purposes, the amount of the Lump Sum Grant shall be reduced accordingly. In no case will the City pay any amount of the Lump Sum Grant to the Companies until the hotel occupancy tax paid by Companies has been received by the City. The City shall not owe any amounts for any period of time if either of the Companies are in default under this Agreement, regardless of whether the City has given notice to the Companies of such default.

V.
GENERAL PROVISIONS

1. **Notice.** Notices required to be given to any party to this Agreement shall be given personally or by registered or certified mail, return receipt requested, postage prepaid, addressed to the party at its address set forth below, and, if given by mail, shall be deemed delivered as of the date deposited in the United States mail:

Notice address for the Companies:

CN Churchill II LLC
Attn: Mr. Sanjiv Melwani
643 Northeast Loop 820
Richland Hills, Texas 76118

CN Churchill III LLC
Attn: Mr. Sanjiv Melwani
643 Northeast Loop 820
Richland Hills, Texas 76118

Notice address for the City:

City of Richland Hills
Attn: Candice Edmondson, City Manager
3200 Diana Drive
Richland Hills, Texas 76118

Any party may change the address to which notices are to be sent by giving the other parties written notice in the manner provided in this paragraph.

2. **No ownership by City officer.** It is the belief of both parties that no part of the Hotels is owned by a member of the City Council or by a member of the City Planning and Zoning Commission, or any other board or commission of the City having responsibility for approval of this Agreement.

3. **Compliance with law.** The Companies shall comply with all applicable federal, state and local rules, regulations, ordinances, and laws in the operation of the Hotels.

4. **Assignment.** The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto. The Companies, or either of them, may transfer or assign its obligations under this Agreement, provided that any such transfer or assignment shall not be effective without prior written consent of the City, after the City has been provided with information sufficient to establish, in the City's sole discretion, that the proposed transferee or assignee will comply with that Company's remaining obligations hereunder, and will otherwise adequately protect the City's respective interests. Any such assignment of any portion of the Companies obligations hereunder shall not relieve the Companies of liability for such obligations except upon the express agreement of the City to release one or both of the Companies in writing, which approval shall be at the sole discretion of the City Council of the City, based upon the creditworthiness and the financial ability of the assignee and such other factors as the City Council of the City may deem relevant.

5. **Venue.** This Agreement shall be construed under the substantive laws of the State of Texas, without reference to its choice of law provisions, and venue for any action arising under state law under this Agreement shall be the District Courts of Tarrant County, Texas. If any action relating to this Agreement is not properly brought in state court, venue shall be the United States District Court for the Northern District of Texas.

6. **Severability.** In the event any section, subsection, paragraph, subparagraph, sentence, phrase, or word herein is held invalid, illegal, or unenforceable, the balance of this Agreement shall be enforceable, and shall be read as if the parties intended at all times to

delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase, or word. In such event there shall be substituted for such deleted provision a provision as similar in terms and in effect to such deleted provision as may be valid, legal and enforceable.

7. **Independent Parties.** Nothing herein shall be construed as creating a partnership or joint enterprise between the City and the Companies. Furthermore, the parties hereto acknowledge and agree that the doctrine of respondeat superior shall not apply between the City and the Companies, nor between the City and any officer, director, member, agent, employee, contractor, subcontractor, licensee, or invitee of the Companies.

8. **Authority of the City.** This Agreement was authorized by the City Council at its regular meeting on August 8, 2022, authorizing the City Manager to execute this Agreement on behalf of the City.

9. **Authority of the Companies.** This Agreement was entered into by CN Churchill II LLC and CN Churchill III LLC pursuant to authority granted by their Directors to Sanjiv Melwani to execute this Agreement on their behalf.

10. **Section or Other Headings.** Section or other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

11. **Attorney's Fees.** In the event any legal action or process is commenced to enforce or interpret provisions of this Agreement, the prevailing party in any such legal action shall be entitled to recover its necessary and reasonable attorney's fees and expenses incurred by reason of such action, pursuant to Section 271.159 of the Texas Local Government Code.

12. **Entire Agreement.** This Agreement is the entire agreement between the parties and supersedes all prior or contemporaneous understandings or representations, whether oral or written, respecting the subject matter herein, specifically including but not limited to the two prior proposed agreements approved by the City Council.

13. **Amendment.** This Agreement may only be amended, altered, or revoked by written instrument signed by the parties to such amendment.

14. **Interpretation.** This Agreement shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably, and neither more strongly for nor against any party, without regard to which party drafted this Agreement.

15. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

16. **Recording.** It is contemplated and agreed that this Agreement may be recorded in the deed records of Tarrant County, Texas.

17. **No Third-Party Beneficiaries.** Except as expressly provided herein, nothing herein will be construed to confer upon any person other than the parties hereto any rights, benefits or remedies under or because of this Agreement.

18. **Force Majeure.** If, by reasons of Force Majeure, any party will be rendered wholly or partially unable to carry out its obligations under this Agreement after its effective date, then such party will give written notice of the particulars of such Force Majeure to the other party or parties within a reasonable time after the occurrence of such event. The obligations of the party giving such notice, to the extent affected by such Force Majeure, will be suspended during the continuance of the inability claimed and for no longer period, and any such party will in good faith exercise its best efforts to remove and overcome such inability.

19. **Covenants Run with the Property.** The provisions of this Agreement are hereby declared covenants running with the premises and are fully binding on the Companies, their successors and assigns which acquire any right, title, or interest in or to the property, or any part thereof, and each and every subsequent owner, tenant, sub-tenant, licensee, and occupant of all or any portion of the premises, but only during the term of such party's ownership, tenancy, sub-tenancy, license, or occupancy thereof. No assignment, sale, lease, or other transfer of all or any part of the premises shall relieve the Companies of the Companies liabilities and obligations hereunder. The provisions of this section shall survive the termination of this Agreement.

20. Companies acknowledge that effective September 1, 2007, the City is required to comply with Chapter 2264 of the Texas Government Code, enacted by House Bill 1196 (80th Texas Legislature), which relates to restrictions on the use of certain public subsidies. Companies hereby certify that Companies, and any branches, divisions, or departments of Companies, does not and will not knowingly employ an undocumented worker, as that term is defined by Section 2264.001(4) of the Texas Government Code. In the event that Companies, or any branch, division, or department of Companies, is convicted of a violation under 8 U.S.C. Section 1324a(f) (relating to federal criminal penalties and injunctions for a pattern or practice of employing unauthorized aliens):

    (a) <u>Conviction During Term.</u> If such conviction occurs during the Term of this Agreement, this Agreement shall terminate contemporaneously upon such conviction (subject to any appellate rights that may lawfully be available to and exercised by Companies) and Companies shall repay, within one hundred twenty (120) calendar days following receipt of written demand from the City, the aggregate amount of the Tax Revenue Grant received by Companies, if any, plus simple interest.

    (b) <u>Conviction After Expiration or Termination.</u> If such conviction occurs after expiration or termination of this Agreement, subject to any appellate rights that may lawfully be available to and exercised by Companies, Companies shall repay, within one hundred twenty (120) calendar days following receipt of written demand from the City, the aggregate amount of the Tax Revenue Grant received by

Companies, if any, plus simple interest.

(c) Applicability. This Section does not apply to convictions of any subsidiary or affiliate entity of Companies, by any franchisees of Companies, or by a person or entity with whom Companies contract.

(d) Survivability. Not withstanding anything to the contrary herein, this Section shall survive the expiration or termination of this Agreement.

21. **Mutual Assistance.** The parties hereto agree to take all reasonable measures which are necessary or appropriate to carry out the terms and provisions of this Agreement and to aid and assist each other in carrying out such terms and provisions.

22. **No Limitation on Governmental Authority or Waiver of Immunities.** Nothing in this Agreement shall be construed as a waiver of the City's authority to collect any unpaid hotel occupancy taxes, ad valorem property taxes, and other sums due from the Companies; of the City's authority to enforce its governmental regulatory powers as to the premises; or of the City's governmental immunities under applicable law.

23. **Recitals.** The recitals to this Agreement are incorporated herein, and are intended to aid in the interpretation of this Agreement.

24. **Time of the Essence.** Time is of the essence of this Agreement. The parties hereto will make every reasonable effort to expedite the subject matters hereof and acknowledge that the successful performance of this Agreement requires their continued cooperation.

Witness my hand this 9th day of November, 2022.

CITY OF RICHLAND HILLS, TEXAS

By: Candice Edmondson
Candice Edmondson, City Manager

ATTEST:

Lindsay Wells
Lindsay Wells, City Secretary

CITY OF RICHLAND HILLS, TEXAS

Witness my hand this 10th day of November, 2022.

CN Churchill III LLC

By: ______________________
Sanjiv Melwani, Operator

ACKNOWLEDGMENT

STATE OF TEXAS '
COUNTY OF TARRANT '

Before me, the undersigned authority, on this day personally appeared Sanjiv Melwani, who after first being by me duly sworn, acknowledged and stated the witness has executed the above and foregoing document for the purposes and consideration therein expressed, and in the capacity therein expressed, and with full authority to so act, on this, the 10th day of November, 2022.

KAREN EVANS
Notary Public, State of Texas
Comm. Expires 09-18-2024
Notary ID 126626409

Karen Evans
Notary Public in and for the State of Texas
My commission expires: 09-18-2024

After recording return to:

Lindsay Wells
City Secretary
City of Richland Hills
3200 Diana Drive
Richland Hills, Texas 76118

Witness my hand this 10th day of November, 2022.

CN Churchill II LLC

By: ______________________
Sanjiv Melwani, Operator

ACKNOWLEDGMENT

STATE OF TEXAS '
COUNTY OF TARRANT '

Before me, the undersigned authority, on this day personally appeared Sanjiv Melwani, who after first being by me duly sworn, acknowledged and stated the witness has executed the above and foregoing document for the purposes and consideration therein expressed, and in the capacity therein expressed, and with full authority to so act, on this, the 10th day of November, 2022.

KAREN EVANS
Notary Public, State of Texas
Comm. Expires 09-18-2024
Notary ID 126626409

Karen Evans
Notary Public in and for the State of Texas
My commission expires: 09-18-2024

Candice Edmondson

From: Sanjiv Melwani <sanjiv.melwani@abcons.com>
Sent: Wednesday, August 16, 2023 10:06 AM
To: Candice Edmondson
Subject: [External] CN Churchill II LLC - Sales and Marketing Funds
Attachments: cn_churchill_group_tourism_generation_annual_budget_8-15-23.pdf

Candice,

As per our conversation, our Sales team continues to promote the hotels, the Link and tourism for the City of Richland Hills. Our websites and marketing literature encompass the Link and the City's attractions.

The investment in the sales and marketing efforts has shown definite results. A specific example of such a success if where the Link and the hotels worked together on hosting gymnastic competition in the earlier part of the year. The collaboration was a success and a template for future business. We will continue to engage the Link's sales team when we carry out our local campaigns to increase the awareness of the facilities available.

This year, we are on track to meet our revenue goals. I attach our projections along with sales and marketing budget for the next 3 years.

We would greatly appreciate the City's assistance in our Sales and Marketing efforts in 2024, 2025 and 2026. Any support provided would greatly assist us to meet the payroll and marketing needs.

We enjoy our partnership with the City and will really appreciate your kind consideration of this request.

Thanks and best regards,
Sanjiv Melwani CHO
COO

Abcons

Abcons Corporation
+1 972-408-5230
www.abcons.com

Excellence in Service Deriving Exceptional Results

CN Churchill Group

Tourism Generation Activity Budget

Farifield Inn and Suites		**2024**		**2025**		**2026**
Annual Budgeted Room Revenue	$	2,550,000	$	2,575,000	$	2,600,000
Sales and Marketing						
Salaries	$	55,000	$	57,000	$	59,000
Marketing Program (Through Brand)	$	63,750	$	64,375	$	65,000
Travel Agent and Promotions	$	71,400	$	72,100	$	72,800
On Line Marketing (Expedia ETC)	$	68,850	$	69,525	$	70,200
Direct Advertising and Marketing	$	19,125	$	19,313	$	19,500
Total Sales and Marketing	**$**	**278,125**	**$**	**282,313**	**$**	**286,500**
Shuttle Services for DFW and Municipality and Neighboring Attractions						
Vehcile Capital Cost (financed)	$	8,100	$	8,100	$	8,100
Labor	$	70,080	$	72,270	$	74,460
Insurance	$	3,250	$	3,500	$	3,750
Operating Expense (Gas, Maint etc)	$	12,775	$	13,140	$	13,505
Total Shuttle Expenses	**$**	**94,205**	**$**	**97,010**	**$**	**99,815**
Total Tourism Generation Expenses	**$**	**372,330**	**$**	**379,323**	**$**	**386,315**
As a percentage of Room Revenue		**14.60%**		**14.73%**		**14.86%**

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Jason Brown, Director of Parks and Recreation

Date: September 11, 2023

Subject: Fiesta de Herencia

Agenda Item:

Fiesta de Herencia

Background Information:

Staff will provide an update on the Fiesta de Herencia event planned for Friday, September 15 from 6:00 p.m. – 9:00 p.m. at the City Plaza.

Financial Considerations:

N/A

Legal Review:

N/A

Board/Citizen Input:

N/A

Attachments:

N/A

Council Action Requested:

No Council Action

Memorandum

To: Honorable Mayor Edward Lopez and Richland Hills City Council Members

From: Candice Edmondson

Date: September 11, 2023

Subject: Solid Waste, Recycling & Bulk Collection

Agenda Item:

Solid Waste, Recycling & Bulk Collection

Background Information:

City Council will discuss solid waste, recycling and bulk collection services.

Financial Considerations:

N/A

Legal Review:

N/A

Board/Citizen Input:

N/A

Attachments:

Agreement for Citywide Solid Waste Collection and Recycling Services
Amendment to Agreement for Solid Waste Collection and Recycling Services

Council Action Requested:

No Council Action

AGREEMENT FOR
CITYWIDE SOLID WASTE COLLECTION AND RECYCLING SERVICES

This CONTRACT (the "CONTRACT") is made and entered into on January 1, 2018 by and between the CITY OF RICHLAND HILLS, a municipal corporation of Tarrant County, Texas (hereinafter referred to as "CITY") and Allied Waste Services of Fort Worth, LLC dba Republic Services authorized to do business in the State of Texas (hereinafter referred to as "CONTRACTOR").

WHEREAS, City desires to provide residential and commercial customers within its corporate limits with Trash collection, transport, disposal and recycling services for a term of 5 years ending December 31, 2022; and

NOW, THEREFORE, in consideration of the mutual agreements hereinafter contained and in order to preserve and protect the public health of the citizens of the CITY it is hereby understood and agreed by the parties hereto as follows:

1. **Grant**. CITY hereby grants to CONTRACTOR a Contract to engage in the business of collecting and disposing of all residential and commercial Recyclable Materials, Acceptable Waste and Special Waste as defined below which is generated within the corporate limits of the CITY and, further, hereby grants to CONTRACTOR a license and permit to use the public streets, alleys, easements and thoroughfares within the limits of the CITY for said business during the term of the Contract.

2. **Term.** The term of the Contract shall be for five (5) years commencing on January 1, 2018 and terminating on December 31, 2022, with one (1) five-year renewal option upon the mutual agreement of both parties on or before December 31, 2022.

3. **Definitions**. Wherever used herein, the hereinafter listed terms shall have the following meanings:

   a) <u>Acceptable Waste</u>: Any and all waste that is Solid Waste, including Brush, Debris, garbage, Yard Waste, Trash, Rubbish, Bulky Waste that is acceptable for disposal in a Landfill, except for "Unacceptable Waste", as defined herein.

   b) <u>Backdoor Acceptable Waste Service</u>: Refuse pickup from behind the building line. The refuse shall be placed in front on the building facing the street in such a manner clearly visible from the street as to be accessible without entering a gate. Backdoor Trash Service shall be provided at an additional charge as later specified in this document for all residential households who request the service.

   c) <u>Brush</u>: Tree and shrub trimmings that are not easily placed in disposable containers.

d) Bulky Waste: Stoves, water tanks, washing machines, furniture, large electronics and other oversized acceptable Solid Waste.

e) Commercial Containers: Metal containers supplied by CONTRACTOR affording adequate capacity to service a customer so as to prevent spillage, unsightly and unsanitary conditions.

f) Curbside Service: Acceptable Waste or Recyclable Materials to be picked up by CONTRACTOR will be located at the curbside of the street bearing the customer's address, or if there is no curb, where the customer's property line meets the street.

g) Debris: Dirt, concrete, rocks, bricks, lumber, plaster, sand or gravel, other waste building materials, automobile frames, or large, uncut dead trees.

h) Disposable Containers: Any plastic bag or cardboard box with a capacity or volume of thirty-three (33) gallons or less that is capable of containing trash without leaking or emitting odors, and which weighs, when loaded, less than fifty (50) pounds.

i) Multi-Family/Apartment Residential Complex: A structure in which three or more families reside and claim as their permanent address.

j) Permanent Containers: Any closed, waterproof, plastic or metal container or can with a capacity or volume of thirty-three (33) gallons or less and which is capable of containing trash without leaking or emitting odors, and which weighs, when loaded, less than (50) pounds.

k) Recyclable Materials: Commodities collected by Contractor that can be sold in a spot or future market for processing and use or reuse including, but not limited to, newsprint, magazines, plastic (PET and HDPE) bottles, glass (clear, green and brown glass bottles and jars—no mirrors, window glass, plate glass or light bulbs), aluminum and metal (tin) cans and corrugated boxes/cardboard. The Recycling Containers shall not include Unacceptable Waste.

l) Recycling Containers: A plastic polycart designed for the purpose of curbside collection of recyclable materials at Residential Units not less than 64 gallons in size, to be provided by CONTRACTOR.

m) Solid Waste: Refuse animal or vegetable matter (as from kitchen or food processing facility), tin cans, bottles, sacks, clothes, extinguished ashes, paper (not including heavy accumulations or newspapers and magazines) and any other household waste that is damp or capable of emitting noxious odors.

n) Special Waste: Waste that requires special handling and management due to the nature of the waste, including, but not limited to, the following:

(1) Containerized waste (e.g. a drum, barrel, portable tank, box, pail, etc.);

(2) Waste transported in a bulk tanker;

(3) Liquid waste, which for the purposes of this Contract means any waste material that is determined to be or contain "free liquid" by the paint filter test (EPA Method 9095);

(4) Sludge waste;

(5) Waste from an industrial process;

(6) Waste from a pollution control process;

(7) Residue and debris from the cleanup of a spill or release of chemical; and

(8) Any other waste defined by Texas Law, rule or regulation as "Special Waste."

o) Trash/ Rubbish: All household refuse other than Solid Waste, Debris, Brush, and Bulky Waste. Trash shall include grass, yard clippings, leaves, weeds, heavy accumulations of newspapers and magazines, Recyclable Waste, old clothes and other household trash of like kind, but shall not include Hazardous Wastes.

p) Unacceptable Waste: Notwithstanding anything to the contrary in the Contract, title to and liability for Unacceptable Waste shall remain with the generator of such waste and shall at no time pass to CONTRACTOR. CONTRACTOR shall have no duty to collect or dispose of Unacceptable Waste. No customer shall place for collection or permit to be placed for collection any Unacceptable Waste, which includes the following:

(1) Waste that is now or in the future prohibited from disposal at a sanitary landfill by state, federal and/or local laws and/or the regulations promulgated thereunder; or

(2) "Hazardous Waste" shall include, but not be limited to, any amount of waste listed or characterized as hazardous by the United States Environmental Protection Agency or any state agency pursuant to the Resource Conservation and Recovery Act of 1976, as

amended, and including future amendments thereto, and any other applicable law.

(3) Special Waste, as defined herein;

(4) Waste that is prohibited from disposal at the Landfill by CONTRACTOR including tires, concrete, and bulk petroleum or chemical products or by-products; or

(5) Liquid Waste, as defined herein and septic-tank pumping, and grease- and grit-trap wastes; or

(6) Sludge waste, including water supply treatment plant sludge and stabilized and/or unstabilized sludge from municipal or industrial wastewater treatment plants; or

(7) Dead animals and/or slaughterhouse waste, except for animals euthanized under the authority and direction of CONTRACTOR; or

(8) Any waste, including "Special Waste" as defined herein, which because of its quantity; concentration; frequency of disposal; required disposal procedures regulatory status; or physical, chemical, infectious or other characteristics jeopardizes or may jeopardize the environmentally sound operation of the disposal site, as determined by CONTRACTOR in its sole discretion; or

(9) Other items that are not acceptable for landfill disposal include tires, batteries, petroleum products, paints and other chemicals and solvents identified by the U.S. Environmental Protection Agency.

q) <u>Yard Waste</u>: Grass or shrubbery cuttings, leaves, tree limbs, and other materials accumulated as the result of the care of lawn,shrubbery, vines and trees. Yard waste does not include food wastes from gardens such as fruits and vegetables.

4. Sold Waste Services.

a) <u>Customer Service and General Service Obligations of CONTRACTOR:</u>

(1) <u>Customer Service Number</u>: CONTRACTOR agrees to maintain an office located in Tarrant County with a local telephone number for the purpose of handling complaints and other calls regarding the collection service provided by CONTRACTOR. CONTRACTOR agrees to keep said phones available for calls from 7:00 a.m. to 7:00 p.m. Monday through Friday, Saturday from 7:00 a.m. to 12:00 p.m., and no hours on Sunday or the holidays set forth in Section

6.m herein, and to keep said phone staffed with sufficient competent personnel to handle calls and inquiries during the above-mentioned hours. A daily log of calls, complaints, inquiries and the action taken thereon shall be maintained by CONTRACTOR.

(2) Lawful disposal: All Acceptable Waste will be disposed of in compliance with the laws of the State of Texas.

(3) Equipment Furnished: CONTRACTOR agrees to furnish trucks, equipment, machinery, tools, and labor at its own expense to adequately, efficiently and properly collect and dispose of Acceptable Waste or Recyclable Materials from premises within the corporate limits of the CITY in a systematic, clean, healthful, and sanitary manner. All equipment, tools and machinery used for handling materials and executing any part of the work shall be maintained in a satisfactory, safe, and efficient working condition. CONTRACTOR'S equipment shall be of a size and weight as to not violate any applicable laws, rules or regulations of any applicable governmental entity agency or authority or create damage to CITY's streets and roadways, normal wear and tear excepted. All vehicles used by the CONTRACTOR for the collection and transportation of Acceptable Waste or Recyclable Materials shall be protected at all times while in transit to prevent leakage and the blowing or scattering of materials or waste onto the public streets of CITY or properties adjacent thereto and shall at all times be maintained in good repair. Further, such vehicles shall be clearly marked with CONTRACTOR'S name and phone number in letters not less than four (4) inches in height and shall be individually numbered on both sides and on the back of the truck. All collection equipment shall be washed and deodorized as necessary, but at minimum once each week, and shall be kept in sanitary condition. Vehicles must meet the current standards set out by the TNRCC/EPA guidelines.

(4) Unacceptable Waste: CONTRACTOR shall not be responsible under this Contract for collecting and disposing of Unacceptable Waste or Special Waste.

(5) Safety Programs: CONTRACTOR shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the work and services performed hereunder. CONTRACTOR shall provide reasonable protection to prevent loss or damage to both real and personal property and/or personal injury to persons, including but not limited to employees

performing such work and all other persons who may be affected thereby.

(6) Customer Service: CONTRACTOR shall provide responsive customer service and maintain sufficient staffing thereto. Any and all complaints and inquiries received prior to 2:00 p.m. shall be resolved by the end of the CONTRACTOR'S work day. Any and all complaints and inquiries received after 2:00 p.m. shall be resolved before 12:00 p.m. the next working day. CONTRACTOR shall provide one contact person (name and phone number) for any and all complaints and requests from City staff. CONTRACTOR shall monitor its own operations for efficiency and shall periodically perform customer satisfaction surveys.

(7) Penalty for Non-collection: CONTRACTOR will pay a $25.00 per occurrence penalty to CITY for each missed collection if not picked up within the remedy period provided herein. If the same address is missed and not picked up within the remedy period more than three times in any 90-day period, the penalty to be paid by CONTRACTOR shall be doubled.

(8) Free Collection and Recycling Service to CITY: CONTRACTOR shall provide free pickup and disposal for all City Facilities and properties in manners specified by CITY. CITY shall also have free dumping privileges during the term of this agreement at the nearest landfill or transfer station used by the CONTRACTOR. Free dumping is interpreted as meaning no charge or cost assessed to CITY. CONTRACTOR shall also provide at no cost or fee to CITY all services, materials, and equipment related to the CITY'S workplace-recycling program. CONTRACTOR shall provide CITY at no charge, appropriately sized Recycling Containers and once-per-week recycling service at each City facility.

(9) Holidays/Make-up Days: CITY and CONTRACTOR agree that the following days may be recognized as holidays:

New Year's Day	Labor Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

CONTRACTOR must provide a make-up day the next working day following the holiday, so that each customer receives the same number of collection days as would normally be received in a non-holiday week. If a necessity arises that CONTRACTOR believes warrants collection services on a designated holiday, approval shall be obtained from the City Manager or his designated representative at least 24 hours in advance to provide for timely notification to the affected customers of this holiday pick up.

(10) Hazardous and Inclement Weather Days: On icy, snow or other hazardous or inclement weather days when public schools in the Birdville ISD are closed, CONTRACTOR may elect to suspend service for that day, subject to notification of the City Manager, or his designated representative. No make-up day for missed weather day is required of CONTRACTOR. CONTRACTOR shall be solely responsible for timely notifying customers of this temporary suspension of service.

(11) Interruption of Service: In the event that the collection and disposal of Acceptable Waste or Recyclable Materials should be interrupted by any reason for more than forty-eight (48) hours, CITY shall have the right to make temporary independent arrangements for the purposes of continuing this necessary service to its residents in order to provide and protect public health and safety.

If the interruption in service mentioned in the paragraph above continues for a period of seventy-two (72) hours, and is not caused by a catastrophe, riot, war, governmental order or regulation, strike, fire, accident, act of God, changes in laws, statutes, regulations, or ordinances or other similar or different contingency beyond the reasonable control of CONTRACTOR, then CITY shall have the right to terminate the rights and privileges granted in this franchise.

(12) Investigations and Public Hearings: The City Council shall have full power to examine or cause to be examined at any time, and at all times, the books, papers, and records of CONTRACTOR with relation to the operation of the services set forth herein. In this connection, CITY shall have the right, through its Council, to take testimony and compel the attendance of witnesses or the production of books, papers and records and to examine witnesses under oath and under such rules and regulations as it may adopt.

(13) Non-Collection: Should a dispute arise between CITY, CONTRACTOR and/or a customer as to whether CONTRACTOR actually failed to make a collection (whether the CONTRACTOR missed a pickup) the decision of the City Manager in such manner shall be final and CITY and CONTRACTOR agree to abide by said decision. Non-Collection is subject to the following terms and conditions:

a. If any customer fails to place Brush, Permanent Containers, Disposable Containers, Recyclable Materials or Commercial

Containers out, or maintains improper or inadequate containers for the nature, volume or weight of Acceptable Waste or Recyclable Materials for collection, CONTRACTOR may refrain from collecting all or a portion of such Acceptable Waste or Recyclable Materials and shall notify CITY of the reason for non-collection. CONTRACTOR shall also provide notice to the customer of the reason for such non-collection (unless such non-collection is the result of the customer's failure to timely place the Brush or containers out for collection).

b. CONTRACTOR'S notice to the customer shall be in writing, attached to the container or the front door of the residence or commercial business, and shall indicate the nature of the violation and the correction required in order that such waste or recycling materials may then be collected at the next regular collection date.

c. When CITY is notified by a customer that Acceptable Waste or Recyclable Materials have not been removed from his premises on the scheduled collection day and where neither notice of non-collection nor a change in collection schedule has been received from CONTRACTOR, CITY shall investigate. If the investigation disclosed that CONTRACTOR has failed to collect Acceptable Waste or Recyclable Materials from the subject premises without cause, CONTRACTOR shall collect same within twelve (12) hours after a collection order is issued by CITY, at no additional charge.

(14) Records and Reports: CITY shall have access at all reasonable hours to all CONTRACTOR'S records, customer service cards, and all papers relating to the operation of the services set forth herein. CITY shall have the right to audit CONTRACTOR'S records upon giving written notice. The following records and reports shall be emailed monthly to the City Manager or his designee by the fifteenth (15^{th}) day of each month in a format which can be electronically sorted as to each of the items specified below:

a. Complaint list containing at least the street address, complaint code, date and time of complaint and the date and time of resolution.

b. Customer service reports detailing call received, nature of calls and response times;

c. Reports of results of all complaints received and investigations completed by Contractor;

d. Adequate report on recyclable collections will be submitted and shall include the number, percentage of households participating, tonnage (by Category) of recyclable, dollars generated for items sold, and where and how the recyclables were disposed of;

e. Report on cubic yards of trash deposited at the landfill from Richland Hills. The report will include a breakdown of how much is from residential customers, commercial customers, City facilities, and landfill days.

f. A monthly listing of all commercial accounts served. This list shall include customer's name, address, frequency of pickup, size of container or type of service and charges for same.

(15) Contractor Contribution: CONTRACTOR shall contribute annually, beginning January 1, 20018 and each year thereafter for the term of the contract, $15,000 for use by the Richland Hills Connection program.

(16) Spillage: CONTRACTOR will not be required to clean up or collect loose residential Acceptable Waste or Recyclable Materials not created by its operation, but if same is not collected by CONTRACTOR, CONTRACTOR shall report the location of such conditions to CITY so that proper notice can be given to the occupant of the residence to properly contain such waste or materials. Spillage or excess Acceptable Waste or Recyclable Materials at the location of commercial containers may be picked up by CONTRACTOR after the customer reloads the commercial container. CONTRACTOR shall then be entitled to, and shall receive, an extra collection charge for each reloaded container requiring an extra collection provided CONTRACTOR notifies CITY of such extra charge in time for same to be included by CITY in such customer's monthly bills. Should such commercial spillage continue to occur, CITY shall require the commercial customer and CONTRACTOR to increase the frequency of collection of such customer's Acceptable Waste container with a larger capacity and CONTRACTOR shall be compensated for such additional services.

b) Residential Services: It shall be the duty and obligation of CONTRACTOR to perform the following services for Residential Customers:

(1) Collection: CONTRACTOR agrees to make two (2) weekly curbside take-all collections for Acceptable Waste on Tuesday and Friday and one (1) weekly curbside collection for Recyclable Materials. Collections for Recyclable Materials from residential customers shall be on one of the same days that Acceptable Waste is collected. CONTRACTOR shall not commence service to residential customers prior to 7:00 a.m. and shall not pick up in residential areas after 7:00 p.m. Unusual, emergency situations requiring a later one-time temporary change in schedule shall be timely communicated to the City Manager or his designated representative, prior to such temporary time change being made. No collections will be made on Sundays or holidays (as defined in Section 6.m). The recycling collection will be in addition to the regular twice-weekly collection of Acceptable Waste. CONTRACTOR shall pickup both regular and Backdoor Trash Service customers in the manner specified herein.

(2) Take-All Service: CONTRACTOR shall collect all items placed on the curb as part of the regular waste collection cycle providing that the items are acceptable for landfill disposal and the items are containerized in a bag or box. Brush and tree limbs must be tied in bundles not to exceed four (4) feet in length and fifty (50) lbs. in weight. Construction debris is restricted to homeowner generated and must be compactible and containerized. Fence panels must be cut into four-(4) foot by six (6) foot sections. Loose pickets must be tied and bundled.

(3) Bulky Items: Bulky items, including stoves, furniture, hot water heaters, dishwashers, etc., when placed on the curb, weighing under 50 pounds will be picked up as part of normal service collections. Federal Law prohibits the collection of refrigerator or freezer units unless certification is provided that CFC's have been removed by a certified technician.

(4) Landfill Disposal and Vehicle Standards: CONTRACTOR agrees that the Acceptable Waste collected will be disposed of in compliance with the laws of the State of Texas.

(5) Large Objects/Large Quantity: CONTRACTOR agrees to provide an on-call service for the collection of large objects and quantities of debris, including temporary roll-off service. Upon request by a customer, CONTRACTOR agrees to provide an estimate of the cost to remove and dispose of such items and upon mutual Contract between CONTRACTOR and customer, CONTRACTOR shall perform the service. The agreed upon fee for the service shall

be paid by the customer immediately upon completion of the work performed. Large quantity is defined as over 4 cubic yards per service day per residential address not including quarterly clean-ups.

(6) Non-Collection Days: CONTRACTOR agrees that no collections will be made on, Sundays or Contract designated holidays.

(7) Residential Recycling Containers: CONTRACTOR shall provide for each residential customer a sixty-five (65) or ninety-five (95) gallon container with a lid at no charge, which shall be dedicated solely for the collection of Recyclable Materials. Such container shall be delivered to each residential customer by CONTRACTOR along with a brochure explaining how the container is to be used and other information pertinent to the recycling service. CONTRACTOR shall deliver and maintain containers during the term of the contract.

(8) Bulk Pickup: CONTRACTOR shall provide quarterly additional service for curbside Bulky Waste pickup free of charge on mutually agreed scheduled dates. All Bulky Waste shall be picked up and removed by CONTRACTOR within seven (7) days of the scheduled quarterly commencement date. Should CONTRACTOR fail to pickup the Bulky Waste within that time frame, CONTRACTOR shall pay the CITY Two Thousand Dollars ($2,000.00) each day thereafter until all Bulky Waste is picked up and removed.

(9) Routes and Schedules: Collection routes shall be established for the collection of Acceptable Waste and Recyclable Materials as necessary to fulfill the requirements of the Contract. CONTRACTOR shall submit a map designating the collection routes and proposed days of collection to CITY for approval. CONTRACTOR shall give CITY thirty days advance notice prior to any route change. All route changes must be approved by the City Manager. CITY shall have the right to require alteration of service to any premises wherein unsightly or unsanitary conditions have resulted from inadequate containers or an insufficient number of collections, and CONTRACTOR shall be compensated for any such required additional services.

(10) Christmas Tree Recycling: CONTRACTOR shall collect Christmas trees at curbside on two dates selected and publicized by CONTRACTOR and transport such trees to a site designated by CITY, remove all plastic and other contaminants and shall grind the trees into mulch for such use as the CITY chooses. At City's

request, CONTRACTOR will provide a one time agreed upon bulk amount of mulch for use by the CITY and Customers.

c) Commercial, Industrial, Institutional and Multi-Family Services:

(1) CONTRACTOR'S Duties and Obligations – Commercial, Industrial, Institutional and Multi-Family: It shall be the duty and obligation of CONTRACTOR to perform the following services:

a. Containers: CONTRACTOR shall provide all commercial containers for Acceptable Waste or Recyclable Materials storage, which are available upon request of the owner or occupant of any premises within the corporate limits of CITY, excluding single-family and two-family residences. The commercial containers provided by CONTRACTOR shall be (i) equipped with suitable covers to prevent blowing or scattering of Acceptable Waste or Recyclable Materials while being transported for disposal of their contents; (ii) maintained in good repair, appearance, and in a sanitary condition; (iii) clearly marked with the CONTRACTOR'S name and telephone number in letters not less than two (2) inches in height' and (iv) emptied not less than one time each week. CONTRACTOR shall provide to commercial customers, containers sufficient in number and size to hold all of the customer's Recyclable Materials.

b. Routes and Schedules: Collection routes shall be established for the collection of Acceptable Waste and Recyclable Materials as necessary to fulfill the requirements of this Contract. The CONTRACTOR shall submit a map designating the collection routes and proposed days of collection to CITY for approval. CONTRACTOR shall give CITY thirty days advance notice prior to any route change. All route changes must be approved by the City Manager. CITY shall have the right to require alteration of service to any premises wherein unsightly or unsanitary conditions have resulted from inadequate containers or an insufficient number of collections, and CONTRACTOR shall be compensated for any such required additional services. CONTRACTOR shall adjust schedules and times of collection to avoid disturbance of residential areas when picking up from commercial, industrial and institutional customers.

d. Multi-family Unit Recycling: CONTRACTOR shall collect on a scheduled collection day/days all program Recyclable Materials, in recycle commercial containers. Multi-family residential such as duplex, four-plex shall be considered residential. Apartments shall have the option to provide Commercial Containers. CONTRACTOR shall reach out to all multi-family customers to increase recycle availability.

e. General Recycling: CONTRACTOR agrees to provide recycling services upon request to commercial, industrial, institutional and multi-family customers. In the event it is not cost effective for CONTRACTOR to make such services available, CONTRACTOR has the right to decline. It is understood that customers can engage a permitted or franchised commercial hauler to collect solely and pure Recyclable Materials from customer's location if clearly separated in a recyclable container.

6. Duties of Customers and City.

a) City Ordinances: CITY agrees to pass such ordinances as are necessary to effectuate all terms of this Contract including all duties and obligations required of residential and commercial customers.

b) Duties and Obligations of Residential Customer: Every owner, agent, lessee, tenant or occupant of any residential premises in the CITY ("residential customer") shall have the following duties and obligations:

(1) Brush and Trash: Each residential customer shall place Brush or Trash that cannot be placed in disposable containers or permanent containers into lengths not to exceed four (4) feet, tie same in bundles, and stack such brush or trash at curbside. Bundles are not to exceed four (4) cubic yards. CONTRACTOR will dispose of brush and trash over four (4) cubic yards for a charge of $10 per cubic yard (as is hereinafter provided).

(2) Containers Secured: Each residential customer shall keep all such containers in use securely closed in such a manner as to prevent the scattering of the contents thereof and to render said contents inaccessible to insects, rodents and other animals.

(3) Residential Container: Each residential customer shall provide and use containers (disposable or permanent) sufficient in number to hold the Acceptable Waste accumulating on the premises. Only the Recycling Containers furnished by CONTRACTOR shall be used for Recyclable Materials.

(4) Special Waste: No residential customer shall place for collection, or permit to be placed for collection, any Special Waste.

(5) Time of Placement of Waste and Materials: All appropriate containers and tied bundles of Brush required to be located at the curbside shall be placed at the prescribed curbside locations not more than twelve hours prior to the scheduled collection day and not later than 7:00 a.m. on the scheduled collection day.

(6) Vines and Bushes: Each residential customer shall place all vines and thorny bushes in disposable containers.

c) Duties and Obligations of Commercial, Industrial, Institutional and Multi-Family Customers: Every owner, agent, employee or person otherwise in charge of any commercial, institutional, industrial or multi-family premises within the CITY ("commercial customer") shall have the following duties and obligations:

(1) Containers Secured: Each commercial, industrial, institutional and multi-family customer shall keep all Commercial Containers pursuant to the City's Zoning Ordinance and in such a manner as to prevent the scattering of the contents thereof and to render said contents inaccessible to insects, rodents and other animals.

(2) Draining Liquids: Each commercial, industrial, institutional and multi-family customer shall drain all Acceptable Waste or Recyclable Materials mixed with water or other liquids before placing same into a Commercial Container, and, further, no commercial, industrial, institutional or multi-family customer shall place for collection, or permit to be placed for collection, any Unacceptable Waste or Special Waste.

(3) Sufficient Containers: Each commercial, industrial, institutional and multi-family customer shall be provided by CONTRACTOR containers sufficient in number to hold the Acceptable Waste or Recyclable Materials accumulating on the premises.

(4) Waste and Materials in Containers: Each commercial, industrial, institutional and multi-family customer shall cause all Acceptable Waste or Recyclable Materials accumulating on such premises to be placed in Commercial Containers. Commercial, industrial, institutional and multi-family customers shall place said containers in a certain designated location which is agreed to by CONTRACTOR and customer, bearing such customer's address for collection at the same time and in the same manner as is provided for residential refuse collection. The location of the customer's container shall be placed such that no damage results to the pavement or asphalt surfaces. CONTRACTOR shall not be

liable for damages to pavement or asphalt surfaces, which result from the container being placed in such location.

(5) Other Waste: Any company that produces on a regular basis industrial, manufacturing, or commercial products that have a residual value in the open market or that produce significant and constant wastes, such as cardboard from their business, may sell and market said products in a manner determined by the individual company and are not required to utilize the CONTRACTOR for this service. If such companies use other, non-Contractor commercial/industrial recyclers for such waste, such recyclers shall conform to and be permitted or franchised as apparent under City of Richland Hills' rules and regulations. Any questions or disputes shall be resolved at the discretion of the City Manager.

(6) Other Recycling: Any company desiring to recycle wastes that are not or cannot be recycled by CONTRACTOR shall only use such commercial/industrial recycling company that has a current permit or franchise in Richland Hills.

d) City Liaison: CONTRACTOR and CITY agree that the City Manager will have authority for the approval of charges for any service not contemplated by this Contract and for the disposition of any dispute between customer and CONTRACTOR. CITY may designate a City employee to act as an enforcement officer hereunder and to act as a liaison between CITY and CONTRACTOR.

7. Billing and Franchise Fees.

a) Residential:

(1) Customer Billing: CITY agrees to bill all residential customers served by CONTRACTOR. CITY further agrees to collect and remit all sales taxes to the appropriate governmental authority.

(2) Payment to CONTRACTOR: CITY agrees to pay to CONTRACTOR on or before the 15th day of each month the appropriate charges as herein provided:

(3) Franchise Fee Residential Acceptable Waste Charges and Residential Recycling Charges: For the Contract granted herein, CONTRACTOR agrees to pay a franchise fee to the CITY in an amount equal to 4% of the gross billing (excluding all appropriate sales taxes) from the collection of Acceptable Waste and for recycling services within the

corporate limits of the CITY and 8% of the gross billing (excluding all appropriate sales taxes) for billing and collection fee, for a total of 12%. CITY shall remit to CONTRACTOR its check in the amount of 88% of all amounts billed for residential Solid Waste and recycling service for Acceptable Waste and recyclables collected. The 12% not remitted for residential billings shall become the property of CITY.

(4) Residential Acceptable Waste: CITY and CONTRACTOR agree that the Monthly Customer Service Charge for residential customers shall be as described on ATTACHMENT "A".

(5) Rate Increase: Proposed rates shall be increased by three (3) percent January 1st of each year excluding year one (1).

(6) Residential Recycling: CITY and CONTRACTOR agree that the curbside residential recycling monthly service charge shall be as provided in Attachment "A".

b) Commercial, Industrial, Institutional and Multi-Family Charges:

(1) Commercial, Industrial, Institutional and Multi-Family Acceptable Waste: CITY and CONTRACTOR agree that the monthly service charges for commercial, industrial, institutional, and multi-family Acceptable Waste shall be provided in Attachment "A", which is attached hereto and incorporated herein by reference.

(2) Commercial, Industrial, Institutional, and Multi-Family Recycling Charges: The service charge for commercial, industrial, institutional and multi-family Acceptable Waste recycling shall be negotiated between CONTRACTOR and customer and submitted to CITY for billing.

(3) Customer Billing: CONTRACTOR agrees to bill all permanent and regularly scheduled commercial, industrial, institutional and multi-family customers. CONTRACTOR agrees to bill for temporary container service. CONTRACTOR will submit to CITY by the 20th of each month a detail and summary report for all permanent and regularly-scheduled customers for billing purposes. Detail and summary reports must balance. CONTRACTOR will submit a report for informational purposes a listing of the temporary container services CONTRACTOR billed, which includes customer name, address, service type and charges. CITY further agrees to

collect and remit all sales taxes to the appropriate governmental authority.

(4) Payment to Contractor: CONTRACTOR agrees to pay the CITY on or before the 15th day of each month the appropriate charges as herein provided:

(5) Commercial, Industrial, Institutional and Multi-Family Acceptable Waste Charges and Commercial, Industrial, Institutional and Multi-Family Recycling Charges: For the Contract granted herein, CONTRACTOR agrees to pay CITY an amount equal to 4% of the gross billing (excluding all appropriate sales taxes) from the collection of Acceptable Waste and for recycling services within the corporate limits of CITY and 4% of the gross billing (excluding all appropriate sales taxes) for billing and collection fee, for a total of 8%.

c) Bad Debt: The CITY shall be responsible for the collection of "bad debt" or uncollectable accounts relating to any amounts billed to Residential customers served by CONTRACTOR, and CONTRACTOR shall be responsible for the collection of "bad debts" or uncollectable accounts relating to any amounts billed to commercial, industrial or multi-family customers. Notwithstanding anything to the contrary contained in this CONTRACT, the CONTRACTOR may, in its discretion, discontinue service to any residential, commercial or industrial customer that does not pay the full amount set forth herein for the services provided hereunder within thirty (30) days of the date of any invoice delivered to such customer. CONTRACTOR shall re-establish service to such customer once the customer's account has been paid in full.

8. Indemnification, Insurance and Bond.

a) **Indemnification**: CONTRACTOR ASSUMES ALL LIABILITY AND RESPONSIBILITY FOR AND HEREBY COVENANTS AND AGREES TO FULLY INDEMNIFY, HOLD HARMLESS, AND DEFEND THE CITY, ITS OFFICERS, AGENTS, ELECTED OFFICIALS, AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, SUITS, JUDGMENTS, ASSESSMENTS, COSTS, AND EXPENSES (INCLUDING WITHOUT LIMITATION, REASONABLE FEES AND EXPENSES OF ATTORNEYS, EXPERT WITNESSES AND OTHER CONSULTANTS) FOR PROPERTY DAMAGE OR LOSS AND/OR PERSONAL INJURY, INCLUDING DEATH, TO ANY AND ALL PERSONS OF WHATSOEVER KIND OR CHARACTER, WHETHER REAL OR ASSERTED, ARISING OUT OF OR IN CONNECTION WITH THE PERFORMANCE, ATTEMPTED PERFORMANCE OR NON-PERFORMANCE OF THE WORK AND SERVICES DESCRIBED HEREUNDER OR IN ANY WAY

RESULTING FROM OR ARISING OUT OF THE COLLECTION, TRANSPORTATION, AND DISPOSAL OF BRUSH, C&D DEBRIS, DEBRIS, GARBAGE, TRASH, SOLID WASTE, REFUSE OR RECYCLABLE MATERIALS UNDER THIS AGREEMENT, INCLUDING THE WORK, SERVICES, OPERATIONS, AND LEGAL DUTIES OF CONTRACTOR, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, SUBCONTRACTORS, LICENSEES, OR INVITEES, IF ANY. IN THE EVENT OF JOINT AND CONCURRENT RESPONSIBILITY OF CONTRACTOR AND THE CITY, RESPONSIBILITY, IF ANY, SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE TEXAS LAW, WITHOUT WAIVING ANY DEFENSE OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS PARAGRAPH ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY PERSON.

CONTRACTOR SHALL LIKEWISE ASSUME ALL RESPONSIBILITY AND LIABILITY FOR AND SHALL INDEMNIFY AND HOLD HARMLESS THE CITY FOR ANY AND ALL INJURY OR DAMAGE TO CITY PROPERTY ARISING OUT OF OR IN CONNECTION WITH ANY AND ALL ACTS OR OMISSIONS OF CONTRACTOR, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, SUBCONTRACTORS, LICENSEES, OR INVITEES, INCLUDING WITHOUT LIMITATION, REASONABLE FEES AND EXPENSES OF ATTORNEYS, EXPERT WITNESSES AND OTHER CONSULTANTS, EXPENDED BY THE CITY IN ANY SUIT OR CLAIM AGAINST THE CONTRACTOR.

b) Insurance: CONTRACTOR shall not commence work under this CONTRACT until CONTRACTOR has obtained all the insurance required under this CONTRACT, certificates evidencing such coverage are received by the CITY and such insurance has been approved by the CITY. CONTRACTOR shall be responsible for delivering to the CITY CONTRACTOR's certificate of insurance for approval. The failure by the CONTRACTOR to keep in full force and effect any insurance required by this Agreement shall be deemed a breach of this CONTRACT.

CONTRACTOR agrees to carry the following types of insurance at all times while this CONTRACT is in effect, and agrees that each policy shall contain a provision that coverage will not be cancelled until at least thirty (30) days' prior written notice has been given to the CITY:

(1) Workers compensation insurance in the statutory amounts required by the State of Texas covering all employees engaged in any operations covered by this CONTRACT.

(2) Automobile Liability - $1,000,000 Single Limit, bodily injury and property damage combined.

(3) General Liability - $5,000,000 Single Limit, bodily injury and property damage combined.

(4) Excess Umbrella Liability - $5,000,000 per occurrence.

Such policies of insurance shall be issued by companies authorized to do business in the State of Texas, and the CITY, its officers, agents, elected officials and employees shall be named as an additional insured on all such policies except workers compensation.

c) Contractor Liability/Insurance: CONTRACTOR assumes all risk of loss or injury to property or persons arising from any of CONTRACTOR'S negligence or willful misconduct in its operation under this CONTRACT, and agrees to indemnify and hold harmless CITY from all claims, demands, suits, judgments, costs or expenses arising from any such loss or injury. It is expressly understood that the foregoing provisions shall not in any way limit liability of CONTRACTOR.

(1) CONTRACTOR agrees to carry the following types of insurance:

Coverage	Limits of Liability
Worker's Compensation	Statutory
Automobile Liability Limit,	$1,000,000 Combined Single Bodily injury and property damage combined
General Liability	$1,000,000 Combined Single Limit, bodily injury and property damage combined
Property Damage Liability Except Automobile	$1,000,000 each occurrence $2,000,000 aggregate
Excess Liability Coverage	$2,000,000 aggregate

(2) CONTRACTOR agrees to furnish to CITY Certificates of Insurance evidencing that such insurance has been procured and is in force.

d) Performance Bond: CONTRACTOR shall be required to furnish a performance bond as security for the faithful performance of this Contract.

Said performance bond must be in an amount equal to $250,000 and must remain in effect for the term of five (5) years.

CONTRACTOR shall pay any and all premiums for the bonds described above. A certificate from the surety showing that the bond premiums are paid in full shall be submitted to CITY on an annual basis for the duration of the CONTRACT.

9. Termination.

a) Termination for Cause: If, at any time, CONTRACTOR shall fail to substantially perform terms, covenants or conditions herein set forth, the following steps shall be taken:

(1) CITY shall notify CONTRACTOR by registered or certified mail the specific reason in support of CITY'S claim that the CONTRACTOR has substantially breached the terms and provisions of the CONTRACT. CONTRACTOR shall be allowed a thirty (30) day period from the date of receipt of said notice from CITY to remedy any failure to perform.

(2) Should CONTRACTOR fail to remedy its performance after thirty (30) days, a hearing shall be held with the City Manager or his designated representative. Written notice shall be sent to CONTRACTOR of the date and time of the hearing. The City Manager or his designated representative may recommend that CONTRACTOR has failed to remedy performance and that termination hearing be held by the City Council or that a correction plan be approved to allow for the needed remediation by CONTRACTOR.

(3) Should CITY deem CONTRACTOR to have failed to remedy performance, a hearing shall be conducted in public by the City Council. A notice shall be sent to CONTRACTOR no earlier than ten (10) days before the scheduled hearing. The notice shall specify the time and place of said hearing and shall include the specific reasons in support of CITY'S claim that CONTRACTOR has substantially breached the terms and provisions of this CONTRACT. CONTRACTOR shall be allowed to be present and shall be given full opportunity to answer such claims as are set out against it in aforesaid notice. If, after said public hearing, the City Council makes a finding that CONTRACTOR has failed to perform the CONTRACT, its clauses and tenants, the City Council may, by majority vote, or other voting rule as determined by the Council, terminate the contract. Contract termination date shall be effective six months from such findings. This CONTRACT may, at the option

of CITY, be terminated in the event of bankruptcy, receivership, or assignment for the benefit of creditors by CONTRACTOR.

10. Miscellaneous.

a) Assignment of Contract: This CONTRACT and any and all rights and obligations of CONTRACTOR hereunder may be assigned by Contract to any parent company, affiliate, or subsidiary of CONTRACTOR without the consent of CITY, but may be assigned to any other third party only with prior written consent of the CITY'S City Council.

b) Compliance with Laws: CONTRACTOR HEREBY AGREES TO COMPLY WITH ALL APPLICABLE FEDERAL, STATE, AND LOCAL LAWS INCLUDING THE FAIR LABOR STANDARDS ACT AND RULES, REGULATIONS ORDERS AND DECREES OF THE TEXAS DEPARTMENT OF HEALTH, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY AND THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY. **CONTRACTOR SHALL INDEMNIFY AND HOLD HARMLESS CITY, ITS OFFICERS, AGENTS, ELECTED OFFICIALS AND EMPLOYEES AGAINST ANY CLAIM OR LIABILITY ARISING FROM OR BASED ON THE VIOLATION OF ANY SUCH LAWS, REGULATIONS, ORDINANCES, ORDER OR DECREE, WHETHER SUCH VIOLATION WAS BY CONTRACTOR, ITS AGENTS OR EMPLOYEES, OR ANY SUBCONTRACTOR OR ASSIGNEE.**

c) Contract Execution: This CONTRACT may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original, and all of which are identical.

d) Contract Validity: If any provision or portion of this CONTRACT is for any reason unenforceable, inapplicable, or invalidated then such provision or portion shall be reformed in accordance with applicable laws and the other provisions hereof will remain in full force and effect in the same manner as if such unenforceable, inapplicable or invalidated provision had never been contained herein. The invalidity, inapplicability, or unenforceability of any provision or portion of this CONTRACT shall not affect the validity, applicability or enforceability of the other provisions or portions of this CONTRACT.

e) Judicial Interpretation: CITY and CONTRACTOR agree that if any term or provision of this CONTRACT is submitted to a court for judicial interpretation that such court shall not apply the presumption which results from the rule of construction that a document or its contents is to be construed against the person who himself or through his agent prepared the same.

f) Favored Nation: If during the term of this CONTRACT, CONTRACTOR enters into a contract or renews or extends a contract for waste services with a City in Northeast Tarrant County which provides for commercial service, twice weekly residential curbside take all Solid Waste pick up and once per week curbside recycling at rates which would produce lower revenues, exclusive of fees, than the rates provided herein, then CITY shall be entitled to utilize the rate schedule agreed to by CONTRACTOR for such municipality in place of those provided herein.

g) Governmental Powers and Immunity: It is understood and agreed that by execution of this CONTRACT, the CITY does not waive or surrender any of its governmental powers, or sovereign immunity.

h) Taxes: CONTRACTOR shall pay all federal, state, and local taxes including sales tax, social security, worker's compensation, unemployment insurance, and any and all other required taxes which may be chargeable against labor, material, equipment, real estate, and any other items necessary to and in CONTRACTOR'S performance of this CONTRACT.

i) Licenses, Permits, and Fees: CONTRACTOR agrees to obtain and pay for all licenses, permits, certificates, inspections and all other fees required by law or otherwise necessary to perform the services prescribed hereunder. CONTRACTOR shall also pay, at CONTRACTOR'S own expense, all disposal fees associated with the collection, removal and disposal of solid waste under this CONTRACT; provided, however, CONTRACTOR shall have the right to seek discretionary rate adjustments as specifically set forth in Section IV. C. of this CONTRACT.

j) Audit: Either CONTRACTOR or CITY may request an audit of all account records by the CITY's or CONTRACTOR's outside, independent audit firm then engaged by the CITY or, as applicable, the CONTRACTOR at the time of the request. Such audit shall be at the expense of the party requesting same. Further, documentation of billings will be provided to the CITY or CONTRACTOR upon request by the other party.

k) Force Majeure: The performance of this CONTRACT may be suspended and the obligations hereunder excused in the event and during the period that such performance is prevented by a cause or causes beyond the reasonable control of such party. The performance of this CONTRACT will be suspended and the obligations hereunder excused only until the condition preventing performance is remedied. Such conditions shall include, but not be limited to, acts of God, strikes, acts of war, accident, explosion, fire, flood, riot, sabotage, unusually severe weather, lack of adequate fuel, or judicial or governmental laws or regulations.

l) Governing Law and Venue: The validity of this CONTRACT and any of its terms or provisions, as well as the rights and duties hereunder, shall be governed by and construed in accordance with Texas law. Venue shall lie in Tarrant County, Texas.

m) Non-appropriation: If the governing body of the CITY fails to specifically appropriate sufficient funds to make the payments due in any Fiscal Year and no such appropriation is legally made within two weeks after demand by CONTRACTOR, an Event of Non-appropriation will have occurred, and the CITY may terminate the CONTRACT as of the current Fiscal Year. Nothing in this CONTRACT will be deemed in any way to obligate the CITY or create a debt of the CITY beyond its current Fiscal Year. CONTRACTOR has no right to compel the CITY to levy or collect taxes, to make any payments required hereunder or to expend funds beyond the amount provided for in the then current Fiscal Year of the CITY.

n) Independent Contractor: It is expressly agreed and understood that CONTRACTOR is in all respects an independent contractor as to the work, duties, and rights granted herein, and that neither CONTRACTOR nor any person performing any of the work covered under this CONTRACT is in any respect an agent, servant, officer, or employer of the CITY. This CONTRACT specifies the work to be done by CONTRACTOR, but the method to be employed to accomplish this work shall be the exclusive responsibility of CONTRACTOR, and under CONTRACTOR's exclusive right of control. The doctrine of *respondeat superior* shall not apply between the CITY and CONTRACTOR, or any of CONTRACTOR's agents, servants, employees, or subcontractor's and nothing herein shall be construed as creating a partnership or joint enterprise between the CITY and CONTRACTOR.

o) Immunity: CONTRACTOR stipulates that the CITY is a political subdivision of the State of Texas, and as such, may enjoy immunities from suit and liability under the Constitution and laws of the State of Texas. By entering into this CONTRACT, the CITY does not waive any of its immunities from suit and/or liability, except as otherwise specifically provided herein and as specifically authorized by law.

p) No Third Party Beneficiaries: This CONTRACT is for the exclusive benefit and convenience of the parties hereto. Nothing contained herein shall be construed to confer any rights, remedies or right of action upon any person or entity other than the parties hereto.

IN WITNESS WHEREOF, the parties have executed this contract upon the year and date indicated beneath their signatures hereto.

CITY OF RICHLAND HILLS

By:____________________

Date: 11-17-2017

CONTRACTOR

By:____________________

Title: General Manager

Date: 11/17/17

ATTEST:

____
City Secretary

ATTEST:

____

APPROVED AS TO FORM:

____
Attorney for the City

AMENDMENT TO AGREEMENT FOR CITYWIDE SOLID WASTE COLLECTION AND RECYCLING SERVICES

This Amendment to the Agreement for Citywide Solid Waste Collection and Recycling Services between the City of Richland Hills, TX and Allied Waste Services of Fort Worth, LLC dba Republic Services of Fort Worth. ("Amendment") is entered into as of January 10th, 2023 ("Effective Date").

Recitals

A. City of Richland Hills, Texas ("City"), and Allied Waste Services of Fort Worth, LLC dba Republic Services of Fort Worth ("Contractor") entered into that certain Agreement for Citywide Solid Waste Collection and Recycling Services, dated January 1, 2018 (the "Agreement").

B. City and Contractor have now agreed to extend the term of the Agreement and modify other terms as identified below.

Agreement

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree to the following terms and conditions:

1. **Terms.** Section 2. The term of the Agreement is hereby extended for an additional five (5) years, now expiring on December 31, 2028. The Agreement can be extended for an additional five (5) year term with the mutual agreement of the parties.

2. **Solid Waste Services**. Section 4(a)(9). This Section is hereby modified to indicate that the following holidays are to be recognized:

Thanksgiving Day, Christmas Day, and New Year's Day.

3. **Billing and Franchise Fees**. Section 7(a)(5). This Section is hereby modified to change the annual rate increase from 3 percent (3%) to four percent (4%) annually.

4. **Billing and Franchise Fees**. Section 7(b)(5). This Section is modified to indicate that the franchise fee is increase to twelve percent (12%) of the gross billing from the collection of Acceptable Waste from Commercial, Institutional, and Multi-Family customers.

5. Solid Waste Services. Section 4. This Section is hereby modified to add the following provision:

> d) Contractor is currently providing the services prescribed hereunder utilizing manual collection and the vehicles associated with manual collection. The City understands and agrees that as a condition to continue to provide services to the City, the Contractor will be converting to the use of automated cart collection vehicles to provide the services. This conversion to automated collection vehicles will take place during the term of the Franchise Agreement over several months. The parties understand and agree that this conversion could require a change to the rates for the provision of all services. The parties agree to negotiate in good faith the timing, the term and the increase to rates. If the parties cannot come to mutual agreement on the increased rates either party may terminate the Franchise Agreement at the end of the then current Term.

6. **Capitalized Terms**. Capitalized terms used but not otherwise defined in this Amendment shall have the meanings assigned to them in the Agreement.

7. **Continuing Effect.** Except as expressly modified or amended by this Amendment, all terms and provisions of the Agreement shall remain in full force and effect. In the case of a conflict in meaning between the Agreement and this Amendment, this Amendment shall prevail.

8. **Counterparts.** This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which combined shall constitute one and the same instrument. Facsimile and/or electronic copies of the parties' signatures shall be valid and treated the same as original signatures.

IN WITNESS WHEREOF, the parties have entered into this Amendment to be effective as of the Effective Date.

City of Richland Hills, Texas:

By:
Name: Edward Lopez
Title: MAYOR

Allied Waste Services of Fort Worth LLC dba Republic Services of Fort Worth

By:
Name: David Harwell
Title: General Manager