City of Rowlett

Meeting Agenda

City Council

4000 Main Street
Rowlett, TX 75088
www.rowlett.com

City of Rowlett City Council meetings are available to all persons regardless of disability. If you require special assistance, please contact the City Secretary at 972-412-6115 or write 4000 Main Street, Rowlett, Texas, 75088, at least 48 hours in advance of the meeting.

Tuesday, May 19, 2015 **5:30 P.M.** **Municipal Building – 4000 Main Street**

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item herein.

The City of Rowlett reserves the right to reconvene, recess or realign the Regular Session or called Executive Session or order of business at any time prior to adjournment.

1. CALL TO ORDER

2. EXECUTIVE SESSION (5:30 P.M.)* **Times listed are approximate.**

2A. The City Council shall convene into Executive Session pursuant to the Texas Government Code, §551.087 (Economic Development) and §551.071 (Consultation with Attorney) to receive legal advice from the City Attorney and to discuss business prospects that the City may seek to have locate on property at 2801 Lakeview Pkwy. (20 minutes)

2B. The City Council shall convene into Executive Session pursuant to the Texas Government Code, §551.071 (Consultation with Attorney) to receive legal advice from the City Attorney and to consult with the City Attorney regarding legal issues pertaining to the separation from employment of the City's Human Resources Director. (20 minutes)

3. WORK SESSION (6:10 P.M.)*

3A. Inform City Council of the change in traffic patterns to a one way movement to the west on Coyle Street to align with the vision of downtown Rowlett improving traffic, pedestrian and bicyclist flows. (15 minutes)

3B. Discuss staff recommendation for Task Authorization #GA30 with Grantham & Associates, Incorporated in the amount of $57,995.00 for the engineering design of a gravity flow system eliminating the Edgewater Lift Station. (15 minutes)

3C. Discuss the appointment of a Charter Review Commission, determining the Commission's scope of review, and submitting possible Charter amendments to the voters at the November 2015 uniform election date. (45 minutes)

4. DISCUSS CONSENT AGENDA ITEMS

CONVENE INTO THE COUNCIL CHAMBERS (7:30 P.M.)*

INVOCATION

PLEDGE OF ALLEGIANCE

TEXAS PLEDGE OF ALLEGIANCE
Honor the Texas Flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

5. PRESENTATIONS AND PROCLAMATIONS

5A. Proclamation recognizing the week of May 17-23, 2015, as National Public Works Week.

5B. Presentation of Proclamation recognizing May 16-22, 2015, as National Safe Boating Week.

5C. Hear presentation of the Monthly Financial report for the period ending March 31, 2015.

5D. Update from the City Council and Management: Financial Position, Major Projects, Operational Issues, Upcoming Dates of Interest and Items of Community Interest.

6. CITIZENS' INPUT

At this time, three-minute comments will be taken from the audience on any topic. To address the Council, please submit a fully-completed request card to the City Secretary prior to the beginning of the Citizens' Input portion of the Council meeting. No action can be taken by the Council during Citizens' Input.

7. CONSENT AGENDA

The following may be acted upon in one motion. A City Councilmember or a citizen may request items be removed from the Consent Agenda for individual consideration.

7A. Consider action to approve minutes from the May 5, 2015, City Council Regular Meeting.

7B. Consider action to approve a resolution to participate in the Public Agency Retirement Services (PARS) Post-Retirement Healthcare Funding Trust Program and approve the initial funding to the irrevocable trust for Other Post-Employment Benefit (OPEB) liabilities in the amount of $102,654.

7C. Consider action to approve a resolution for Task Authorization #GA30 to the Agreement for Professional Services with Grantham & Associates, Incorporated in the amount of $57,995.00 for the engineering design of the Edgewater Lift Station – Engineering & Survey to Replace with Gravity Sewer Project and authorizing the Mayor to execute the necessary documents for said services.

7D. Consider action to approve a resolution for the purchase of 1,634 Sensus water meters and 350 MXU's from Aqua Metric Sales Company in the amount of $264,507.82.

7E. Consider action to approve a resolution accepting the bid of and awarding a contract to Clayton Holdings, LLC in the amount of $273,362.25, utilizing an interest rate of 1.56 percent for the five year lease-purchase financing of water meters and authorizing the City Manager, after City Attorney approval, to execute the necessary documents for said purchase.

7F. Consider action to approve a resolution selecting Play by Design as our consultant to provide professional playground design and construction services for the Kids Kingdom project in the amount of $53,300 and authorizing the City Manager, after City Attorney approval, to execute the necessary documents.

7G. Consider action to adopt an ordinance of the City Council of the City of Rowlett, Texas, approving a Settlement Agreement between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division regarding the company's 2014 and 2015 annual Rate Review Mechanism filings.

7H. Consider action to approve a resolution accepting the bid and awarding a contract for the purchase of five 2016 Ford Explorer Police Interceptor patrol motor vehicles, emergency vehicle equipment and installation of equipment to Sam Pack's Five Star Ford in the amount of $232,294.98 for the Police Department through the Interlocal Cooperative Purchasing Agreement with Texas Smartbuy.

8. ITEMS FOR INDIVIDUAL CONSIDERATION

8A. Consider and take action on an ordinance canvassing returns and declaring results of May 9, 2015, bond election; providing an effective date; and containing provisions necessary and incidental thereto.

8B. Consider a resolution canvassing returns and declaring results of the May 9, 2015, local option election.

TAKE ANY NECESSARY OR APPROPRIATE ACTION ON CLOSED/EXECUTIVE SESSION MATTERS

9. ADJOURNMENT

Laura Hallmark

Laura Hallmark, City Secretary

I certify that the above notice of meeting was posted on the bulletin boards located inside and outside the doors of the Municipal Center, 4000 Main Street, Rowlett, Texas, as well as on the City's website (www.rowlett.com) on the 14th day of May 2015, by 5:00 p.m.

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/15 **AGENDA ITEM**: 3A

TITLE

Inform City Council of the change in traffic patterns to a one way movement to the west on Coyle Street to align with the vision of downtown Rowlett improving traffic, pedestrian and bicyclist flows. (15 minutes)

STAFF REPRESENTATIVE

Tim Rogers - Director of Public Works
Robbin Webber - Assistant Director of Public Works

SUMMARY

Coyle Street should become a one-way street from the round-a-bout to Commerce Street & Main Street. This traffic pattern amendment will include the removal/installation of signs and markings appropriate for a one way movement.

BACKGROUND INFORMATION

The transit oriented development plan for multi-modal forms of transportation within the downtown area of the City of Rowlett included an initial phase for a pedestrian/bicycle friendly environment and improve access for parking.

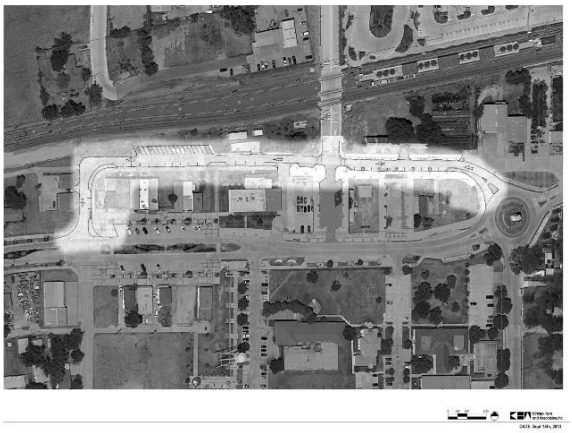
As part of the Coyle Street improvements, the existing infrastructure of a two lane bidirectional roadway with 12 foot lane widths was reduced to 10 foot lanes and roadside parking between Martin Drive and the Roundabout.

DISCUSSION

Since completion of the NCTCOG project, the dedicated food retail for Main Street and the progression of the Village of Rowlett, it has become apparent the need to improve the traffic patterns to accommodate the vision of downtown.

One issue the City has experienced concerns the strange lights hanging over Martin Drive extension. On two separate occasions, these lights have been pulled down by a large delivery vehicle. It appears that the truck has driven over the curb lifting the trailer in the air catching the strand lights and pulling them down from the poles. Creating a one-way street will eliminate large trucks approaching from the west and turning right on to Martin Drive. The trucks will have to approach Martin Drive from the east which will eliminate the turning movement that caused the strand wires to be pulled down.

The modification to a one-way designation will include the removal and installation of signage designating a one way traffic pattern to the west on Coyle Street and pavement markings for additional parking spaces. These features will ensure safer conditions and fluid traffic movements throughout downtown for motorists, pedestrians and bicyclists.



This improvement will also include signage to limit parking to 4 hours on Martin Drive and Coyle Street to the Roundabout. Staff will continue to monitor the parking on Main Street to ensure downtown needs are met.

One other advantage that we will see with this change is to make is safer for pedestrian traffic due to oncoming traffic in only one direction. This will also eliminate cars' driver-side doors from opening into the travel lane.

Staff has met with business owners informing them of the traffic pattern change to making Coyle Street a one-way street to the west. Most of the owners have no objection. One property owner at 4701 Commerce Street, did object to turning the street into one-way. This property owner is located at the west most end of Coyle Street where it changes to Commerce Street.

The tentative plan for implementation of the one-way street on Coyle is scheduled for June, 2015.

FINANCIAL/BUDGET IMPLICATIONS

Funds are available in the amount of $1,700 in project code ST2085 which has an available balance of $107,646.

Project Code	Project Title	Budget Amount	Proposed Amount
ST2085	Sign Replacement/Pavement Markings	$107,646	$1,700
Total		**$107,646**	**$1,700**

RECOMMENDED ACTION

No action is required. This is for informational purposes.

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/15 **AGENDA ITEM**: 3B

TITLE

Discuss staff recommendation for Task Authorization #GA30 with Grantham & Associates, Incorporated in the amount of $57,995.00 for the engineering design of a gravity flow system eliminating the Edgewater Lift Station. (15 minutes)

STAFF REPRESENTATIVE

Tim Rogers, Director of Public Works
Robbin Webber, Assistant Director of Public Works

SUMMARY

This project consists of the elimination of the Edgewater Lift Station and construct approximately 2,300 linear feet of 12 inch sanitary sewer main (gravity) by either open cut or boring.

BACKGROUND INFORMATION

Edgewater Lift Station was installed in 1968. Just recently, due to its age, failures have begun occurring more frequently. This station will be eliminated due to the fact that the old Can-Tex style lift stations are difficult to maintain and have safety issues associated with them due to the requirement of staff having to enter into a confined space.

In September 2014, Grantham & Associates, Inc. was selected by the City to perform a feasibility study to determine if the existing lift station could be eliminated and replaced with gravity sewer

On December 3, 2014, a recommendation was provided from Grantham & Associates, Inc. to eliminate the Edgewater Lift Station (EWLS) with the replacement of a gravity system. Based on the topographic survey, the gravity line is feasible.

On February 24, 2015, a suction line running from the wet well to the pump enclosure ruptured, causing effluent to discharge into the pump enclosure. It was necessary to rent a bypass pump to ensure continued operations of the lift station. Staff employed Tri-Con Services, Incorporated to excavate the area and perform the repair. The Contractor replaced both suction lines while the trench was open as the condition of the second line was showing signs of distress. As a result of the excavation and repairs, the installation of a new concrete pedestal for the SCADA antenna was required. Tri-Con completed the repairs to the infrastructure on April 3, 2015. The total cost for the emergency repairs, which was approved by City Council on April 21, 2015, was in the amount of $127,538.64.

DISCUSSION

Task Authorization #GA30 & Scope of Services (see Exhibit A) provided by Grantham & Associates, Inc. is presented in the amount of $57,995 to provide plans and specifications for the construction of a gravity sewer main with the elimination of the lift station at Edgewater. The City requested a proposal to rehabilitate the Edgewater Lift Station (EWLS); however, the Consultant checked the gravity sewer flow-lines into the EWLS and the Westside Lift Station (WSLS) identifying the potential to eliminate the EWLS with a gravity sewer to the WSLS. Since an alignment study of the gravity system revealed it was feasible, staff is recommending the implementation of Task Authorization #GA30.

The total proposed time from design to final construction is estimated to be 16 to 19 months with a total estimated construction cost of $500,000.00.

FINANCIAL/BUDGET IMPLICATIONS

Funds are available for Task Authorization #GA30 in the amount of $57,995.00 in the FY2015 Utility Fund Cash CIP, Project Code SS2095.

Project Code	Project Title	Budget Amount	Proposed Amount
SS2095	Lift & Pump Stations	$520,511.00	$57,995.00
Total		**$520,511.00**	**$57,995.00**

RECOMMENDED ACTION

Consensus from City Council to proceed with the execution of Task Authorization #GA30 with Grantham & Associates, Incorporated for the engineering design of a gravity flow system eliminating the Edgewater Lift Station. The report for Edgewater Lift Station is also on tonight's consent agenda for approval.

ATTACHMENTS

Exhibit A – Task Authorization #GA30 & Scope of Services
Attachment 1 – Location Map

EXHIBIT A

TASK AUTHORIZATION # GA30

Client: City of Rowlett 4301 Industrial Street Rowlett, TX 75088 Attn: Tim Rodgers	**City Project No.:** **Consultant Project No.:** **Date:** 4-9-15

Project Description: Edgewater Lift Station – Engineering & Surveying to Replace with Gravity Sewer

Description of Services:

See Scope of Services in attached proposal

Compensation shall be as follows:

▪ Surveying (Except Easements)	$ 8,825	Lump Sum
▪ City of Dallas Easements	$ 5,010	Cost Plus
▪ Lot 19A Easements (2 @ $850)	$ 1,700	Unit Fee
▪ Lot 19A Easement Acquisition Subconsultant	$ 1,500	Cost Plus
▪ Engineering Services	$ 27,675	Lump Sum
▪ Bidding Services	$ 3,500	Lump Sum
▪ Construction Services	$ 5,985	Cost Plus
▪ G&A Expenses (reproduction, copying, deliveries etc.)	$ 1,900	Lump Sum
▪ SUE Field Locate ($1,900)	$ 1,900	Lump Sum
Total Fee	***$ 57,995***	

Total Contracted Fee	**$ 57,995**

Schedule shall be as follows:

Immediate start

The above described services shall proceed upon return of this Task Authorization. Services will be billed monthly as they are done. All other provisions, terms, and conditions of the agreement for services which are not expressly amended shall remain in full force and effect.

X This Task Authorization will serve as the notice to proceed.

CONSULTANT:

BY: _____

TITLE: President

DATE: 4/9/15

CITY OF ROWLETT:

BY: _____

TITLE: _____

DATE: _____

EXHIBIT A

Grantham & Associates, Inc.
Civil Engineering & Surveying

April 9, 2015

Mr. Tim Rogers
City of Rowlett
3901 Main Street
Rowlett, Texas 75088

Re: Proposal for Edgewater Lift Station Replacement
Surveying and Engineering Services for Gravity Sewer

Dear Mr. Rogers:

Pursuant to your request, Grantham & Associates, Inc. (G&A) has prepared this proposal for surveying and engineering services to replace the Edgewater Lift Station with a gravity sewer line to the Westside Lift Station. An exhibit is included with this proposal to highlight the proposed study corridor.

Scope of Services

The scope of services for this project is outlined below.

Surveying Services

- Call DIGTESS for utility locates and perform a 50' wide topographic and property corner survey of the sewer alignment corridor to supplement to survey previously performed by G&A as part of the feasibility study.

- Prepare a 15' wide utility easement and a 20' wide temporary construction easement for Lot 19R and subcontract with ASC Properties, Inc. to meet with the property owner and negotiate the easement acquisition.

DWU Easement Services

- Prepare a 15' wide utility easement and a 30' wide temporary construction easement for the City of Dallas using their available Lake Ray Hubbard monuments, meet with Dallas Water Utilities to review the project, and coordinate with the Dallas Survey Department to address comments. One meeting with DWU staff is included.

Engineering Services

- Prepare construction plans and bid documents for approximately 1,850 linear feet of new 12" sanitary sewer from the Edgewater Lift Station to the West Side Lift Station and for the Edgewater Lift Station abandonment. G&A will prepare an Erosion Control Plan and the contractor will be required to prepare a SWPPP. G&A will prepare a general Traffic

Control and Construction Sequencing Plan for Edgewater Drive, and the contractor will be required to submit a detailed Traffic Control Plan.

- Provide the engineering documentation for a TxDOT permit which will be requested by the City for the Highway 66 crossing.

Franchise Utility Coordination Services

- Furnish progress plans to the franchise utilities for their review. Coordination with franchise utilities as outlined in the City's procedures dated 2/2/15 will be handled by the City.

Bidding Services

- Attend a prebid meeting, distribute drawings and contract documents to bidders and plan rooms, address contractor questions and issue addenda during bidding, attend the bid opening, tabulate the bids, contact the low bidder's references, and prepare a letter of recommendation to the City for the contract award.

Construction Services

- Review contractor submittals, coordinate with the contractor if corrections are required, and stamp the approved submittals.

- Submit conformed bid documents to the City and contractor for signature and bonds, attend a preconstruction conference, and provide the City and contractor with conformed drawings for construction purposes.

- Address City and contractor questions during construction, attend one project meeting per month, and make one site observation visit per month.

- Review contractor pay requests for mathematical correctness, coordinate with the contractor if corrections are required, and sign the approved pay requests.

- Perform a final walk through with the City and the contractor, and assist the City inspector in preparing a punch list.

- Prepare record drawings based on red-line markups furnished by the City inspector and the contractor. No field surveying will be performed in order to prepare Record Drawings.

Additional Services

- Attend project meetings and/or make site visits during construction above the number specified. Attend either a public meeting or a City Council meeting, and/or assist in either preparing or making a Council presentation.

Assumptions

- No geotechnical services, environmental investigation, or tree survey services have been included, and condemnation will not be required to obtain the easement from Lot 19A.

Fee Summary

The proposed fee is included in the manhour estimate provided in Exhibit A. Lump Sum fees are proposed except where noted as a per Unit Fee or a Cost Plus reimbursable fee. The Cost Plus fees provided will be invoiced in accordance with G&A's 2015 Standard Rate Schedule and will not be exceeded without prior written approval of the City.

• Surveying (Except Easements)	$ 8,825	Lump Sum
• City of Dallas Easements (2 @ 2,505)	$ 5,010	Cost Plus
• Lot 19A Easements (2 @ $850)	$ 1,700	Unit Fee
• Lot 19A Easement Acquisition Subconsultant	$ 1,500	Cost Plus
• Engineering Services	$ 27,675	Lump Sum
• Bidding Services	$ 3,500	Lump Sum
• Construction Services	$ 5,985	Cost Plus
• G&A Expenses (reproduction, copying, deliveries etc.)	$ 1,900	Lump Sum
• SUE Field Locate (1)	$ 1,900	Lump Sum
Total Fee	***$ 57,995***	

Notes:

1. G&A has prepared an Opinion of Probable Construction Cost (OPCC) of $490,728 for this project which is provided in Exhibit B.

2. Howard Zielke with ASC Properties, Inc. is the easement acquisition subconsultant; his rate is $85 per hour plus expenses.

Please contact me if you have any questions regarding this proposal.

Very truly yours,

Bruce Grantham, P.E.
President

Attachments

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EXHIBIT A

EDGEWATER LIFT STATION - REPLACEMENT WITH GRAVITY SEWER

MANHOUR PROJECTION

April 9, 2015

	ESTIMATED MANHOURS							
	Project Principal $200	Senior Engineer $165	Design Technician $105	CADD Technician $65	Admin $60	Survey Manager $115	Survey Crew $115	TOTAL
TASK DESCRIPTION								
SURVEYING SERVICES (EXCEPT EASEMENTS)								
LOCATE PROPERTY CORNERS & DALLAS LAKE MONUMENTS						8	8	16
SET DOWN PROPERTIES IN CADD FILE		1		8		8		17
CALL DIGTESS & TIE MARKERS						1	4	5
TOPOGRAPHIC SURVEY		1				1	26	28
PROCESS SURVEY DATA				4				4
PREPARE CADD FILE		1		10		4		15
SUBTOTAL SURVEYING HOURS	0	3	0	22	0	22	38	85
SUBTOTAL SURVEYING COST	$0	$495	$0	$1,430	$0	$2,530	$4,370	$8,825
DWU EASEMENTS (2)								
EASEMENT DOCUMENT PREPARATION		1		16		12		29
CITY & DWU COORDINATION	1	10				5		16
SUBTOTAL DWU EASEMENTS HOURS	1	11	0	16	0	17	0	45
SUBTOTAL DWU EASEMENTS COST	$200	$1,815	$0	$1,040	$0	$1,955	$0	$5,010
ENGINEERING SERVICES								
PREPARE 30% PLANS	4	10	8	16				38
CITY MEETING - 30% PLAN SUBMITTAL		3	1					4
REVISE PLANS PER CITY COMMENTS	2	6	4	12				24
PREPARE 90% PLANS	4	16	16	40				76
UPDATE OPINION OF PROBABLE COST	3	3	1					7
CITY MEETING - 90% PLAN SUBMITTAL		3	1					4
REVISE PLANS PER CITY COMMENTS	2	6	4	8				20
PREPARE 100% PLANS	4	8	4	8				24
FINAL QUANTITY TAKEOFF	1	4	1	4				10
ENGINEER'S OPINION OF PROBABLE COST	3	3	1					7
PREPARE BID DOCUMENTS	1	4			4			9
FINAL QA/QC AND SUBMIT PLANS AND BID DOCUMENTS	4	2	2	4	2			14
SUBTOTAL ENGINEERING SERVICES HOURS	28	68	43	92	6	0	0	237
SUBTOTAL ENGINEERING SERVICES COST	$5,600	$11,220	$4,515	$5,980	$360	$0	$0	$27,675

EXHIBIT A

EXHIBIT A

EDGEWATER LIFT STATION - REPLACEMENT WITH GRAVITY SEWER

MANHOUR PROJECTION

April 9, 2015

ESTIMATED MANHOURS

	Project Principal $200	Senior Engineer $165	Design Technician $105	CADD Technician $65	Admin $60	Survey Manager $115	Survey Crew $115	TOTAL
BIDDING SERVICES								
ISSUE PLANS AND BID DOCUMENTS TO CONTRACTORS		2	2	4				8
ATTEND PRE-BID CONFERENCE		3						3
PREPARE ADDENDA	1	2			2			5
RESPOND TO CONTRACTOR BID QUESTIONS	2	4			2			8
PREPARE BID TABULATION AND RECOMMENDATION FOR AWARD		1	2					3
SUBTOTAL BIDDING SERVICES HOURS	3	12	4	4	4	0	0	27
SUBTOTAL BIDDING SERVICES COST	$600	$1,980	$420	$260	$240	$0	$0	$3,500
CONSTRUCTION SERVICES								
PREPARE FOR-CONSTRUCTION PLANS		1		1	4			6
REVIEW CONSTRUCTION SUBMITTALS	1	4						5
ATTEND PRECONSTRUCTION MEETING		3						3
ATTEND CONSTRUCTION MEETINGS (UP TO 3)	1	6						7
REVIEW CONTRACTOR PAYMENT APPLICATIONS		6						6
ADDRESS CONTRACTOR & CITY QUESTIONS	1	6	1	1	4			13
PREPARE RECORD DRAWINGS	1	2		4	1			8
SUBTOTAL CONSTRUCTION SERVICES HOURS	4	27	1	5	5	0	0	42
SUBTOTAL CONSTRUCTION SERVICES COST	$800	$4,455	$105	$325	$300	$0	$0	$5,985

Fee Summary

SURVEYING SERVICES (EXCEPT EASEMENTS)	$	8,825
DWU EASEMENTS (2)	$	5,010
LOT 19A EASEMENTS (2 @ $850)	$	1,700
LOT 19A EASEMENT ACQUISITION SUBCONSULTANT	$	1,500
ENGINEERING SERVICES	$	27,675
BIDDING SERVICES	$	3,500
CONSTRUCTION SERVICES	$	5,985
G&A EXPENSES (reproduction, copying, deliveries etc.)	$	1,900
SUE FIELD LOCATE (1)	$	1,900
TOTAL	**$**	**57,995**

EXHIBIT A

EXHIBIT B

EDGEWATER 12" SANITARY SEWER & LIFT STATION REMOVAL

ROWLETT, TEXAS

April 9, 2015

ITEM NO.	DESCRIPTION	UNITS	TOTAL QUANTITY	UNIT COST	TOTAL COST
1	MOBILIZATION	LS	1	$ 25,000.00	$ 25,000
2	TRAFFIC CONTROL	LS	1	$ 10,000.00	$ 10,000
3	EROSION CONTROL	LS	1	$ 6,000.00	$ 6,000
4	REMOVE TREE	EA	4	$ 500.00	$ 2,000
5	TRENCH SAFETY	LF	1,633	$ 1.50	$ 2,450
6	12" SANITARY SEWER BY OPEN CUT	LF	1,633	$ 60.00	$ 97,980
7	12" SANITARY SEWER BY JACK AND BORE WITH STEEL CASING	LF	155	$ 650.00	$ 100,750
8	CONSTRUCT 4' MANHOLE	EA	9	$ 5,500.00	$ 49,500
9	CONNECT TO EXISTING MANHOLE	EA	1	$ 750.00	$ 750
10	REMOVE AND REPLACE CONCRETE PAVEMENT	SY	590	$ 90.00	$ 53,100
11	REMOVE AND REPLACE CHAINLINK FENCE	LF	90	$ 15.00	$ 1,350
12	DECOMMISION LIFT STATION	LS	1	$ 15,000.00	$ 15,000
13	SODDING	SY	2,900	$ 4.00	$ 11,600

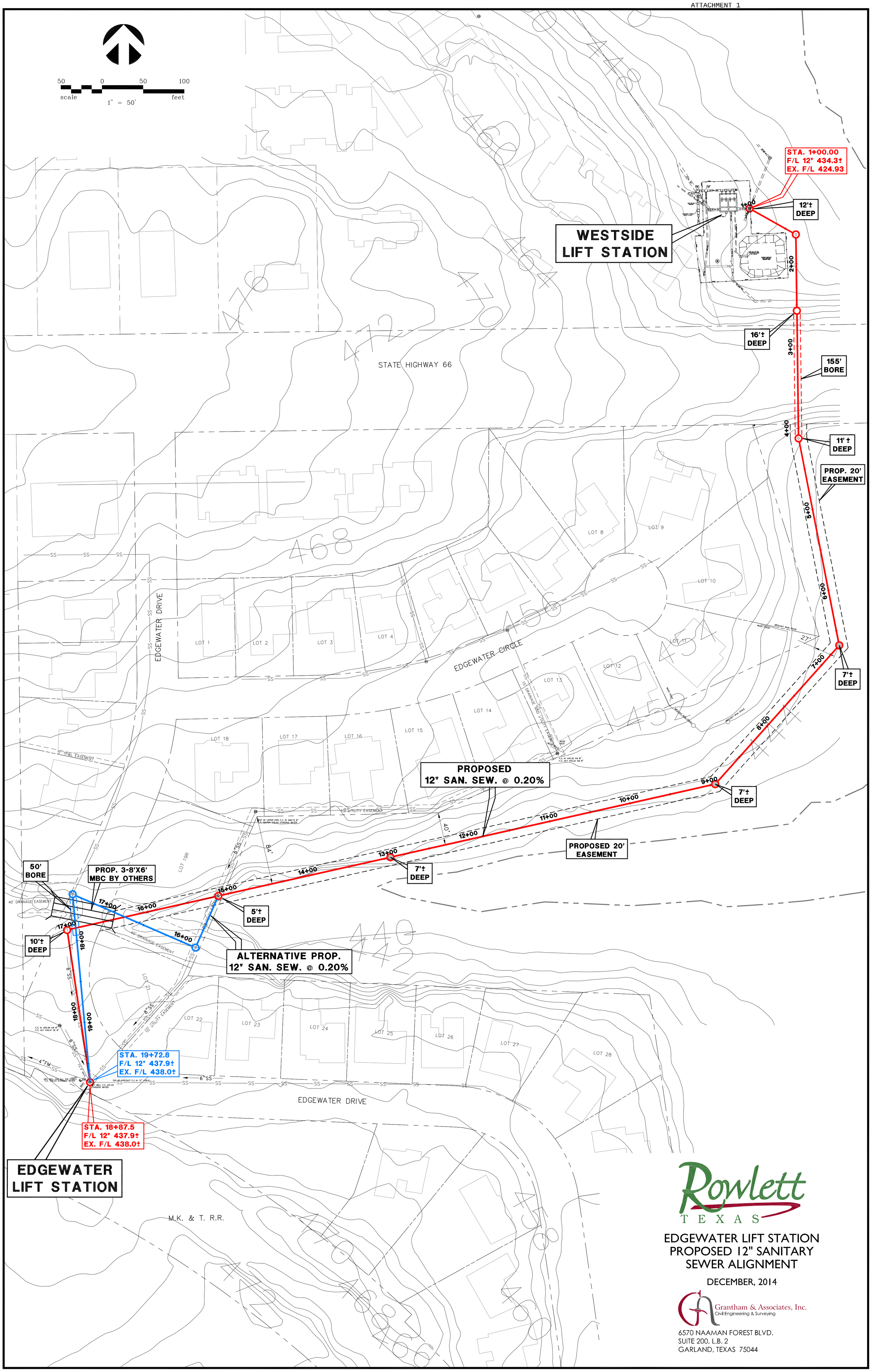
ALTERNATE ALIGNMENT

1	TRENCH SAFETY	LF	35	$ 1.50	$ 53
2	12" SANITARY SEWER BY OPEN CUT	LF	35	$ 60.00	$ 2,100
3	12" SANITARY SEWER BY JACK AND BORE WITH STEEL CASING	LF	50	$ 650.00	$ 32,500
4	CONSTRUCT 4' MANHOLE	EA	1	$ 5,500.00	$ 5,500

SUBTOTAL	$	375,480
ALTERNATE ALIGNMENT SUBTOTAL	$	40,153
CONSTRUCTION CONTINGENCY (20%):	$	75,096
TOTAL OPINION OF PROBABLE CONSTRUCTION COST:	**$**	**490,728**

EXHIBIT A

ATTACHMENT 1



Rowlett TEXAS

EDGEWATER LIFT STATION
PROPOSED 12" SANITARY
SEWER ALIGNMENT

DECEMBER, 2014

Grantham & Associates, Inc.
Civil Engineering & Surveying
6570 NAAMAN FOREST BLVD.
SUITE 200, L.B. 2
GARLAND, TEXAS 75044

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/15 **AGENDA ITEM**: 3C

TITLE

Discuss the appointment of a Charter Review Commission, determining the Commission's scope of review, and submitting possible Charter amendments to the voters at the November 2015 uniform election date. (45 minutes)

STAFF REPRESENTATIVE

Jim Proce, Assistant City Manager

SUMMARY

The City Council is required to appoint a Charter Review Commission at least once every five (5) years. Such Commissions may be appointed in the interim but not more than every two years. The City has recently received inquiries about creating a new Charter Review Commission. The purpose of this item is to discuss creating a Commission and receive feedback on the scope of the review that Council sets.

BACKGROUND INFORMATION

In the May 12, 2015, Work Session, the Council gave consensus to staff to proceed with preparation for appointing a Charter Review Commission in accordance with the Charter provisions, inclusive of items of interest for the scope of review.

According to the Home Rule Charter for the City of Rowlett, Article XII – Adoption of Charter, Section 12.03 – Charter Review Commission, ***"City Council shall appoint a Charter Review Commission at least once every five years. The Charter Review Commission shall consist of seven citizens of the City."*** As discussed in the May 12, 2015, Work Session, we are not due for this action until May, 2018 and we are currently in compliance.

According to the Home Rule Charter for the City of Rowlett, Article XII – Adoption of Charter, Section 12.02 – Amendment of the Charter, ***"Amendments to this Charter may be framed and submitted to the qualified voters of the City as provided by the Texas Constitution and the laws of the State as presently enacted or hereafter amended; but no more often than once every two (2) years, as provided by the laws of the State."***

The Charter was last amended in May, 2013, so there is opportunity should the Council be desirous of such a review at this time.

According to the Home Rule Charter for the City of Rowlett, Article XII – Adoption of Charter, Section 12.04 – Administrative Amendment, The Charter additionally allows for Administrative Amendments, ***"The City Council may provide by ordinance, after conducting two public***

hearings, to amend, alter or reformat any provisions and to amend statutory or State law references and/or endnotes of this Charter, but may not in any circumstance substantively change any portion of the same without compliance with State law and this Article." Should the findings of the Commission not be substantive changes, there would be no need for an election.

Finally, the Charter also states, **"*The City Council shall determine the scope of the review by the Commission. The Commission shall determine whether the Charter requires revision or amendment. The Commission may request factual information concerning the operation of the City and such information may be provided in writing or orally. The Commission may hold public hearings regarding the Charter. The Commission shall make recommendations for changes to the Charter without any consideration of the impact upon staff or cost to the City. The Commission shall report its findings and present its recommendations regarding the Charter to the City Council at a regular or special meeting*."**

DISCUSSION

Possible issues to be considered by the Commission and City Council may include such items as Term Limits and their related conditions or any other points of review that the Council may desire.

In order to provide the option for a Charter Amendment Election on November 3, 2015, a short timeline will have to be adhered to in an effort to complete the review and prepare for an election within the State requirements. Key dates are tabulated as follows:

Last Day to Order General Election	Monday, August 24, 2015
Last Day to Register to Vote	Monday, October 5, 2015
First Day of Early Voting	Monday, October 19, 2015
Last Day of Early Voting	Friday, October 30, 2015
Election Day	Tuesday, November 3, 2015

With these key dates noted, if it is the desire of Council to proceed with this initiative, the following timeline is suggested:

- May 19th – Continue discussion from May 12th Work Session and finalize scope of the Charter Review Commission
- June 2nd – Confirmation of Council appointments to the Charter Review Commission and scope of review by resolution
- June 9th – Tentative first meeting of Charter Review Commission
- July 14th – Joint meeting of Council & Charter Review Commission to discuss recommendations

- Aug 11th – Decision regarding Charter Amendments for November Election and Call Election

Based upon the consensus provided at the May 12, 2015, Work Session, the scope of review includes the following items for consideration:

- Textual rewrite of the document that would be completed/overseen by the City Attorney
- Omission of or revisions to term limits for Council Members of the City of Rowlett
- Determination of appropriate compensation for Council Members of the City of Rowlett
- Prohibition of alcohol sales in strictly residential zoning (exclusion of mixed use FBC)

The next steps in the process will include choosing members for the Commission to be confirmed at the next regular Council meeting and confirmation of the scope of assignments for the Charter Review Commission. This should be executed no later than June 2, 2015, in order to provide the Commission the opportunity to complete the required tasks in the limited time available to achieve the August deadline to file.

FINANCIAL/BUDGET IMPLICATIONS

The cost of a November Charter Amendment election will be significantly higher than a uniform election date typically held in May with the City's General Election. This is mainly due to the fact that in May, most municipalities hold their general elections and we are able to receive a "bulk" rate by contracting with Dallas County Elections Department. The November election has fewer participants and the costs will be greater. Costs associated with a Charter Amendment election (if it is determined to do so) include: City Attorney costs for development of proposition language; translation fees for proposition language, election orders and notices; and increased cost for additional ballot language. If the Council wishes to proceed, staff will provide a breakdown of these costs going forward. These costs will be budgeted in the FY2016 budget. As a frame of reference, funds in the amount of $42,700 were budgeted in the FY2015 budget. At this time, the May 9, 2015, election costs are estimated at $31,368.42. This figure is subject to change after Dallas County Elections Department's completion of their audit of election expenses.

RECOMMENDED ACTION

Staff seeks direction from Council concerning the appointment of a Charter Review Commission.

ATTACHMENT

Attachment 1 – City of Rowlett Home Rule Charter

CITY OF ROWLETT, TEXAS

THE CHARTER REVIEW COMMISSION

Dr. Michael Lucas, Chairman
Tammy Dana-Bashian
Mick Donnelly
David Jenkins
Whitney Laning
Kevin Lawson
Pamela Liston
Susie Quinn
Jeffrey Sheldon
Brownie Sherrill
Donna Davis – Council Liaison

The Citizens Amended the Charter on May 11, 2013

* * * *

ROWLETT CITY COUNCIL

Mayor Todd Gottel
Mayor Pro Tem Doug Phillips
Deputy Mayor Pro Tem Michael Gallops
Councilmember Carl Pankratz
Councilmember Ron Miller
Councilmember Donna Davis
Councilmember Chris Kilgore

* * * *

City Appointed Officials

Lynda K. Humble, City Manager
David Berman, City Attorney
Laura Hallmark, City Secretary

HOME RULE CHARTER
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HOME RULE CHARTER
FOR
THE CITY OF ROWLETT, TEXAS

PREAMBLE

We, the citizens of Rowlett, Texas, in order to establish a Home Rule municipal government, provide for the progress of our city, secure fully the benefits of local self-government, promote economic and cultural prosperity, provide for the common welfare, insure health and safety, support municipal cooperation, and encourage all citizens to participate in the process of self-governing, hereby adopt this Home Rule Charter, as an expression of our city's purpose and in accordance with the statutes of the State of Texas; and we declare the City of Rowlett, in Dallas and Rockwall Counties, to be a political subdivision of the State of Texas with all powers, rights, privileges, authorities, duties and immunities of local self-government as are provided and limited in this Charter.

ARTICLE I

Form of Government and Boundaries

SECTION 1.01 Form of Government

The municipal government provided by this Charter shall be known as the "Council-Manager Government". Pursuant to its provisions and subject only to the limitations imposed by the Constitution of the United States, the Texas Constitution, the statutes of the State of Texas, and this Charter, all powers of the City of Rowlett shall be vested in an elected City Council, hereinafter referred to as the "City Council", which shall enact local legislation, adopt budgets, determine policies, appoint the City Manager, and such other officers as expressly provided herein. The City Manager shall be responsible to the City Council for the execution of the laws and the administration of the government of the City of Rowlett. All powers of the City of Rowlett shall be exercised as prescribed by this Charter.

SECTION 1.02 Boundaries

The boundaries of the City of Rowlett shall be the same as have been heretofore established and now exist as recorded on the official City map as provided by this Charter. The citizens of the City of Rowlett residing within its corporate limits, as heretofore or hereafter established, are hereby constituted and shall continue to be a municipal body politic and corporate, in perpetuity, under the name of the "City of Rowlett", hereinafter referred to as the “City”, in the State of Texas, hereinafter referred to as the “State”, with such powers, privileges, rights, duties, authorities, and immunities, as are herein provided.

SECTION 1.03 Extension and Alteration of Boundaries

(1) The City Council shall have power by ordinance to fix the boundary limits of the City; and to provide for the alteration and the extension of said boundary limits and the annexation of additional territory lying adjacent to the City, with or without the consent of the inhabitants of the territory annexed in accordance with State law[1]. When any additional territory has been so annexed, same shall be a part of the City and the property situated therein shall bear its pro rata part of the taxes levied by the City and thereafter the inhabitants shall be entitled to all the rights and privileges of all citizens, and shall be bound by the acts, ordinances, resolutions, and regulations of the City. The City shall thereafter, by ordinance, amend the official map of the boundaries to include such property so annexed.

(2) The City Council may, in its exclusive discretion, by ordinance exclude from the City any territory within the corporate limits of the City, in accordance with State law[2].

(3) The City Council may, in its exclusive discretion, by ordinance exclude from the City any territory within the corporate limits of the City when and if at least sixty percent (60%) of the inhabitants thereof qualified to vote for members of the City Council shall present a verified petition requesting that such territory be discontinued as a part of the City and tender to the City Secretary with such petition a sum of money equivalent to that percentage of the then outstanding indebtedness of the City for bonds and warrants and a fair proportion of the then existing budget which the assessed value of all property within such territory on the tax rolls and next preceding the presentation of such petition bears to the total value of all property on said rolls. The City Council shall never, regardless of the facts and circumstances, be required to discontinue any territory as a part of the City except at its exclusive discretion expressed by ordinance.

ARTICLE II

Powers of the City

SECTION 2.01 Powers of the City

(1) The City is made a body politic and corporate by the legal adoption of this Charter. The City shall have all the powers vested in home rule municipal corporations except as may be limited by the Constitution of the United States, the Texas Constitution, and the statutes of the State.

(2) The enumeration of particular powers by the Charter shall not be held or deemed to be exclusive, but, in addition to the powers enumerated therein or implied thereby, or appropriate to exercise of such powers, it is intended that the City shall have, and may exercise all powers except as limited by this Charter. All powers of the City, whether expressed or implied, shall be exercised as

prescribed by this Charter or, if not prescribed therein, then as provided by ordinance or resolution of the City Council.

SECTION 2.02 Legislative Authority

The City by and through its City Council shall have the power to enact and enforce all ordinances and resolutions necessary to protect health, life, and property; and to prevent and summarily abate and remove all nuisances; and preserve and enforce good government and order and security of the City and its inhabitants; and to enact and enforce all ordinances and resolutions on any and all subjects which shall be consistent with the provisions of this Charter.

SECTION 2.03 Municipal Court

(1) Establishment – The City shall create and establish a municipal court to be known as the Municipal Court of the City of Rowlett, Texas. The Municipal Court shall have jurisdiction of all criminal cases arising under the ordinances of the City and concurrent jurisdiction with the Justice of the Peace of the precinct of which the City is or may be situated of all criminal cases arising under State law[3], where such offenses are committed either within the territorial limits of the City or in an area lying outside the corporate limits of the City in which area the City is authorized to exercise its police powers as set forth but not necessarily limited to the areas provided by State law[4] and where the punishment is by fine only and the maximum of said fine does not exceed the maximum fine authorized to be imposed by municipal courts under the State law[5] or any amendments thereto.

(2) Additional Courts – The City shall have the power to create and establish additional municipal courts, and to appoint one or more s of each municipal court, whether one or more, each of whom shall be a magistrate and each judge of a municipal court, now existing or hereinafter created, shall be appointed by the City Council, for a term of 2 years; and the City shall have the power to create and establish additional courts as may from time to time be authorized by the legislature of the State.

(3) Civil Jurisdiction – The Municipal Court shall have civil jurisdiction as provided by State law[6] or ordinance of the City Council.

(4) Take-Line Jurisdiction – The Municipal Court shall also have jurisdiction, both separately and jointly, with any other governmental entity over any such offense committed within the area lying between the water line of Lake Ray Hubbard and the take-line[7] of the City of Dallas.

(5) Rules – All complaints, prosecutions, the service of process, commitment of those convicted of , the collection and payment of fines, the attendance and service of witnesses and juries, bail and the taking of bonds, and punishment for contempt shall be governed by the provisions of the rules established by the Supreme Court of Texas[8] applicable to municipal courts.

(6) Appeals – Appeals from convictions in the Municipal Court shall lie to the county criminal court, and such appeals shall be governed by the same rules of practice

and procedure as are provided by State law[9] in cases of appeals from the justice court to said county criminal court, as far as said rules are applicable.

(7) Clerk – The Clerk of Municipal Court and such deputies as shall be appointed by the City Manager, shall have the power to administer oaths and affidavits, make F, affix the seal of the Municipal Court thereto; and generally do and perform any and all acts usual and necessary by clerks of courts in issuing processes of courts and conducting the business thereof.

(8) Expense and Fines – All special expense and fines imposed by the Municipal Court(s) shall be paid into the City general fund for the use and benefit of the City, as may be consistent with present and future laws.

SECTION 2.04 Enumerated Governmental Powers

(1) Real Estate – The City has full authority as a Home Rule municipal corporation and as such it has authority to acquire and own real estate in fee simple title, or held by lease, sufferance, easement or otherwise, all public buildings and improvements, and structure or whatever type and character, and any and all property, whether real or personal, of whatever kind, character or description now owned or controlled by the City shall vest in, inure to, remain and be the property of said City under this Charter. In the event that the City shall lease any real property in excess of twenty (20) years, the City Council shall hold a public hearing.

(2) Public Rights-Of-Way – The City shall have the power to lay out, establish, open, alter, widen, lower, extend, grade, construct, abandon, and improve streets, alleys, sidewalks, squares, parks, public places, bridges, and public thoroughfares or rights-of-way; and to otherwise regulate and control the use thereof for any and all public purposes all obstructions, telegraph, telephone or other poles, carrying electric wires or signs, and all showcases and encroachments of every nature and character upon any said street, right-of-way and sidewalk, and to vacate and close public ways; and the City shall have the power to make any improvements as provided by State law[10].

(3) Regulation of Vehicles – The City shall have the power by ordinance or otherwise to license, operate, and control the operation of any vehicle using public streets or rights-of-way.

(4) Regulation of Railroads – The City shall have the power by ordinance or otherwise to direct and control, within the City limits, the speed of engines, locomotives, and motor cars operating on railroad tracks.

(5) Regulation of Public Utilities – The City shall have the power to buy, own, sell, construct, lease, maintain, operate, and regulate public services and utilities; and to manufacture, distribute, and sell the output of such services and utility operations. The City shall have such regulatory and other powers as may or hereafter be granted under State law[11]; and, by ordinance, to determine, fix, and regulate the charges, fares or rates of compensation to be charged by any person, firm or corporation enjoying a franchise for utilities in the City.

(6) Operation of Public Services or Utilities by City – The City shall have the power to build, construct, purchase, own, lease, maintain, and operate, within or without the City limits, light and power systems, water systems, sewer systems or sanitary disposal, natural gas, parks drainage, and any other public service or utility; power to borrow and encumber such system or systems, as deemed in the public interest.

(7) Purchase Utility Services – The City shall have the power to purchase electricity, gas, oil or any other article or service essential to protect the health, safety, and welfare of its inhabitants on such terms as the City Council may deem proper.

(8) Transportation Facilities – The City may acquire, maintain, operate and regulate any, and all modes of transportation facilities or services; and, use public funds for such purposes, and issue such debt or funds as permitted by this Charter. The City must secure approval by voter referendum before establishing and/or participating in an air transportation facility of any kind.

(9) Parks and Recreation – The City may acquire, maintain, operate, and regulate within its exclusive control all City parks and recreation facilities whether within or without the City limits.

(10) Underground Utilities – The City may require the placing under the surface of the ground all wires or any above ground construction of any public utilities within any limits of the City under such regulation as may be prescribed by the City Council from time to time.

(11) Fire Prevention – The City shall provide for the establishment and designation of fire limits and prescribe the kind and character of buildings or structures or improvements to be erected therein; provide for the erection of fireproof buildings within certain limits; and provide for the condemnation of dangerous structures of buildings or dilapidated buildings or buildings calculated to increase the fire hazard, and the manner of their removal or destruction.

(12) Public Safety – The City shall have the power by ordinance to establish and maintain a police and fire department(s) by whatever name known and to prescribe the duties of the members of each such department(s) and regulate their conduct and their salary ranges. The head of the police department of the City shall be known and designated as "Chief of Police"; and the head of the fire department of the City shall be known and designated as "Fire Chief". The City Council shall provide by ordinance staff requirements for each such department.

(13) Contracts – The City shall have the power to enter into contracts for goods and services. Such authority is subject to the limitation regarding competitive bidding as provided by State law[12] or as may otherwise be limited by this Charter. The City or anyone acting on its behalf shall not make any contract for goods, materials, services or supplies for the current use of any department of the municipality for more than one (1) year, except as provided by State law[13]. The City hereby adopts the requirements and exceptions concerning the provisions of State law[14] regarding goods and acquisition.

(14) Land Use – The City shall have full power and authority to zone and regulate the subdivision of land in the City and to pass all necessary ordinances, rules and regulations governing the same under and by virtue of the authority given to cities and legislative bodies in accordance with State law[15]. The City will maintain an official city map describing the official city limits as required by State law[16]. The City Council shall update the official city map annually by ordinance.

(15) Franchises – The City shall have full power and authority to franchise as provided by this Charter.

SECTION 2.05 Health Regulations

(1) Regulations – The City shall have the power to provide for the health, safety, and welfare of its inhabitants by establishing all necessary rules and regulations protecting the health, safety, and welfare of the City.

(A) The City shall have the power by ordinance or otherwise to regulate, license and inspect persons, firms, corporations, common carriers, or associations operating, managing, or conducting any activities including, but not limited to, any of the following:

1. place of public accommodation, hotel or any other public sleeping or eating place;
2. place or vehicle where food or drink of any kind is manufactured, prepared, stored, packed, served, sold or otherwise handled within the City or limits of said City;
3. any and all health conditions; and
4. any sanitary sewer and to require property owners to connect their premises with such system; to provide for fixing penalties for failure to make sanitary sewer connections; and to provide for fixing a lien against any property owners' premises who fails or refuses to make sanitary sewer connections and to charge the cost against said owner and make it a personal liability; to fix charges and compensation to be charged by the City for sewer services, and to provide rules and regulations for the collection thereof.

(B) The City shall have the power to define all nuisances and prohibit the same within the City and outside the City limits for a distance in accordance with State law[17]; to have power to police in all parks or grounds, street right-of-way owned by the City or under lease to the City and lying both outside and inside said City; to prohibit the pollution of air or waterways, walkways of any kind, water deposit and reservoir, whether above or below the ground, which may constitute the source of storage of water supply, and to provide for policing the same, as well as to provide for the protection of any watersheds and the policing of the same.

(2) Penalties or Fines – The City shall have the power to provide for the fixing of penalties for failure of any person, firm, corporation or association to comply

with any such rules and regulations so prescribed by the City under the provisions of this section; it being the intention to vest in the City not only the powers expressly enumerated in this section but all other powers reasonably necessary for the protection of the health of the City and its citizens.

ARTICLE III

City Council

SECTION 3.01 Governing Body

The governing body of the City shall be known as the "City Council" and shall consist of a Mayor and six (6) Councilmembers.

SECTION 3.02 Elected Officers

(1) Members – The members of the City Council of the City, which include the Mayor and six (6) Councilmembers, shall be the only elected officers of the City, they shall be elected and hold office, and be compensated as provided herein.

(2) Terms – The Mayor and Councilmembers shall be elected by the qualified voters of the entire City for a term of three (3) years, or until a successor has been duly elected and qualified, but each Councilmember shall be elected to and occupy a place on the City Council, such places being numbered 1, 2, 3, 4, 5, and 6, respectively. The places of the Councilmembers shall be developed on the official ballot as Councilmember Places 1, 2, 3, 4, 5, and 6.

(3) Term Limits – An individual shall serve no more than two (2) consecutive three (3) year terms as Mayor. An individual shall serve no more than two (2) consecutive three (3) year terms as Councilmember. After an individual vacates an office, if fifty percent (50%) or less remains of the individual's term, the term shall be considered a full term for reasons of calculating term limits.

(4) Pattern – In May of 2004, the Mayor and Councilmember Places 2, 4, and 6 shall be elected to three (3) year terms. In May of 2005, Councilmember Places 1, 3, and 5 shall be elected to three (3) year terms. In May of 2006, no City Council elections are anticipated except to possibly fill a vacancy. The "four-three-none" (4-3-0) pattern of elections shall continue into the future.

SECTION 3.03 Candidacy of the Mayor and Councilmembers

(1) Qualification – No person shall be a candidate for the office of Mayor or Councilmember unless such candidate is a qualified voter of the City and shall have resided in the City for not less than one (1) year preceding the day of the election and should not be in arrears in the payment of any taxes to the City, unless such arrearage is subject to a lawful protest.

(2) Declaration – Candidates of the office of Mayor or Councilmember may have their names printed upon the official ballot being nominated for such office by written petition signed by twenty-five (25) qualified voters.

(3) Filing – A nominating petition stating a declaration of candidacy shall be filed with the City Secretary or a duly appointed designee, who shall affix the date and time stamp on the ballot application, during regular office hours not earlier than the 75th day before the day of the election. The candidate's ballot application must be filed within the times set by state law. The City Hall shall not remain open after normal business hours to accept ballot applications.

(4) Verification - The City Secretary shall as quickly as possible examine each such petition and check the qualifications of the signers thereto. If a petition is found insufficient, the City Secretary shall, upon discovering such insufficiency, immediately deliver to the person who filed it a statement certifying wherein the petition is found insufficient. Within the regular time for filing petitions a new petition may be filed for the same candidate. The petition of each candidate nominated to be a member of the City Council shall be preserved by the City Secretary until the expiration of the term of office for which such candidate has been nominated. Any person filing a petition at or near the deadline for filing assumes the risk that if such petition be found not valid said candidate will not have time to file a corrected petition.

SECTION 3.04 Election

(1) All candidates running for Mayor or Councilmember shall be elected by a majority vote of all votes cast in the regular municipal election for the office which the candidate seeks election.

(2) In the event that a candidate does not receive a majority of votes, it shall be the duty of the City Council to order a runoff election for every place or Mayor to which no one was elected. Such runoff election shall be held no earlier than thirteen (13) days after the canvassing of the votes, and in accordance with state law.

(3) Should any person who was a candidate at the regular municipal election and who is entitled to become a candidate at the runoff election die, refuse or otherwise be unable to appear on the runoff election ballot, the candidate for such office standing next highest in the computation of vote for that office shall succeed to the rights of such candidate who failed to appear on the ballot at said runoff election. This method for selecting alternate runoff candidates shall be employed until there are two (2) candidates for each office in each runoff election and should there be only one candidate for office after the conclusion of this progress, that candidate shall be declared the winner. However, if at the date of the election, there is no runoff candidate left from those who sought to be elected to that place or Mayor in the regular election, the City Council shall declare no one elected to such place or Mayor; and shall call a Special Election on such date provided by State law[18] to elect a person to such place or Mayor; and said Special Election shall be conducted pursuant to State law[19] prescribing special elections to fill vacancies in municipal offices.

SECTION 3.05 Judge of Election

(1) The City Council shall be the judge of the qualifications of its own members and of the Mayor, subject to review of the courts in case of an election contest. The City Council shall, in accordance with State law[20], canvass the returns for any election and declare the results of such election.

(2) In the event of a tie vote between candidates, the respective candidates so tied may agree to cast lots to determine who shall be the duly elected officer. In the event such tied candidates do not agree to determine the results of the election by casting lots, a run-off election shall be called and the respective candidates so tied shall cast lots to determine the order their names shall appear on the ballot for such run-off elections. The candidate receiving the highest number of votes of the entire City cast at said run-off election shall be elected to such office.

SECTION 3.06 Date and Conduct of Election

The regular municipal election of the City Council shall be held on a uniform election date, in accordance with this Charter and state law, and the same shall be conducted and the results canvassed and announced in accordance with the laws of the State regulating all municipal elections and in accordance with the ordinances adopted by the City Council for the conduct of elections.

SECTION 3.07 Qualifying of Officers

The Mayor, Councilmembers, and other officers appointed under this Charter shall qualify by taking the oath prescribed by the Texas Constitution and by executing such bond as may be required under the provisions of this Charter and the ordinances and resolutions of the City.

SECTION 3.08 Candidates Holding Special Positions with the City

(1) In the event that the Mayor or any Councilmember shall announce their candidacy, or shall in fact become a candidate, for election to any public office other than the office then held, at any time when the unexpired term of the office then held shall exceed one year and 30 days, such announcement or such candidacy shall constitute an automatic resignation of the office then held, and the vacancy thereby created shall be filled by majority vote of the qualified voters at a special election called for such purpose within one hundred and twenty (120) days after such vacancy or vacancies occur.

(2) In the event any member of any body appointed by the City Council shall become a candidate for the office of Mayor or Councilmember, such position on such board shall be considered vacated upon election and qualification.

(3) Any City employee who shall become a candidate for the office of Mayor or Councilmember shall immediately forfeit such position of employment and such ballot application shall be accompanied by said employee's written resignation, the acceptance of which shall require no further act.

SECTION 3.09 City Council Vacancies and Attendance

(1) In the event of a vacancy existing in the office of Mayor or any Councilmember from any cause whatsoever, the vacancy or vacancies occurring shall be filled by the qualified voters at an election within one hundred twenty (120) days after such occurs, as prescribed by the State law[21]. If the term of office or offices is or are unexpired, the number of members elected at such election shall serve in such office or offices for the remainder of the unexpired term of such office or offices following the date of the election.

(2) Any member of the City Council remaining absent for three (3) consecutive regular meetings of the City Council, without first having obtained a leave of absence at a regular meeting, such office shall be declared vacated by a majority vote of all the remaining members of the City Council. Any member of the City Council remaining absent for six (6) consecutive regular meetings of the City Council shall be deemed to have forfeited such office.

(3) Any person elected to serve on the City Council, who, subsequent to taking office is convicted of a felony or theft shall automatically be deemed to have forfeited such office.

(4) In case of disaster when a legal quorum of the City Council cannot be assembled due to multiple deaths or injuries, the surviving members of the City Council, or the highest surviving City official if no elected official remains, must, within twenty-four (24) hours of such disaster, or as soon as practicable, take such action as to ensure the basic health, safety and welfare of the citizens and undertake whatever action is necessary under the laws of the State to call for a special election. Until such election is held and the City Council qualified, the remaining members or highest ranking officer if no elected official remains, shall only undertake those actions necessary to protect the basic health, safety and welfare of the citizens which such action may be subsequently ratified by the full City Council.

SECTION 3.10 Mayor Pro-Tem and Deputy Mayor Pro-Tem

(1) No later than July of each calendar year, the City Council shall annually select from among the Councilmembers a Mayor Pro-Tem and Deputy Mayor Pro-Tem to serve at the pleasure of the City Council.

(2) The Mayor Pro-Tem shall act as Mayor during the disability or absence of the Mayor, and in this capacity shall have the rights conferred upon the Mayor.

(3) The Deputy Mayor Pro-Tem shall act as Mayor during the disability or absence of the Mayor and Mayor Pro-Tem, and in this capacity shall have the rights conferred upon the Mayor.

(4) During the disability or absence of the Mayor, the Mayor Pro-Tem, and the Deputy Mayor Pro Tem, any Councilmember may be appointed by the remaining four (4) Councilmembers to act as Mayor and in this capacity shall have the rights conferred upon the Mayor.

SECTION 3.11 Compensation for the Mayor and Councilmembers

(1) The Mayor shall receive as compensation the sum of one hundred fifty dollars ($150.00) per month for attendance at all regular meetings, unless otherwise excused. The compensation in no event shall exceed the sum of one thousand eight hundred dollars ($1,800) per annum for the Mayor.

(2) Each Councilmember shall receive as compensation the sum of one hundred dollars ($100.00) per month for attendance at all regular meetings, unless otherwise excused. The compensation in no event shall exceed the sum of one thousand two hundred dollars ($1,200) per annum for Councilmembers.

(3) In addition, the City Council shall establish by ordinance or resolution the standards and policies concerning reimbursement of reasonable expenses incurred by the Mayor and Councilmembers in their official capacity.

SECTION 3.12 Duties of Mayor

(1) The Mayor shall preside at all meetings of the City Council and shall have full voting rights.
(2) The Mayor shall perform such other duties consistent with the office as may be imposed by this Charter or the ordinances and resolutions of the City.
(3) The Mayor may participate in the discussion of all matters coming before the City Council.
(4) The Mayor shall sign all ordinances, resolutions, capital improvement contracts, conveyances made or entered into by the City, all bonds issued under the provisions of this Charter, and such other documents as authorized by the City Council.
(5) The Mayor shall be recognized as the official head of the City for all ceremonial purposes.
(6) The Mayor shall be recognized by the governor for the purpose of enforcing martial law. In time of danger or emergency, the Mayor may, in accordance with State law[22] and with the consent of the Councilmembers, take command of the police and govern the City by proclamation and maintain order and enforce all laws.
(7) The Mayor shall annually deliver and provide an annual state of the City report.

SECTION 3.13 Duties of City Council

(1) All powers of the City and the determination of all matters of policy shall be vested in the City Council, which shall have all powers necessary and incident to the proper discharge of the duties imposed upon it and is hereby invested with all powers necessary to carry out the terms of this Charter; it being intended that the City Council shall have and exercise all powers enumerated in this Charter or implied thereby and all powers that are or hereafter may be granted to municipalities by the Texas Constitution and laws of the State.

(2) The compensation of all appointive officers and employees shall be fixed by the City Council, who may increase or diminish such compensation at will.
(3) The City Council shall review, revise and adopt the budget for the City.
(4) The City Council may collectively or individually inquire into the conduct of any office, department or agency of the City; and, the City Council may, collectively, make investigations into any municipal office, department or agency.
(5) The City Council shall have the power to exercise and adopt all resolutions and ordinances and to implement the authority of the City in this Charter.
(6) The City Council shall adopt a periodic fiscal reporting policy.

SECTION 3.14 Meetings of City Council

(1) The City Council shall hold at least one (1) regular meeting each month and as many additional meetings as the City Council deems necessary to transact the business of the City. The City Council shall fix by ordinance the regular meeting schedule.
(2) Special meetings of the City Council shall be held at the call of the Mayor or a majority of the Councilmembers upon provision of public notice in accordance with State law[23].
(3) All meetings of the City Council, except those authorized by law to be closed to the public, shall be open to the public.

SECTION 3.15 City Council Rules of Procedure and Attendance of Meetings

The City Council shall by resolution determine its own rules of procedure and procedures for compelling the attendance of its members.

SECTION 3.16 Quorum of City Council and Minutes of City Council Meetings

(1) A majority of the City Council shall constitute a quorum to do business, and, unless otherwise provided by law, the affirmative vote of at least a majority of those attending any meeting shall be necessary to adopt any ordinance or resolution.
(2) Minutes of all proceedings shall be kept, to which any citizen may have access at all reasonable times and which shall constitute one of the archives of the City. The vote on all ordinances and resolutions shall be recorded and entered upon the minutes; and, every ordinance or resolution, upon its final passage, shall be recorded in a book kept for that purpose and shall be authenticated by the signature of the presiding officer. The minutes of all meetings shall record the attendance of all members of the City Council present and those absent.
(3) All recordings and broadcasts of City Council meetings shall be unedited except where required by law.

SECTION 3.17 Ordinances and Resolutions

(1) Enactment – Each proposed ordinance and resolution shall be introduced in written or printed form. Ordinances or resolutions may be passed at any regular or special meeting called in accordance with State law[24].

(2) Captions – Each ordinance and resolution shall contain a brief caption of the subject matter of the ordinance or resolution.

(3) Publication – A descriptive title or caption stating in summary the purpose of the ordinance and the penalty for violation thereof, of each ordinance imposing a penalty, fine or forfeiture, shall after passage be published in one issue of the official newspaper of the City and proof of such publication shall be made by the printer or publisher of such paper making affidavit before some officer authorized to administer oaths. Such affidavit shall be filed with the City Secretary and shall be prima facie evidence of such publication and promulgation of such ordinance so published; said ordinances shall take effect and be in full force and effect from and after the date of publication, unless otherwise expressly provided. Ordinances not required to be published shall take effect and be in force from and after the date of passage thereof unless otherwise provided.

(4) Savings – All ordinances and resolutions of the City now in existence and not inconsistent with provisions of this Charter shall remain in full force and effect until altered, amended or repealed by the City Council.

(5) Pleading – It shall be sufficient in all judicial proceedings to plead any ordinances of the City by caption without embodying the entire ordinance in the pleadings, and all pleaded ordinance(s) or codes shall be admitted as evidence in any suit and shall have the same force and effect as the original ordinances. Certified copies of the ordinances may also be used in evidence in lieu of original ordinances.

(6) Codification – The Code of Ordinances of the City, adopted June 15, 1982, which became effective July 1, 1982, shall be revised at least annually and kept up-to-date by causing any amendments to be published in the form of supplemental pages. An official copy of the Code shall be maintained in the office of the City Secretary for public examination.

SECTION 3.18 Official Newspaper

The City Council shall designate by resolution a newspaper of general circulation in the City as the official newspaper of the City as provided by State law[25].

SECTION 3.19 Influence of Appointments

Neither the City Council nor any of its members shall direct the appointment of any person to office by the City Manager or by such City Manager's subordinates. Except for the purpose of inquiry, the City Council and its members shall deal with the administrative services solely through the City Manager and neither the City Council nor any member thereof shall, publicly or privately, give orders to any subordinate of the City Manager.

SECTION 3.20 Public Comment

The opportunity for citizens of the City to provide public comment on any and all subjects regardless of the agenda shall be provided at each regular meeting. This opportunity shall be called "Citizens' Input" and shall begin prior to any vote at a regular meeting of the City Council. The City Council may provide reasonable regulations to implement this provision.

SECTION 3.21 Code of Ethics

The City Council by ordinance shall establish a Code of Ethics governing the City Council and all city employees which shall include at least the following: wrongful influence, wrongful interference, employees' political activities, penalties, conflict of interest, and acceptance of gifts.

SECTION 3.22 Conflicts of Interest

The use of public office for private gain is prohibited. The city council shall implement this prohibition by ordinance, the terms of which shall include but not be limited to strictly prohibiting the Mayor or a Councilmember from: acting in an official capacity on matters in which the official has a special financial interest of any kind that is clearly separate from that of the general public; the acceptance of gifts or items of an annual aggregate value greater than $250 from a single source; the use of confidential information for unofficial purposes; and appearance before other political subdivisions on behalf of private interests as a City official. Neither the Mayor nor any Councilmember may vote on, debate or discuss matters involving a business entity by whom they are employed or in which they have a substantial financial interest. This ordinance shall include a statement of purpose and shall provide for reasonable public disclosure of related finances by officials with major decision making authority over monetary expenditures and contractual and regulatory matters in compliance with state law. The ordinance shall also provide for fines or other appropriate administrative action for violations.

ARTICLE IV

City Manager

SECTION 4.01 Appointment

The City Council by four (4) affirmative votes shall appoint a City Manager who shall be the administrative and chief executive officer of the City and shall be responsible to the City Council for the administration of the offices of the City, except as otherwise provided by this Charter. The City Manager shall be chosen by the City Council solely on the basis of executive and administrative training, experience and ability. The City Manager need not, when appointed, be a resident of the City, but the City Manager shall be a resident of the City within six (6) months of assuming the appointment to City Manager.

SECTION 4.02 Compensation

The City Manager shall receive a salary, benefits and compensation as set by the City Council.

SECTION 4.03 Duties

The duties of the City Manager shall include the following:

(1) Provide that all laws and ordinances of the City are enforced.

(2) Appoint all appointive officers, or employees of the City (such appointments to be made upon merit and fitness alone), except as provided in this Charter.

(3) Suspend and remove, at will, any officers or employees except as provided in this Charter.

(4) Provide for the efficient administration and operation of all departments, under the City Manager's control, including the maintenance of and public information request for all records thereof except as provided in this Charter.

(5) Prepare and recommend to the City Council the annual budget and capital program, as provided by this Charter, and administer and execute the budget as adopted by the City Council.

(6) Provide supervision and control over all departments and offices that are created by the City Council and employees appointed by the City Manager, except as provided in this Charter.

(7) Attend all meetings of the City Council with the right to take part in the discussion.

(8) Execute all contracts as authorized by resolution or ordinances adopted by City Council.

(9) Make such recommendations in writing to the City Council of the measures, as the City Manager may deem necessary and expedient.

(10) Provide written reports no less than quarterly of the current financial conditions and future needs of the City to be presented orally at an open meeting of the City Council, and make such recommendations concerning the affairs of the City, as the City Manager or the City Council deems desirable or necessary.

(11) Perform such other duties as may be prescribed by the Charter or which may be required by ordinance or resolution of the City Council.

SECTION 4.04 Removal

The City Manager may be removed, with or without cause, by four (4) affirmative votes of the City Council.

ARTICLE V

City Officers

SECTION 5.01 City Secretary

(1) Appointment – The City Council shall appoint the City Secretary, upon by four (4) affirmative votes of the City Council. The City Council shall consider the City Manager's recommendations regarding the appointment of the City Secretary.

(2) Duties – The City Secretary shall:

- (A) Give notice of all official public meetings of the City Council as consistent with this Charter and State law[26];
- (B) Attend all public meetings and hearings of the City Council;
- (C) Keep the minutes of the proceedings of all public meetings and hearings of the City Council as prescribed by the City Council consistent with applicable law;
- (D) Act as custodian of all official records of the City Council;
- (E) Hold and maintain the seal of the City and affix this seal to all appropriate documents;
- (F) Authenticate and record all ordinances, resolutions and proclamations of the City by signature and seal;
- (G) Perform and such other duties as may be required by the City Council consistent with this Charter and the laws of the State;
- (H) Shall conduct all municipal elections;
- (I) Act as agent for the purposes of serving civil process;
- (J) Assist the City Manager with the maintenance and public information request of all records as directed by the City Council;
- (K) Prepare and recommend to the City Council the annual budget for the office and staff of the City Secretary; and
- (L) Hire, provide supervision and control over all employees of the office of the City Secretary.

(3) Compensation – The City Council shall fix the compensation, salary and benefits of the City Secretary in accordance with the City Secretary's experience, qualifications and performance.

(4) Removal – The City Secretary may be removed, with or without cause, by four (4) affirmative votes of the City Council.

SECTION 5.02 City Treasurer

The City Council may appoint a City Treasurer. The City Council by ordinance shall define the responsibilities, compensation, and authority of City Treasurer.

SECTION 5.03 City Auditor

The City Council may appoint a City Auditor. The City Council by ordinance shall define the responsibilities, compensation, and authority of the City Auditor.

SECTION 5.04 Municipal Judge

(1) Appointment – The City Council shall appoint by four (4) affirmative votes of the City Council such Municipal Judges of the Municipal Court as may be necessary, all of whom shall be competent, duly qualified attorneys licensed and practicing for at least two (2) years in the State. The Municipal Judge(s) shall be appointed for a term of two (2) years and may be appointed to additional consecutive terms. The Municipal court shall be presided over by a judge to be known as the "Chief Judge of the Municipal Court" who shall be a licensed attorney in the State and such alternate and temporary judges that may be appointed by ordinance of the City Council, and their salary may be fixed by ordinance or resolution.

(2) Duties – The Municipal Judge shall be the Chief Judge of said Municipal Court shall have power to punish for contempt to the same extent and under the same circumstances as the Justice of the Peace may punish for contempt of criminal cases.

(3) Compensation – The Municipal Judge(s) shall receive compensation as may be determined by the City Council.

(4) Removal – The Removal or termination of any Municipal Judge shall be done in accordance with State law[27].

SECTION 5.05 City Attorney

(1) Appointment – The City Council shall appoint by four (4) affirmative votes of the City Council a competent, duly qualified licensed and practicing attorney in the State who shall serve as the City Attorney.

(2) Duties – The City Attorney shall:

(A) Serve as the legal advisor to the City Council;

(B) Represent the City in litigation and legal proceedings as directed by the City Council;

(C) Review and provide opinions as requested by the City Council on contracts, legal instruments, and ordinances of the City and other City business; and

(D) Serve as the legal advisor to the officers and their departments, as directed by the City Council.

(3) Special Counsel – The City Council shall have the right to retain special counsel at any time that it may deem necessary and appropriate to collect delinquent and ad valorem taxes and liens or for such purposes the City Council deems appropriate.

(4) Compensation – The City Attorney and Special Counsel shall receive compensation as may be determined by the City Council.

(5) Additional Counsel – The City Attorney, with the approval of the City Council, may select additional attorneys to act for said City Attorney and the City in its representation and/or litigation.

(6) Removal – The City Attorney may be removed, without cause, by four (4) affirmative votes of the City Council.

SECTION 5.06 Official Bond of City Employees

The directors of all administrative departments whose duties include the handling of monies, and all employees whose duties include the handling of monies, belonging to the City, shall before entering upon the duties of their office or employment, make bond in some responsible surety company, acceptable to the City Council for such amount as the City Council may prescribe, the premium of such bond shall be paid by the City; the City Council may also require any such surety bond to be further conditioned that the principal thereon will faithfully perform and/or discharge the duties of said person's office and if there are provisions of State law[28] bearing upon the functions of said person's office under which the execution of a surety bond is required, it shall be further conditioned to comply therewith.

SECTION 5.07 City Prosecutor

(1) Appointment -- The City Council shall appoint by four (4) affirmative votes of the City Council a competent, duly qualified attorney licensed and practicing in the State who shall serve as the City Attorney for Municipal Court Prosecution also to be known as the City Prosecutor.

(2) Duties -- The City Prosecutor shall:

(A) Represent the City and the State of Texas in proceedings and litigation in the Rowlett Municipal Court; and

(B) Provide training and legal updates to the Rowlett Police Department regarding duties related to the prosecution of municipal court cases; and

(C) All other duties required by law including the duty to see that justice is done.

(3) Compensation -- The City Prosecutor shall receive compensation as may be determined by the City Council.

(4) Additional Prosecutors -- The City Prosecutor may select additional attorneys to serve in his or her absence in an intermittent basis at his or her direction.

(5) Removal -- The City Prosecutor may be removed, without cause, by four (4) affirmative votes of the City Council.

ARTICLE VI

Financial

SECTION 6.01 Audit and Examination of City Books and Accounts

At the close of each fiscal year, and at such other times as may be necessary, the City Council shall call for an independent audit of all accounts of the City by a certified public accountant. The same firm or certified public accountant shall complete no more

than five (5) consecutive annual audits. The certified public accountant selected shall have no personal interest, directly or indirectly, in the financial affairs of the City or any of its officers. The written report of audit will be presented to and discussed by the City Council at a regular meeting. The auditor's recommendations will be read into the record of the meeting. Copies of the audit shall be placed on file as a public record with the City Secretary.

SECTION 6.02 Budget

The fiscal year of the City shall begin on the first day of October and end on the last day of September of each calendar year. Each year and in sufficient time to provide for all necessary hearings, the City Manager shall prepare and submit to the City Council a budget to cover all proposed expenditures of the City for the succeeding fiscal year. Such budgets shall be prepared and administered pursuant to the applicable general laws of this state. In the event that the budget is not enacted prior to October 1st, the preceding fiscal year budget shall be deemed adopted, which may be amended or supplemented, as the City Council deems appropriate.

SECTION 6.03 Inventory of Property and Liens

(1) The definitions of property and terms as defined by the general laws of the State under the head of taxation shall apply to the taxation of property in this City.

(2) The tax levied by the City shall be a lien, charge or encumbrance upon the property upon which the tax is due, which lien, charge or encumbrance the City is entitled to enforce and foreclose in any court having jurisdiction over the same, and the lien, charge and encumbrance on the property in favor of the City. All taxes upon real estate shall be a lien and a charge upon the property upon which the taxes are due, which lien may be foreclosed in any court having jurisdiction.

SECTION 6.04 Taxes and Taxation

(1) Powers –

(A) The City Council shall have the power to levy, for general purposes, an ad valorem tax on real, personal, and mixed property within the territory of the City, not exempt from taxation by the Texas Constitution and laws of the State, not to exceed a total of one dollar and twenty-five cents ($1.25) per one hundred dollars ($100.00) assessed valuation of said property in accordance with State law[29], based upon its true value as provided by law to the extent of the constitutional limit permitted by the State to cities. In no event shall the City every have the power to levy an ad valorem on non-business personal property.

(B) The City Council may levy taxes on all property, privileges and franchises of every kind and description within the City limits or having its situs therein on January first of each year, and from any other local source. The place, time, and manner of payment thereof, with penalties, shall be

established by the City Council, as it deems best, not in violation of the laws of this State.

(C) The City Council shall determine and provide when taxes shall be due and payable. It shall have the right to fix the time and terms of payments of taxes, prescribe penalties for the non-payment thereof upon the expiration of the time fixed by the said City Council.

(D) The City will, by ordinance, adopt homestead and other exemption(s) as it deems appropriate in accordance with State law[30].

(2) Collection – The City Council shall have full power, by ordinance to provide for the prompt collection of all taxes levied, assessed and due or becoming due to the City.

(3) Payment – All ad valorem taxes due or to become due upon real, business personal or mixed property or upon franchises granted by the City to individuals or corporations and all license taxes, occupation taxes, permit fees, fines, forfeitures, penalties and other amounts of taxes accruing to the City shall be collectable and payable only in current money of the United States.

(4) Delinquency –

(A) All ad valorem taxes due or to become due to the City that are not paid within the time specified by law shall be delinquent and shall be subject to penalties and charges prescribed by law[31].

(B) All suits for delinquent taxes to the City shall be brought in accordance with general laws of the State relative to the collection of delinquent state and county ad valorem taxes.

(5) Appraisal – Appraisal of property for ad valorem purposes shall be conducted in accordance with the provisions of the State law[32], as the same is from time to time amended.

SECTION 6.05 Designation of Depository for City Funds

The City Council shall select a depository for City funds in accordance with State law[33], and to follow all the terms and provisions State law[34].

ARTICLE VII

Bonds, Warrants and Other Evidence of Indebtedness

SECTION 7.01 Authority to Issue

The City shall have the right and power to borrow money for public purposes by whatever method it may deem to be in the public interest. The City shall have the right and power to issue tax bonds, revenue bonds, and any other evidences of indebtedness for permanent public improvements or for any other public purpose not prohibited by law or this Charter and to issue refunding bonds to refund outstanding evidences of indebtedness previously issued. All such bonds or other evidences of indebtedness shall be issued in conformity with the laws of the State applicable at the time of issuance of

such obligations. Notwithstanding, an affirmative vote of at least 80% of Councilmembers in attendance at a regular meeting shall be required to authorize issuance of all bonds and other evidence of indebtedness, with the exception of refunding bonds.

SECTION 7.02 Manner of Issuance
Bonds and warrants of the City shall be issued as provided by the General Laws of Texas applicable to cities and towns.

ARTICLE VIII

Recall

SECTION 8.01 Procedure
The Mayor or any Councilmember may be removed from office in the following manner:

(1) Any qualified voter of the City may make and file with the City Secretary a written verified statement containing the name of any member of the City Council whose removal is sought, which statement shall state the specific grounds of incompetency, misconduct or malfeasance in office upon which removal is predicated. The City Secretary shall deliver a copy of the statement to the officer so charged and also to the other members of the City Council. The City Secretary shall deliver to the person making such charges petition blanks for demanding such removal. Such blanks shall be issued by the City Secretary with the City Secretary's signature thereto attached, shall be dated and addressed to the City Council, and shall state the grounds, as is required in the initial written statement, so as to give the officer sought to be removed and those signing the petition notice of the matters and things with which such officer is charged. A copy of the petition shall be recorded in a record book for that purpose to be kept in the office of the City Secretary.

(2) To be effective, a recall petition must be returned and filed with the City Secretary within thirty (30) days after its issuance. Such petition must bear the signatures of qualified voters of the City equal in number to at least twenty percent (20%) of the average number of voters casting votes for such office at the last two general elections or the signatures of five hundred (500) qualified voters of the City, whichever is the greatest. Each page of a recall petition shall have attached an affidavit of the circulator thereof, stating that each signature thereto was made in the circulator's presence and is the genuine signature of the person whose name it purports to be. Each signature must be in the signer's own handwriting, and the petition shall contain the printed name of each signer and the signer's residence address, the date of signing, and the signer's voter registration number and county of registration or date of birth. Recall petition papers provided by the City

Secretary shall be in form that substantially complies with the form in Appendix "A".

(3) All papers and affidavits comprising a recall petition shall be assembled and filed with the City Secretary as one instrument, with a statement attached thereto giving the name and address of at least one qualified voter, who, as the petitioner, shall be officially regarded as filing the petition. Any evidence in support of the recall petition should be provided to the City Secretary along with the petition. Not later than the fifth regular business day after the date of its receipt, the City Secretary shall notify the petitioner as to the sufficiency of the petition and shall attach thereto a certificate showing the result of the examination.1 If the City Secretary shall certify the petition as insufficient, the City Secretary shall set forth in the certificate the particulars in which it is defective and shall at once notify the petitioner of such finding.[35]

(4) A recall petition may not be supplemented, modified, or amended on or after the date it is received by the City Secretary; provided, however, that the petitioner may file one supplementary petition (within 30 days of the issuance of the petition blanks by the City Secretary) if the original petition contains a number of signatures that exceeds the required minimum number by 10 percent or more and is received by the City Secretary not later than the 10th day before the date of the deadline.[36]

(5) If a recall petition shall be certified by the City Secretary to be sufficient, the City Secretary shall at once submit it to the City Council with a certificate to that effect and shall notify the member whose removal is sought of such action. The City Council shall hold a public hearing to be held not less than five (5) nor more than fifteen (15) days after receiving the recall petition. City Council shall (without the vote of the officer or officers whose removal is sought), upon presentation of credible evidence of grounds stated in petition, thereupon order and fix the date for holding a recall election which shall be held at the next date authorized for City elections by State law.3 In the event of a multiple member recall and the resulting failure to establish a quorum, the petition will automatically result in an election.[37]

(6) The question of recalling any number of members of the City Council may be submitted at the same election, but as to each member whose removal is sought a separate written statement and a separate petition shall be filed and there shall be an entirely separate ballot. Candidates to succeed any members of the City Council whose removal is sought shall be placed in nomination in compliance with this Charter.

(7) The ballot to be used in a recall election shall submit the proposition in substantial compliance with the form in Appendix "B". Except as provided in this section,

ballots used in recall elections shall comply with the provisions of this Charter regarding ballots for regular municipal elections.

(8) If a majority of votes be for recall of the officer, such officer shall be deemed removed from office. The candidate to succeed such officer who receives the highest vote shall be declared elected to fill the unexpired term. If an officer sought to be recalled shall resign, the vacancy shall be filled as prescribed by law and this Charter.

(9) No recall shall be filed against the Mayor or a Councilmember within three (3) months after such Mayor or Councilmember takes office. In the case of an insufficient petition, a Council determination of insufficient grounds for recall, or an unsuccessful recall election, no recall petition shall be filed against said officer until at least six (6) months has expired from the date on which the petition was certified insufficient, the date of the Council's determination, or the date of the canvassing of the votes of the recall election.

ARTICLE IX

Legislation by Initiative and Referendum

SECTION 9.01 Initiative

(1) Qualified voters of the City may initiate any ordinance (except one appropriating money, levying a tax or issuing bonds) by submitting a petition to the City Council which, after approval as to legal form by the City Attorney, requests that the ordinance be passed by the City Council, or, if not passed, it be submitted to a vote of the qualified voters of the City. Said petition must be signed by qualified voters of the City equal in number to twenty percent (20%) of the number of votes cast at the last regular municipal election, or 250, whichever is greater, and each copy of the petition shall have attached to it a copy of the proposed ordinance.

(A) The petition must state the residence of each signer and bear the oath of one of the signers that each signature thereon is the genuine signature of each person whose name it purports to be subscribed thereon.

(B) The petition shall be filed with the City Secretary and within twenty (20) days after such filing the City Secretary shall check the signatures on the petition against the county voter registration lists and attach thereto the City Secretary certificate showing the results of such examination.

(2) Any person who has filed an insufficient petition shall be notified immediately upon discovery of such insufficiency and may present additional signatures within ten (10) days after such notice or may file a new petition at any time.

(3) Within twenty (20) days after the City Secretary finds such a petition to be sufficient, the City Council shall either pass the ordinance as submitted or order an election to submit the proposed ordinance to a vote of the qualified voters of

the City who shall vote on the question: "For the Ordinance" or "Against the Ordinance." If a majority of the qualified voters at such election vote for the ordinance, it shall thereupon be an ordinance of the City.

SECTION 9.02 Referendum

(1) The qualified voters of the City shall have the power to approve or reject at the polls any ordinance passed by the City Council (except ordinances appropriating money, levying a tax or authorizing the issuance of bonds or other evidences of indebtedness authorized by the laws of the State of Texas or this charter) by submitting a petition to the City Council which, after approval as to legal form by the City Attorney, requests that the ordinance be repealed, or, if not repealed, that it be submitted to a vote of the qualified voters of the City.

(2) The petition shall be signed by qualified voters of the City equal in number to at least twenty percent (20%) of the number of votes cast at the last regular municipal election or 250, whichever is greater and each copy of the petition shall have attached to it a copy of the ordinance.

(3) The petition shall be filed with the City Secretary and shall be signed and checked for sufficiency in the same manner as initiative petitions are herein required to be signed, verified and checked.

SECTION 9.03 City Council to Repeal or Submit Referendum Ordinance to Election

(1) When a referendum petition has been certified as sufficient, the ordinance specified in the petition shall not go into effect or further action thereunder shall be suspended if it shall have gone into effect, unless approved by the electors. When filed, the City Council shall immediately reconsider such ordinance and if the City Council does not entirely repeal the same, it shall order an election to submit the ordinance to a vote of the qualified voters, who shall vote on the question: "For the Ordinance" or "Against the Ordinance".

(2) If a majority of the qualified voters at such election do not vote for the ordinance, the same shall be deemed repealed and it shall be without further force and effect.

SECTION 9.04 Publication of Ordinances

Prior to the date early voting shall begin in any election on an initiative or referendum, the City Secretary shall cause the particular ordinance to be published verbatim in at least one issue of the official newspaper of the City or a printed copy thereof mailed to each qualified voter of the City as appears on the tax roll of the City for the year ending the 31st day of January next preceding and the City Secretary shall do such other things relative to such election as are required in general municipal elections or by the order calling said election.

ARTICLE X

Franchises

SECTION 10.01 Ordinance Granting Franchise

No grant to use the public right-of-way or property under ownership of the city shall be granted for a term of more than twenty (20) years from the date of the grant, renewal or extension of such franchise unless approved by citizens in accordance with this article. The City Council may, by four (4) affirmative votes, seek approval from the voters by submitting all applications exceeding twenty (20) years to an election in accordance with State law[38]. The prospective franchisee, not the City, shall fund the cost of said election.

SECTION 10.02 Right of Regulation

In granting, amending, renewing and extending public service and utility franchises, the City reserves unto itself all the usual and customary rights, including, but not limited to, the following rights:

(1) To repeal the franchise by ordinance for failure to begin construction or operation within the time prescribed, or for failure to comply with terms of the franchise;

(2) To require all extensions of service within the City limits to become part of the aggregate property of the service and operate subject to all obligations and reserved rights contained in this Charter. Any such extension is considered part of the original grant and terminable at the same time and under the same conditions as the original grant;

(3) To require expansion and extension of facilities and services and to require maintenance of existing facilities to provide adequate service at the highest level of efficiency;

(4) To require reasonable standards of service and quality of product and prevent rate discrimination;

(5) To impose reasonable regulations and restrictions to insure the safety and welfare of the public;

(6) To examine and audit accounts and records and to require annual reports on local operations of the public service or utility;

(7) To require the franchisee to restore, at franchisee's expense, all public or private property to a condition as good as or better than before disturbed by the franchisee for construction, repair or removal;

(8) To require the franchisee to furnish to the City, from time to time within a reasonable time following request of the City, at franchisee's expense a general map outlining current location, character, size, length, depth, height and terminal of all facilities over and under property within the City and its extraterritorial jurisdiction; and

(9) To require compensation, rent or franchise fees to be paid to the City as may be permitted by the laws of the State.

SECTION 10.03 Regulation of Rates

(1) The City Council has the power to fix and regulate the rates and charges of all utilities and public services, consistent with State law[39].

(2) Upon receiving written request from a utility or public service requesting a change in rates, or upon a recommendation from the City that rates for services provided by or owned by the City be changed, the City Council shall call a public hearing for consideration of the change.

(3) The City, public service or utility must show the necessity for the change by any evidence required by the City Council, including but not limited to, the following:

   (A) Cost of its investment for service to the City;

   (B) Amount and character of expenses and revenues connected with rendering the service;

   (C) Copies of any reports or returns filed with any state or federal regulatory agency within the last three (3) years; or

   (D) Demonstration that the return on investment, if any, is within the state and federal limitations.

(4) If not satisfied with the sufficiency of evidence, the City Council may hire rate consultants, auditors and attorneys to investigate and, if necessary, litigate requests for rate changes, the expense of which shall be reimbursed to the City by the franchisee.

SECTION 10.04 Transfer of Franchise

No public service or utility franchise is transferable, except with the approval of the City Council. However, the franchisee may pledge franchise assets as security for a valid debt or mortgage.

SECTION 10.05 Franchise Value Not to be Allowed

Franchises granted by the City are of no value in fixing rates and charges for public services or utilities within the City and in determining just compensation to be paid by the City for property which the City may acquire by condemnation or otherwise.

ARTICLE XI

Legal Provisions

SECTION 11.01 Notice of Claim

The City shall not be held liable on account of any claim for the death of any person or injuries to any person or damage to any property unless the person making such complaint or claiming such damages shall, within ninety (90) days after the time at

which it is claimed such damages were inflicted upon such person or property, file with the City a written statement, under oath, stating the nature and character of such damages or injuries, the extent of the same, the place where same happened, the circumstances under which the same happened and the condition causing same, with a detailed statement of each item of damages and the amount thereof, giving a list of any witnesses known by affiant to have seen the accident.

SECTION 11.02 Service of Process Against the City
All legal process against the City shall be served upon the City Secretary.

SECTION 11.03 Nepotism
No person within the second degree by affinity or within the third degree by consanguinity to the Mayor or any Councilmember or the City Manager shall be employed by or contracted with the City. This shall not apply to the following:

(1) Any person employed by the City prior to the person related in the above degree filing to run for elective office or being nominated for an appointment; or
(2) Any person who is a seasonal employee or intern of the City.

SECTION 11.04 Construction of Terms
The construction of the provisions of this Charter shall comply with the State law[40] as amended.

SECTION 11.05 Charter Deemed Public Act
This Charter must be deemed a public act and judicial notice shall be taken thereof in all courts.

SECTION 11.06 Severability of Portions of Charter
If any provision of this Charter violates the Constitution of the United States, the Texas Constitution or any statutes of the State, or if any court holds such provisions for naught for any reason, the remaining provisions shall not be affected thereby and shall continue in effect.

ARTICLE XII

Adoption Of Charter

SECTION 12.01 Procedure

(1) This Charter shall be submitted to the qualified voters of the City for adoption or rejection on January 19, 1980, at which election, if a majority of the qualified voters voting in such election shall vote in favor of the adoption of this Charter, it shall then immediately become the governing law of the City until amended or repealed.

(2) It being impractical to submit this Charter by sections, it is hereby prescribed that the form of ballot to be used in such election shall be as follows, to-wit:

FOR THE ADOPTION OF THE CHARTER
AGAINST THE ADOPTION OF THE CHARTER

(3) The present City Council of the City shall call an election in accordance with the provisions of the general laws of the state governing such elections, and the same shall be conducted and the returns made and results declared as provided by the laws of the State governing municipal elections, and in case a majority of the votes cast at such election shall be in favor of the adoption of such Charter, then an official order shall be entered upon the records of said City by the City Council of Rowlett declaring the same adopted, and the City Secretary shall record at length upon the records of the City, in a separate book to be kept in the City Secretary office for such purpose, such Charter as adopted, and such City Secretary shall furnish to the Mayor a copy of the Charter which copy of the Charter shall be forwarded by the Mayor as soon as practicable, to the Secretary of State under the seal of the City together with a certificate showing the approval of the qualified voters of such Charter.

SECTION 12.02 Amendment of Charter

Amendments to this Charter may be framed and submitted to the qualified voters of the City as provided by the Texas Constitution and the laws of the State as presently enacted or hereafter amended; but no more often than once every two (2) years, as provided by the laws of the State.

SECTION 12.03 Charter Review Commission

(1) Appointment – The City Council shall appoint a Charter Review Commission at least once every five (5) years. The Charter Review Commission shall consist of seven (7) citizens of the City.

(2) Scope – The City Council shall determine the scope of the review by the Commission. The Commission shall determine whether the Charter requires revision or amendment. The Commission may request factual information concerning the operation of the City and such information may be provided in writing or orally. The Commission may hold public hearings regarding the Charter. The Commission shall make recommendations for changes to the Charter without any consideration of the impact upon staff or cost to the City. The Commission shall report its findings and present its recommendations regarding the Charter to the City Council at a regular or special meeting.

(3) Term – The term of office of the Commission shall be for not more than six (6) months, at the end of which time a report shall be presented to the City Council

and all records of proceedings of the Commission shall be filed with the City Secretary and become a public record.

SECTION 12.04 Administrative Amendment

The City Council may provide by ordinance, after conducting two public hearings, to amend, alter or reformat any provisions and to amend statutory or State law references and/or endnotes of this Charter, but may not in any circumstance substantively change any portion of the same without compliance with State law and this Article. However, the City Council may amend by ordinance, after public hearing, any provision of this Charter to comply with an amendment to state law that renders a charter provision invalid, provided that the Charter amendment shall track as near as possible the language of the amendment to state law.

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Appendix "A" RECALL PETITION

We, the undersigned qualified voters of the City of Rowlett, Texas, hereby demand that the question of removing _____ from the City Council be submitted to a vote of the qualified voters of the City of Rowlett based upon the following grounds:

_____

_____

PRINTED NAME	*VOTER REGISTRATION NUMBER**	*ADDRESS*	*COUNTY*	*DATE OF BIRTH**	*SIGNATURE*

** Either the Voter Registration Number or the Date of Birth must be included.*

STATE OF TEXAS
COUNTY OF _____

BEFORE ME, the undersigned authority, personally appeared _____ who, after being duly sworn, deposes and says that he/she is the circulator of the foregoing petition paper and that the signatures appended thereto were made in his/her presence and are genuine signatures of the persons whose names they purport to be.

SUBSCRIBED AND SWORN TO BEFORE ME, this the ___ day of _____, 20_____.

Notary Public in and for
_____ County, Texas

Appendix "B" BALLOT

PROPOSITION

(Place an "X" in the square beside the statement indicating the way you wish to vote.)

☐ FOR RECALL — Shall _____ be removed by recall from his/her office as (Mayor or Councilmember) of the City of Rowlett, Texas?

☐ AGAINST RECALL

CANDIDATES
(Vote for One)

_____

_____

Appendix "C" ORIGINAL CHARTER SIGNATURES

(The page will have the original signatures from the First Home Rule Charter Commission)

Appendix "D" PAST COMMISSION AND COMMITTEES

FIRST HOME RULE CHARTER COMMISSION FOR
THE CITY OF ROWLETT, TEXAS

December 6, 1979

John Wells,
Chairman of the Charter Commission
Harold Chenault,
Secretary of the Charter Commission

Bill Bean
J. T. Cook
Bill Coyle
Armond Gentry
Earl Hammond
W. R. "Shorty" Johnson
Orvil Jones, Sr.
Malvern Kennemer
Dorothy Kiesler
Ray Kneggs, Sr.
Jim McNair
Vernon Schrade

- - - - -

FIRST CHARTER REVISION COMMITTEE

April 2, 1983

John Crable
Jimmy Turman
Dave Hawkins
Mike McCallum
Robert Powell
Wayne Carnes
Jim McNair

- - - - -

SECOND CHARTER REVISION COMMITTEE

May 7, 1988

Billy Armstrong
Wayne Carnes
Tom Hilliard
Janis Richardson
M. E. (Bill) Bean
Jay Durkin
Leonard Prince

- - - - -

THIRD CHARTER REVISION COMMITTEE

May 4, 1991

John Schroy,
Chairman of the Charter Committee

Jade Browning
David Johnson
K. C. Wiles
Dr. Brad Daniels
Diane Ross-Rahm
Al Wilkinson

FOURTH CHARTER REVISION COMMITTEE

May 3, 2003

Councilmember Stanton Foerster,
Chairman of the Charter Committee

Hector Collazo, Jr.
Richard S. Huff
Jeffrey C. Mateer
Suzan Fulton
Ann Kilpatrick
Jeffrey Sheldon

- - - - -

FIFTH CHARTER REVISION COMMITTEE

May 11, 2013

Dr. Michael Lucas,
Chairman of the Charter Committee
Donna Davis – Council Liaison

Tammy Dana-Bashian
Mick Donnelly
Whitney Laning
Pamela Liston
Jeffrey Sheldon
Brownie Sherrill
David Jenkins
Kevin Lawson
Susie Quinn

- - - - -

Appendix "E" ENDNOTES

[1] Chapter 54, § 54.001 TEXAS LOCAL GOVERNMENT CODE
[2] § 54.00, TEXAS LOCAL GOVERNMENT CODE
[3] § 45.001, TEXAS CODE OF CRIMINAL PROCEDURE
[4] § 273.00 *et seq.*, TEXAS LOCAL GOVERNMENT CODE
[5] § 45.00, TEXAS LOCAL GOVERNMENT CODE
[6] § 4.14, TEXAS CODE OF CRIMINAL PROCEDURE
[7] The take-line is the area applicable to a property owner whose property is adjacent to the Lake Ray Hubbard Reservoir and the City of Dallas area at elevation 435.5 feet above mean sea level. Such property is under the ownership of the City of Dallas and has been leased to the City of Rowlett.
[8] Supreme Court adopted rules of criminal procedure and the same is contained in the CODE OF CRIMINAL PROCEDURE, as amended.
[9] Supreme Court adopted rules of criminal procedure and the same is contain in the CODE OF CRIMINAL PROCEDURE, as amended
[10] TEXAS TRANSPORTATION CODE
[11] TEXAS UTILITY CODE
[12] § 252; § 273, TEXAS LOCAL GOVERNMENT CODE
[13] art. III, § 5, TEXAS CONSTITUTION
[14] Chapter 252, TEXAS LOCAL GOVERNMENT CODE, as amended, which is applicable to cities and towns, are hereby adopted by the City.
[15] Chapters 211, 212 and 213, TEXAS LOCAL GOVERNMENT CODE, as amended
[16] § 41.001, TEXAS LOCAL GOVERNMENT CODE
[17] CHAPTER 54, TEXAS LOCAL GOVERNMENT CODE
[18] TEXAS ELECTION CODE
[19] TEXAS ELECTION CODE
[20] TEXAS ELECTION CODE
[21] art. 11, § 5, TEXAS CONSTITUTION
[22] TEXAS HEALTH & SAFETY CODE
[23] § 551.001 *et seq.,* TEXAS GOVERNMENT CODE
[24] § 551.001 *et seq.*, TEXAS GOVERNMENT CODE
[25] § 551.001 *et seq.,* TEXAS GOVERNMENT CODE
[26] § 551.001 *et seq.,* TEXAS GOVERNMENT CODE
[27] § 551.001 *et seq.,* TEXAS GOVERNMENT CODE
[28] § 25.001 *et seq.*, TEXAS GOVERNMENT CODE
[29] § 25.25, TEXAS TAX CODE
[30] § 25.25, TEXAS TAX CODE
[31] TEXAS TAX CODE
[32] TEXAS TAX CODE
[33] Chapter 105, TEXAS LOCAL GOVERNMENT CODE
[34] Chapter 105, TEXAS LOCAL GOVERNMENT CODE
[35] Ch. 277, TEXAS ELECTION CODE
[36] Ch. 277, TEXAS ELECTION CODE
[37] Ch. 41, TEXAS ELECTION CODE
[38] TEXAS ELECTION CODE
[39] TEXAS UTILITY CODE
[40] *Texas Code Construction Act*, Chapter 311.001, *et seq.*, TEXAS LOCAL GOVERNMENT CODE

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/15 **AGENDA ITEM**: 5A

TITLE

Proclamation recognizing the week of May 17 – 23, 2015 as National Public Works Week.

STAFF REPRESENTATIVE

Tim Rogers, Director of Public Works

SUMMARY

The purpose of this item is to proclaim National Public Works Week as May 17-23, 2015.

BACKGROUND INFORMATION

Since 1960, the American Public Works Association (APWA) has sponsored National Public Works Week. It is a celebration of the tens of thousands of men and women in North America who provide and maintain the infrastructure and services collectively known as public works. Across the Nation, the more than 28,000 members use this week to energize and educate the public on the importance of the contribution of public works to their daily lives: planning, building, managing and operating the heart of our local communities and building the quality of life.

DISCUSSION

Instituted as a public education campaign by the American Public Works Association in 1960, National Public Works Week calls attention to the importance of public works in community life. The week seeks to enhance the prestige of the often-unsung heroes of our society – the professionals who serve the public good every day with quiet dedication.

The American Public Works Association encourages public works agencies and professionals to take the opportunity to make their stories known in their communities. The occasion is marked each year with scores of resolutions and proclamations from mayors and governors, as well. Some special highlights of National Public Works Week include a United States Senate resolution affirming the first National Public Works Week in 1960, letters of acknowledgement from Presidents Dwight Eisenhower and Lyndon Johnson, and a Presidential Proclamation signed by John F. Kennedy in 1962.

This year, APWA has selected “Community Begins Here” as its theme for 2015’s National Public Works Week, which will be celebrated May 17-23. The theme recognizes that there would be no community without the quality of life public works provides. There would be no community to police and protect, no public to lead or represent. Public works allows the world as we know it to be. This year's theme "Community Begins Here" speaks to the essential nature of Public Works services in support of everyday quality of life.

Each year, a poster/painting is produced by the American Public Works Association representing the theme. This year's poster reflects this theme by showing the communities do exist providing the face of Public Works as a centerpiece supporting everyday quality of life.

ATTACHMENT
Proclamation

NATIONAL PUBLIC WORKS WEEK

WHEREAS, each year the American Public Works Association designates the third week in May as National Public Works Week; and

WHEREAS, public works services provided in our community are an integral part of our citizens everyday lives; and

WHEREAS, the American Public Works Association has selected “Community Begins Here” as its theme for 2015’s National Public Works Week. The theme recognizes that there would be no community without the quality of life public works provides.

WHEREAS, there would be no community to police and protect, no public to lead or represent.

WHEREAS, public works allows the world as we know it to be.

WHEREAS, this year's theme "Community Begins Here" speaks to the essential nature of Public Works services in support of everyday quality of life.

NOW THEREFORE, I, Todd W. Gottel, Mayor of the City of Rowlett, and on behalf of the City Council, do hereby proclaim the week of May 17 – 23, 2015, as

NATIONAL PUBLIC WORKS WEEK

in the City of Rowlett, and I call upon all citizens and civic organizations to acquaint themselves with the issues involved in providing our public works and to recognize the contributions which public works officials make every day to our health, safety, comfort and quality of life in Rowlett.

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/15 **AGENDA ITEM**: 5B

TITLE

Proclamation recognizing the week of May 16-22, 2015 as National Safe Boating Week.

STAFF REPRESENTATIVE

Laura Hallmark, City Secretary

SUMMARY

The purpose of this item is to proclaim May 16-22nd as National Safe Boating Week in the City of Rowlett.

BACKGROUND INFORMATION

May is National Water Safety Month and this proclamation recognizes the importance of water safety and awareness. This year, the U.S. Coast Guard (USCG) will continue to educate the boating community about life jacket wear and the options that are available when it comes to comfortable and lightweight life jackets.

This designation has been made in recognition of the popularity of water-related recreation activities in the United States, and the resulting need for ongoing public education on safer boating practices.

USCG statistics show that drowning was the reported cause of death in ¾ of recreational boating fatalities in 2013, and that 84 percent of those who drowned were not wearing life jackets. New life jackets are much more comfortable, lightweight and stylish than the bulky orange style most boaters know. There are innovative options, such as inflatable life jackets, allowing mobility and flexibility for activities like boating, fishing, paddling or hunting, and are much cooler in the warmer weather.

Contributing factors in accidents, injuries and deaths include: operator inattention, improper lookout, operator inexperience, excessive speed, machinery failure, alcohol use, navigation rules violation, force of wave/wake, hazardous waters, and weather. Most, if not all, of these can be avoided by education and participation in boater safety courses.

Rowlett is a City on the lake and many Rowlett residents participate in water related recreational activities. We have Paddle Point Park that has become a destination spot for kayaking and water sports. It is very appropriate for Rowlett to recognize National Safe Boating Week and promote water safety throughout the year.

ATTACHMENT

Proclamation

SAFE BOATING WEEK

WHEREAS, recreational boating continues to grow in popularity with millions of Americans choosing this activity as an ideal way to relax with their families; and

WHEREAS increasing public participation in this healthy outdoor sport has emphasized the need for greater attention to courtesy and safety to minimize incidents which often lead to boating mishaps; and

WHEREAS, a significant number of boaters who have drowned would have had a better chance of surviving had they worn a life jacket; and

WHEREAS, the US Coast Guard Auxiliary, Flotilla 5-10, Division 5, District 8CR, which represents Lake Ray Hubbard, supports programs which result in our waterways having a relatively safe, accident free record, which contributes to the quality of life in our community.

NOW, THEREFORE, I, Todd W. Gottel, Mayor of the City of Rowlett and on behalf of the City Council, do hereby proclaim the week of May 16 – 22, 2015, as

SAFE BOATING WEEK

in the City of Rowlett and urge all residents to practice safe boating procedures and “Wear It” this week and throughout the boating season.

19th May 15

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/2015 **AGENDA ITEM**: 5C

TITLE

Hear presentation of the Monthly Financial report for the period ending March 31, 2015.

STAFF REPRESENTATIVE

Wendy Badgett, Interim Director of Finance

SUMMARY

Attached is the Comprehensive Monthly Financial Report for March 2015, in accordance with the City Council's financial strategy to provide timely and accurate reporting. The fiscal year for the City of Rowlett is October 1 through October 30. Six months of FY2015, or 50 percent of the fiscal year is complete.

BACKGROUND INFORMATION

The City of Rowlett Department of Financial Services is dedicated to excellence in local government, comprehensive fiscal management, compliance and reporting. The Comprehensive Monthly Finance Report (CMFR) is a unique document that is prepared each month and is directed at providing our audience (internal and external users), with important information about the City's financial position and operations.

DISCUSSION

Attached is the Comprehensive Monthly Financial report for March 2015. Six months of FY2015, or 50 eprcent of the fiscal year is complete.

Revenues: Overall, the City has earned or received $54.7 million for FY2015. This amount is 64.1 percent of the approved operating budget of $85.3 million and is 3.9 percent more than forecast through the month of March.

- General Fund revenues are $0.5 million or 2.0 percent higher than expected.
- Utility Fund revenues are $0.3 million or 2.1 percent higher than expected.

Expenditures: Expenses totaled $44.3 million year-to-date for FY2015. This amount is 51.5 percent of the approved operating budget of $86.0 million and is 2.8 percent lower than forecast through the month of March.

- General Fund expenditures are $0.8 million or 4.8 percent lower than expected.
- Utility Fund expenditures are $0.1 million or 0.7 percent lower than expected.

Surplus: The net surplus from operations through March is $10.4 million which is $3.3 million better than expected at this point in the year. The adopted operating budget for the fiscal year anticipates a total decrease of $0.7 million.

FINANCIAL/BUDGET IMPLICATIONS

N/A

RECOMMENDED ACTION

Information only. The Comprehensive Monthly Financial Report – March 31, 2015 is attached to this agenda item as Attachment 1.

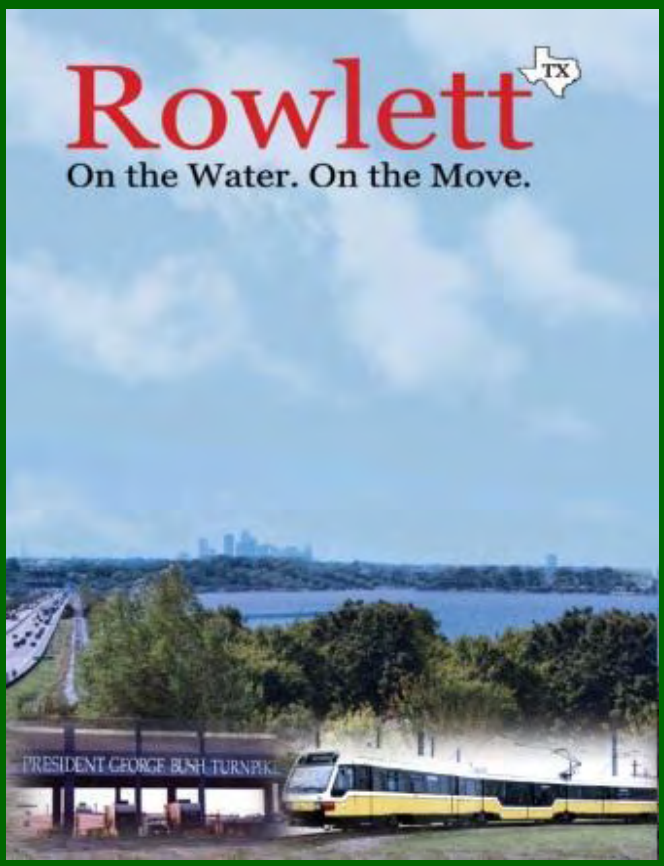
ATTACHMENTS

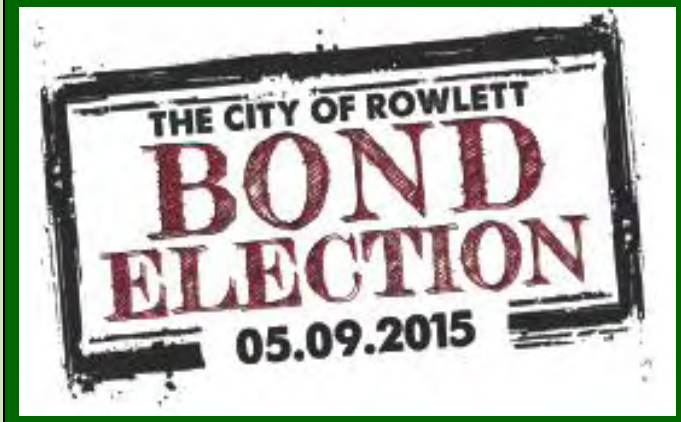
Attachment 1 – Comprehensive Monthly Financial Report – March 31, 2015

Rowlett
TEXAS

Comprehensive Monthly Financial Report

March 2015





MONTHLY FINANCIAL REPORT

PERFORMANCE AT A GLANCE	March 2015	
	YEAR TO DATE	REFERENCE
ALL FUNDS SUMMARY	POSITIVE	Page 4
GENERAL FUND REV VS EXP	POSITIVE	Page 5
PROPERTY TAXES	WARNING	Page 5
SALES TAXES	POSITIVE	Page 6
FRANCHISE FEES	POSITIVE	Page 6
UTILITY FUND REV VS EXP	POSITIVE	Page 7
SEWER REVENUES	WARNING	Page 7
WATER REVENUES	WARNING	Page 8
WATER USAGE	NEGATIVE	Page 8
REFUSE FUND REV VS EXP	POSITIVE	Page 9
DRAINAGE FUND REV VS EXP	POSITIVE	Page 9
DEBT SERVICE FUND REV VS EXP	POSITIVE	Page 10
EMPLOYEE BENEFITS REV VS EXP	POSITIVE	Page 10

PERFORMANCE INDICATORS

POSITIVE	= Positive variance or negative variance < 1% compared to seasonal trends.
WARNING	= Negative variance of 1-5% compared to seasonal trends
NEGATIVE	= Negative variance of >5% compared to seasonal trends.

ECONOMIC INDICATORS

ECONOMY

National GDP:

GDP - the output of goods and services produced by labor and property located in the US – increased at a rate of 2.2% in the 4th quarter of 2014 after increasing 5.0% in the 3rd quarter of 2014 as reported by the Bureau of Economic Analysis. The increase in GDP reflected an increase in consumer spending, business investment in intellectual property and increased exports.

Texas Retail Sales:

Texas retail sales totaled $42.3 billion for the month of Jan., an increase of $2.3 billion (5.7%) over Jan. 2014.

Texas Leading Index:

The Texas Leading Index is a single summary statistic that sheds light on the future of the state's economy. The index is a composite of eight leading indicators—those that tend to change direction before the overall economy. The index decreased 1.2% between the months of Jan. and Feb.

UNEMPLOYMENT

National Unemployment:

The national unemployment rate remained flat from Feb. to Mar. at 5.5%.

State-Wide:

The Texas unemployment rate decreased from 4.3% in February to 4.2% in March.

Rowlett:

The City of Rowlett unemployment rate for March 2015 was 3.9%, a 2.5% decrease over the February unemployment rate of 4.0%. Note – city unemployment rates are not seasonally adjusted.

March 31, 2015 – NEWS FOR YOU

Attached is the Comprehensive Monthly Financial report for March 2015. Six months of FY2015, or 50.0% of the fiscal year is complete.

Revenues: Overall, the City has earned or received $54.7 million for FY2015. This amount is 64.1% of the approved operating budget of $85.3 million and is 3.9% more than forecast through the month of March.

- General Fund revenues are $0.5 million or 2.0% higher than expected.
- Utility Fund revenues are $0.3 million or 2.1% higher than expected.

Expenditures: Expenses totaled $44.3 million year-to-date for FY2015. This amount is 51.5% of the approved operating budget of $86.0 million and is 2.8% lower than forecast through the month of March.

- General Fund expenditures are $0.8 million or 4.8% lower than expected.
- Utility Fund expenditures are $0.1 million or 0.7% lower than expected.

Surplus: The net surplus from operations through March is $10.4 million which is $3.3 million better than expected at this point in the year. The adopted operating budget for the fiscal year anticipates a total decrease of $0.7 million.

NOTEWORTHY

BOND ELECTION MAY 9TH The City of Rowlett will hold a Community Investment Program (CIP) bond election on May 9, 2015. The $25.8 million bond package in three propositions will fund street, park and public safety projects. Each of these projects was carefully considered and proposed by the Council-appointed Community Investment Program Task Force, and the City Council voted unanimously to place these propositions on the ballot for the citizens' consideration. If passed, no increase to the tax rate will occur.

CITY OF ROWLETT, TEXAS
FINANCIAL STATUS DASHBOARD
March 31, 2015

BUDGET SUMMARY OF ALL FUNDS FY2015

	2015 Budget	2015 Forecast	2015 Year-to-Date	Variance
Beginning Reserves	**$ 17,438,670**	**$ 13,022,168**	**$ 13,022,168**	**0.0%**
Revenues:				
General	37,097,467	26,463,049	27,001,769	2.0%
Water & sewer	28,605,460	13,056,301	13,329,432	2.1%
Debt service	7,783,232	7,219,544	7,796,796	8.0%
Drainage	1,346,939	673,402	669,032	-0.6%
Refuse	4,699,097	2,349,184	2,452,499	4.4%
Employee health benefits	4,405,117	2,202,559	2,145,269	-2.6%
Impact fees	44,357	22,179	567,473	2458.7%
Police seizure	100,550	50,275	62,224	23.8%
Economic development	316,694	158,347	158,074	-0.2%
Hotel/motel tax	47,752	21,823	22,068	1.1%
P.E.G.	85,042	42,098	67,607	60.6%
Grants	73,792	36,896	116,546	215.9%
Community Development Block Grant	186,209	93,105	63,100	-32.2%
Inspection Fees Fund	169,333	84,667	54,634	-35.5%
Juvenile diversion	33,281	16,641	19,163	15.2%
Court technology	26,936	13,468	15,432	14.6%
Court security	20,035	10,018	11,537	15.2%
Golf course	256,564	128,069	159,507	24.5%
Total Revenues	$ 85,297,857	$ 52,641,622	$ 54,712,162	**3.9%**
Expenses:				
General	37,021,061	17,208,646	16,380,057	-4.8%
Water & sewer	28,062,142	15,377,595	15,272,171	-0.7%
Debt service	7,783,232	6,491,077	6,484,227	-0.1%
Drainage	1,318,500	735,141	684,402	-6.9%
Refuse	4,657,232	2,328,616	2,331,111	0.1%
Employee health benefits	4,337,523	2,168,762	1,811,040	-16.5%
Impact fees	916,238	198,655	32,243	-83.8%
Police seizure	350,550	175,275	191,890	9.5%
Economic development	436,593	204,409	211,701	3.6%
Hotel/motel tax	42,749	21,375	4,708	-78.0%
P.E.G.	73,142	35,217	37,986	7.9%
Grants	71,434	29,764	116,546	291.6%
Community Development Block Grant	186,209	93,105	63,100	-32.2%
Inspection Fees Fund	115,760	55,736	33,299	-40.3%
Juvenile diversion	34,399	16,562	13,542	-18.2%
Court technology	49,005	43,155	86,582	100.6%
Court security	23,989	11,995	15,944	32.9%
Golf course	559,025	431,746	578,229	33.9%
Total Expenses	$ 86,038,783	$ 45,626,829	$ 44,348,777	**-2.8%**
Current Year Surplus/(Shortfall)	**$ (740,926)**	**$ 7,014,793**	**$ 10,363,385**	**47.7%**
Ending Reserves	**$ 16,697,744**	**$ 20,036,961**	**$ 23,385,553**	**16.7%**

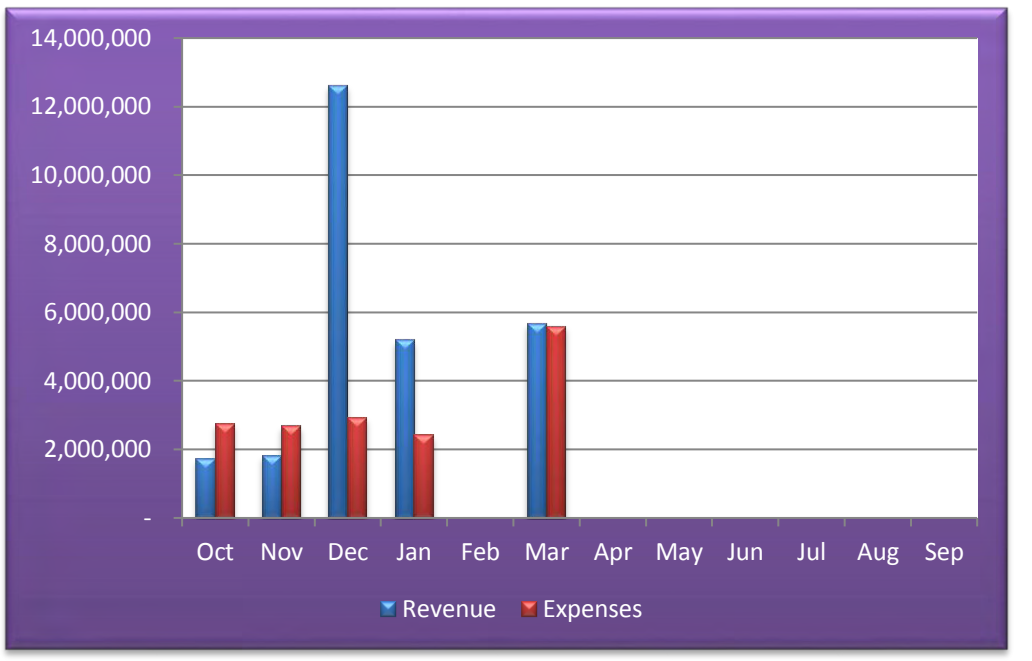
Positive	Positive variance or negative variance <1% compared to forecast
Warning	Negative variance between 1%-5% compared to forecast
Negative	Negative variance >5% compared to forecast

CITY OF ROWLETT, TEXAS
FINANCIAL STATUS DASHBOARD
March 31, 2015

OVERALL FUND PERFORMANCE

GENERAL FUND REVENUES VS EXPENSES FY2015

Month	2015 Revenue	2015 Expenses	Monthly Variance
Oct	1,734,785	2,759,381	$ (1,024,596)
Nov	1,807,432	2,671,992	(864,560)
Dec	12,610,694	2,938,279	9,672,416
Jan	5,184,121	2,416,012	2,768,108
Feb	-	-	-
Mar	5,664,737	5,594,393	70,344
Apr			-
May			-
Jun			-
Jul			-
Aug			-
Sep			-
Total	$ 27,001,769	$ 16,380,057	$ 10,621,713
Cumulative Forecast	*$ 26,463,049*	*$ 17,208,646*	*$ 9,254,403*
Actual to Forecast $	*$ 538,720*	*$ (828,590)*	*$ 1,367,310*
Actual to Forecast %	*2.0%*	*-4.8%*	



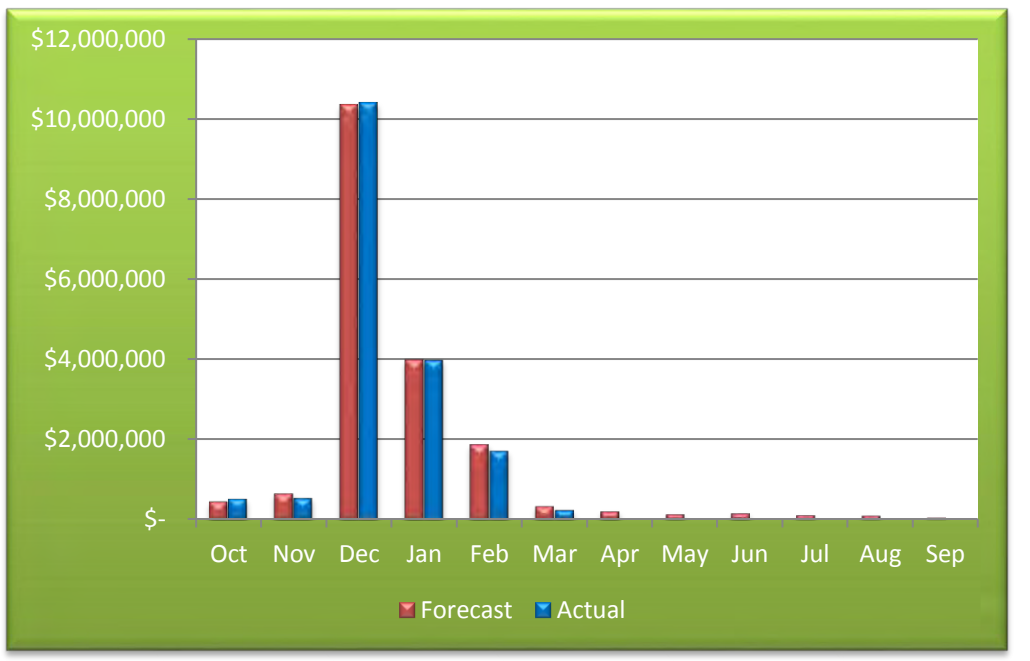
Positive

Cumulatively overall, the General Fund is better than forecasted for this time of the year, with revenues exceeding the forecast by 2.0% and expenses 4.8% lower than forecasted. These differences are primarily due to higher than expected franchise fees and building permit revenues, and the timing of supply and capital equipment purchases.

REVENUE ANALYSIS

PROPERTY TAXES FY2015

Month	2015 Forecast	2015 Actual	Monthly Variance
Oct	$ 454,997	$ 526,146	$ 71,149
Nov	658,035	556,508	(101,527)
Dec	10,362,155	10,407,110	44,955
Jan	3,986,347	3,994,425	8,078
Feb	1,884,055	1,729,174	(154,881)
Mar	340,621	243,070	(97,551)
Apr	216,375		
May	138,080		
Jun	164,504		
Jul	119,972		
Aug	104,988		
Sep	58,993		
Total	$ 18,489,122	$ 17,456,433	$ (229,777)
Actual to Forecast			*-1.3%*



Warning

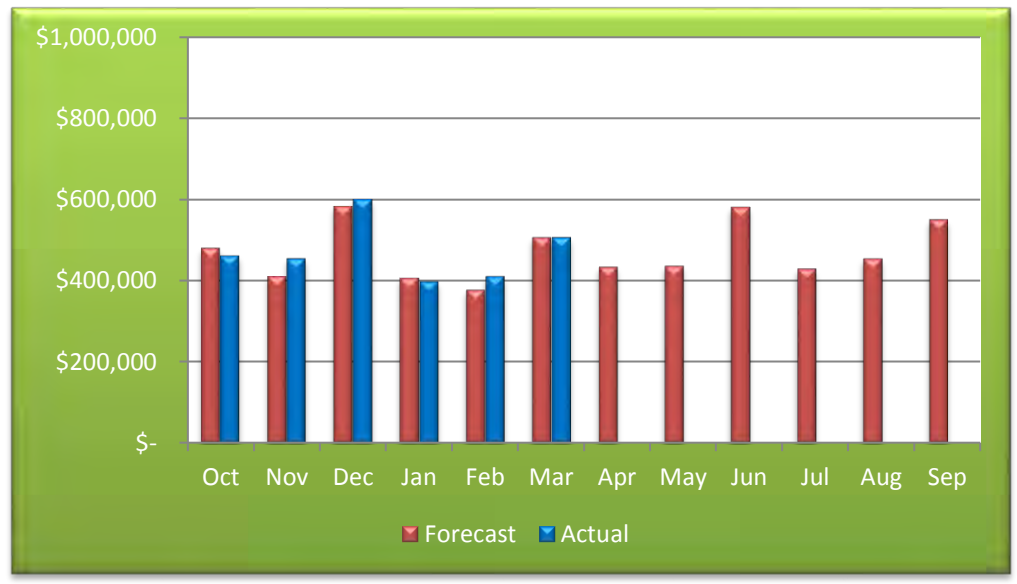
Property taxes represents nearly 50% of the total General Fund revenue budget and serves as the primary funding source for the general government. They are generally collected in December and January of each year. Cumulatively overall, property tax revenues are1.3% lower than forecasted for this time of the year.

CITY OF ROWLETT, TEXAS
FINANCIAL STATUS DASHBOARD
March 31, 2015

REVENUE ANALYSIS

SALES TAXES FY2015

Month	2015 Forecast	2015 Actual	Monthly Variance
Oct	$ 478,504	$ 460,063	$ (18,441)
Nov	410,264	452,581	42,317
Dec	581,282	598,257	16,975
Jan	405,356	396,499	(8,857)
Feb	376,136	408,413	32,277
Mar	504,779	504,779	-
Apr	432,807		
May	434,829		
Jun	579,529		
Jul	427,562		
Aug	452,415		
Sep	548,190		
Total	$ 5,631,653	$ 2,820,591	$ 64,270
Actual to Forecast			*2.3%*



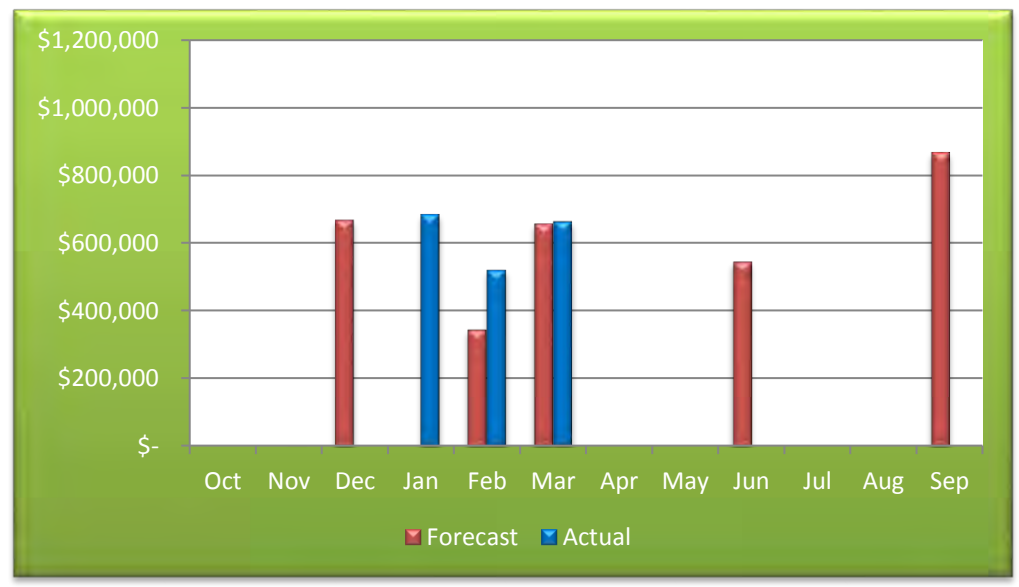
Positive

Sales tax is an important indicator of financial health for the Rowlett community. Sales taxes are collected by the State Comptroller and are recorded two months later. The sales taxes reported here for March represent an estimate. Overall, sales tax revenues are 2.3% higher than forecasted for this time of the year.

REVENUE ANALYSIS

FRANCHISE FEES FY2015

Month	2015 Forecast	2015 Actual	Monthly Variance
Oct	$ -	$ -	$ -
Nov	-	215	215
Dec	667,417	-	(667,417)
Jan	-	683,614	683,614
Feb	343,788	519,339	175,551
Mar	656,587	660,956	4,369
Apr	-		
May	-		
Jun	543,057		
Jul	-		
Aug	-		
Sep	867,119		
Total	$ 3,077,966	$ 1,864,124	$ 196,333
Actual to Forecast			*11.8%*



Positive

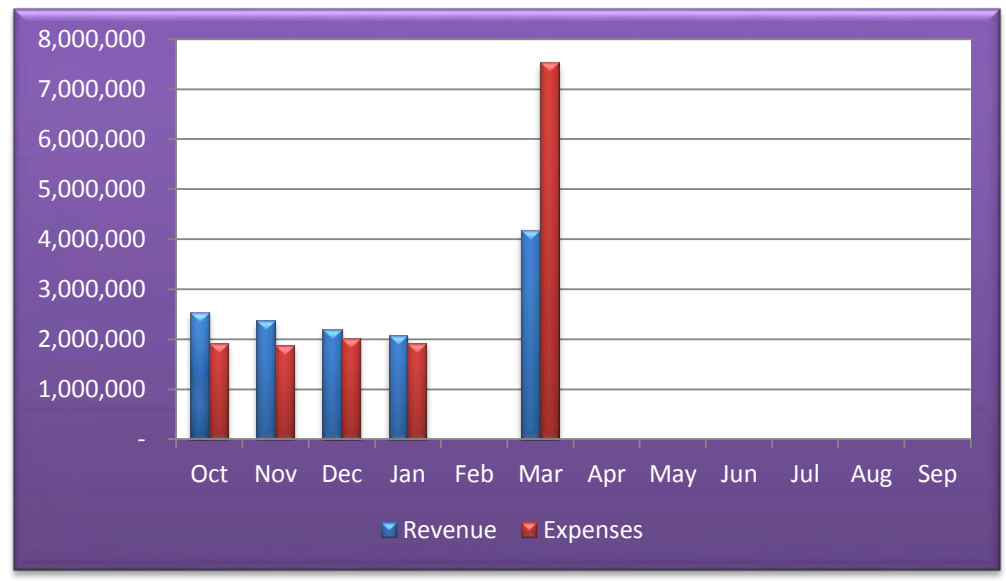
Franchise fees represents nearly 10% of the total General Fund budget and include electric, gas, cable and telecommunications. Most fees are paid quarterly with natural gas being paid yearly in February. Overall, franchise fees 11.8% higher than expected.

CITY OF ROWLETT, TEXAS
FINANCIAL STATUS DASHBOARD
March 31, 2015

OVERALL FUND PERFORMANCE

UTILITY FUND REVENUES VS EXPENSES FY2015

Month	2015 Revenue	2015 Expenses	Monthly Variance
Oct	2,523,628	1,923,448	$ 600,179
Nov	2,371,585	1,871,254	500,331
Dec	2,199,908	2,022,527	177,381
Jan	2,071,743	1,921,446	150,298
Feb	-	-	-
Mar	4,162,568	7,533,495	(3,370,927)
Apr			-
May			-
Jun			-
Jul			-
Aug			-
Sep			-
Total	$ 13,329,432	$ 15,272,171	$ (1,942,738)
Cumulative Forecast	*$ 13,056,301*	*$ 15,377,595*	*$ (2,321,294)*
Actual to Forecast $	*$ 273,131*	*$ (105,424)*	*$ 378,556*
Actual to Forecast	*2.1%*	*-0.7%*	



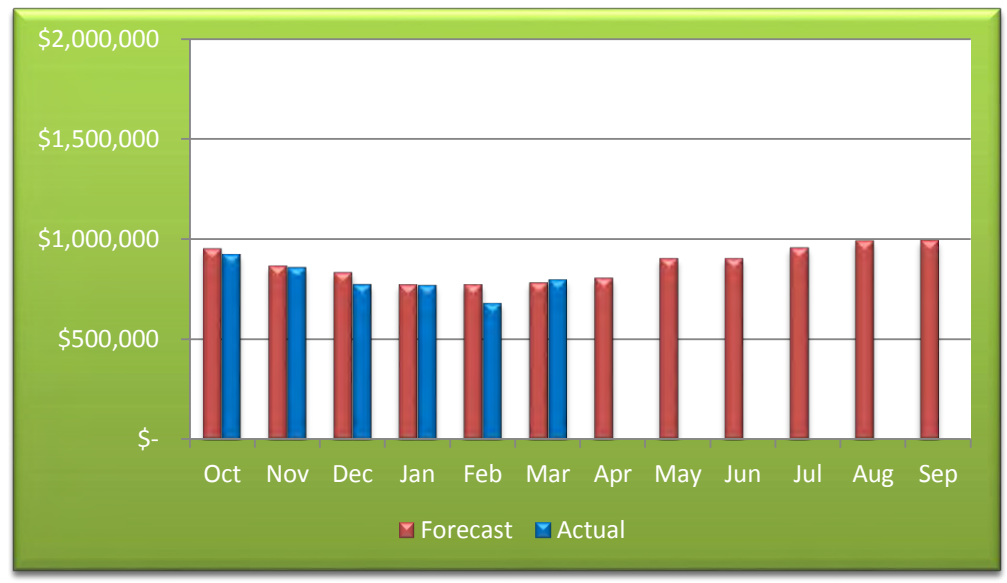
Positive

Utility fund revenues are 2.1% higher than forecast as a result of higher than expected impact fees and penalty charges. Expenses are virtually as projected at 0.7% less than forecasted. The fund makes semi-annual debt payments in March and September.

REVENUE ANALYSIS

SEWER REVENUES FY2015

Month	2015 Forecast	2015 Actual	Monthly Variance
Oct	$ 950,041	$ 919,190	$ (30,851)
Nov	864,394	855,352	(9,042)
Dec	831,962	772,784	(59,178)
Jan	771,702	766,420	(5,282)
Feb	772,893	679,354	(93,539)
Mar	781,451	796,213	14,762
Apr	804,109		
May	902,274		
Jun	901,889		
Jul	953,917		
Aug	989,855		
Sep	991,635		
Total	$ 10,516,122	$ 4,789,312	$ (183,130)
Actual to Forecast			*-3.7%*



Warning

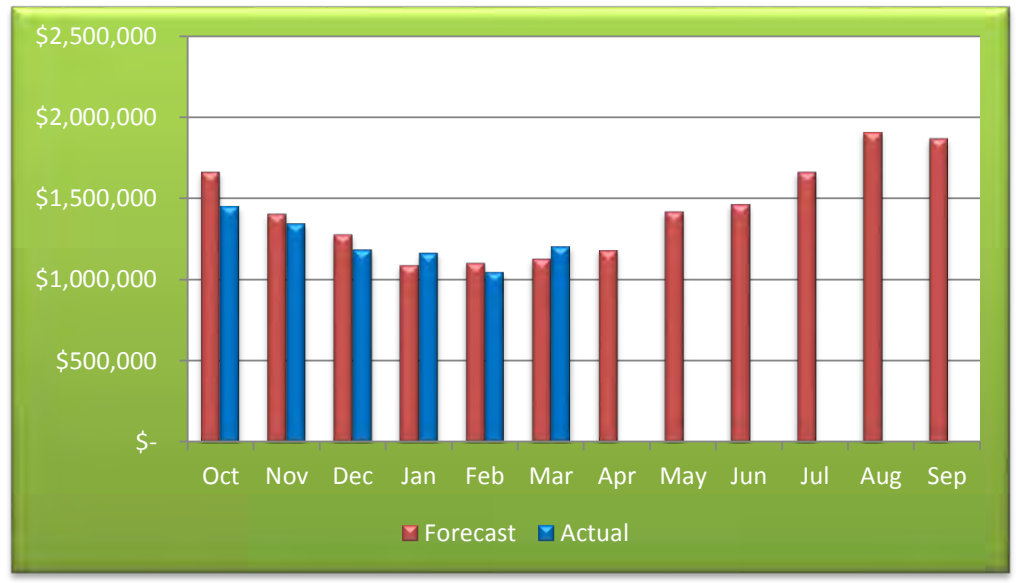
Sewer sales represent over 40% of the Utility Fund budget and cover the cost of sewer treatment paid to City of Garland. Cumulatively overall, sewer revenues are 3.7% lower than forecasted for this time of year.

CITY OF ROWLETT, TEXAS
FINANCIAL STATUS DASHBOARD
March 31, 2015

REVENUE ANALYSIS

WATER REVENUES FY2015

Month	2015 Forecast	2015 Actual	Monthly Variance
Oct	$ 1,660,832	$ 1,451,221	$ (209,611)
Nov	1,404,552	1,343,838	(60,714)
Dec	1,278,675	1,182,809	(95,866)
Jan	1,089,930	1,162,524	72,594
Feb	1,103,674	1,045,383	(58,291)
Mar	1,128,991	1,203,771	74,779
Apr	1,182,373		
May	1,420,637		
Jun	1,463,637		
Jul	1,662,155		
Aug	1,906,674		
Sep	1,868,487		
Total	$ 17,170,618	$ 7,389,546	$ (277,109)
Actual to Forecast			*-3.6%*



Warning

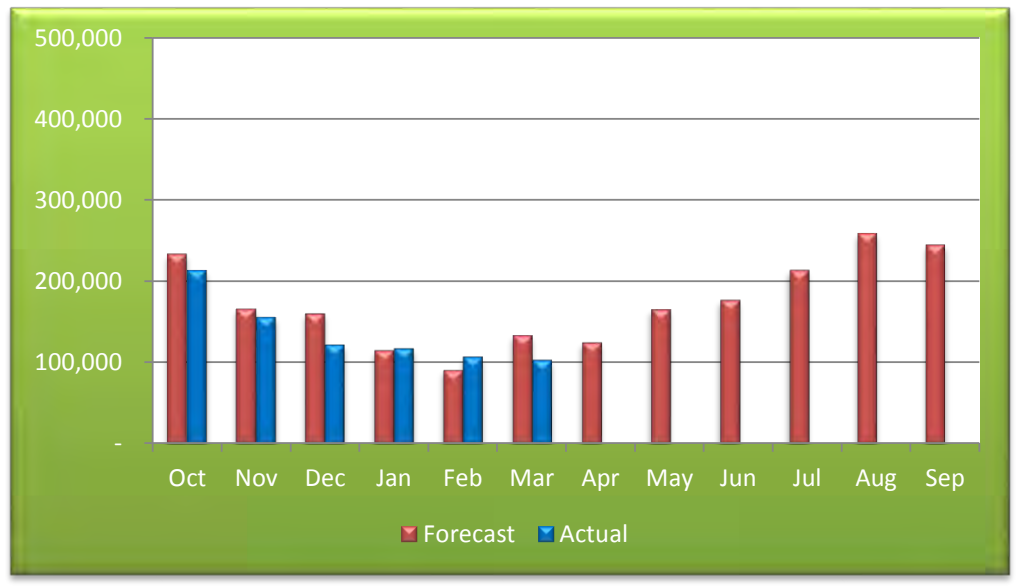
Water sales represent just over 50% of the total Utility Fund budget and cover the cost of water acquisition from the North Texas Municipal Water District. Water revenues are 3.6% less than forecasted for this time of year.

REVENUE ANALYSIS

WATER USAGE FY2015

Month	2015 Forecast	2015 Actual	Monthly Variance
Oct	232,649	212,743	(19,906)
Nov	165,375	155,467	(9,908)
Dec	159,987	121,571	(38,416)
Jan	114,863	117,372	2,509
Feb	90,864	106,758	15,894
Mar	133,224	103,031	(30,193)
Apr	124,484		
May	165,201		
Jun	176,555		
Jul	212,941		
Aug	257,899		
Sep	244,023		
Total	2,078,067	816,942	(80,021)
Actual to Forecast			*-8.9%*

(IN THOUSAND GALLONS)



Negative

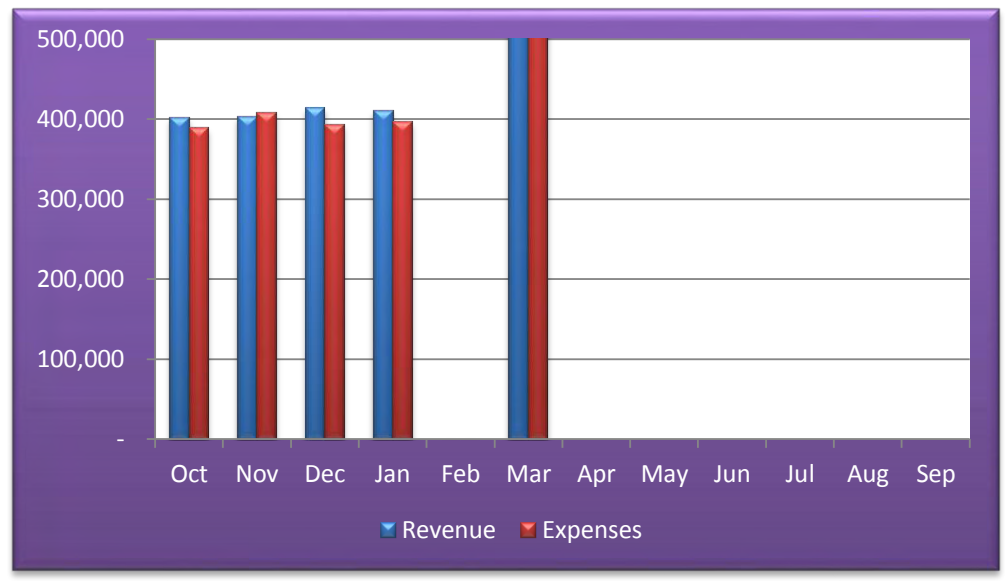
The City purchases its water from the North Texas Municipal Water District. Customer usage is 8.9% lower than forecasted for this time of the year. The contract with NTMWD requires the City to pay for a minimum of 3.2 billion gallons of water per year.

CITY OF ROWLETT, TEXAS
FINANCIAL STATUS DASHBOARD
March 31, 2015

OVERALL FUND PERFORMANCE

REFUSE FUND REVENUES VS EXPENSES FY2015

Month	2015 Revenue	2015 Expenses	Monthly Variance
Oct	402,012	389,513	$ 12,499
Nov	402,813	408,017	(5,205)
Dec	414,147	393,290	20,858
Jan	410,278	396,377	13,901
Feb	-	-	-
Mar	823,249	743,914	79,335
Apr			-
May			-
Jun			-
Jul			-
Aug			-
Sep			-
Total	$ 2,452,499	$ 2,331,111	$ 121,387
Cumulative Forecast	*$ 2,349,184*	*$ 2,328,616*	*$ 20,568*
Actual to Forecast $	*$ 103,315*	*$ 2,495*	*$ 100,819*
Actual to Forecast	*4.4%*	*0.1%*	



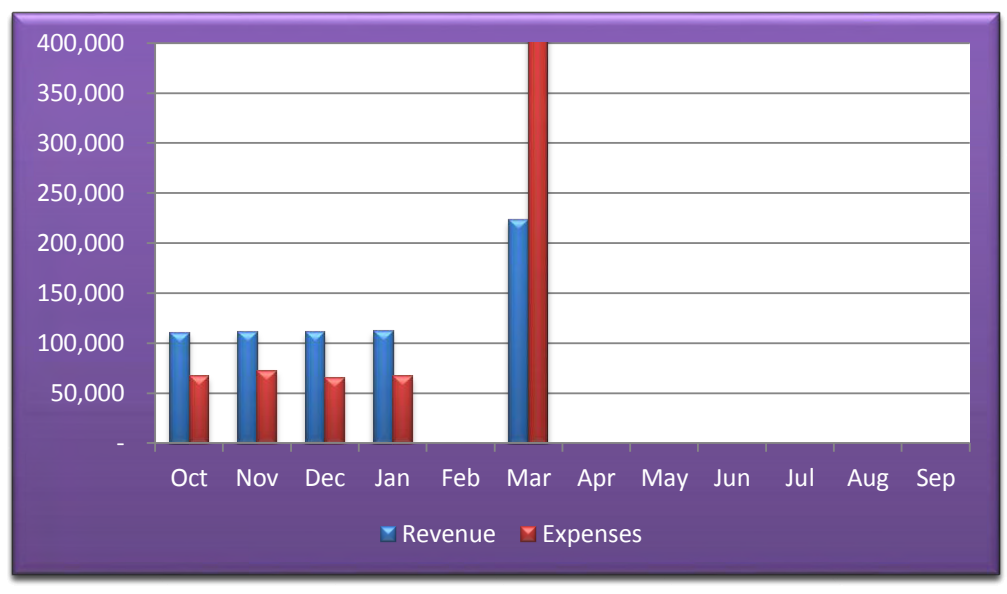
Positive

The Refuse Fund accounts for monies collected from customers on their utility bills and remitted to our solid waste provider. Revenues are currently 4.4% higher than forecasted, and expenses are 0.1% higher than forecasted.

OVERALL FUND PERFORMANCE

DRAINAGE FUND REVENUES VS EXPENSES FY2015

Month	2015 Revenue	2015 Expenses	Monthly Variance
Oct	110,599	67,145	$ 43,454
Nov	111,354	72,873	38,481
Dec	111,572	66,014	45,558
Jan	112,079	67,593	44,486
Feb	-	-	-
Mar	223,429	410,777	(187,348)
Apr			-
May			-
Jun			-
Jul			-
Aug			-
Sep			-
Total	$ 669,032	$ 684,402	$ (15,370)
Cumulative Forecast	*$ 673,402*	*$ 735,141*	*$ (61,739)*
Actual to Forecast $	*$ (4,370)*	*$ (50,739)*	*$ 46,369*
Actual to Forecast	*-0.6%*	*-6.9%*	



Positive

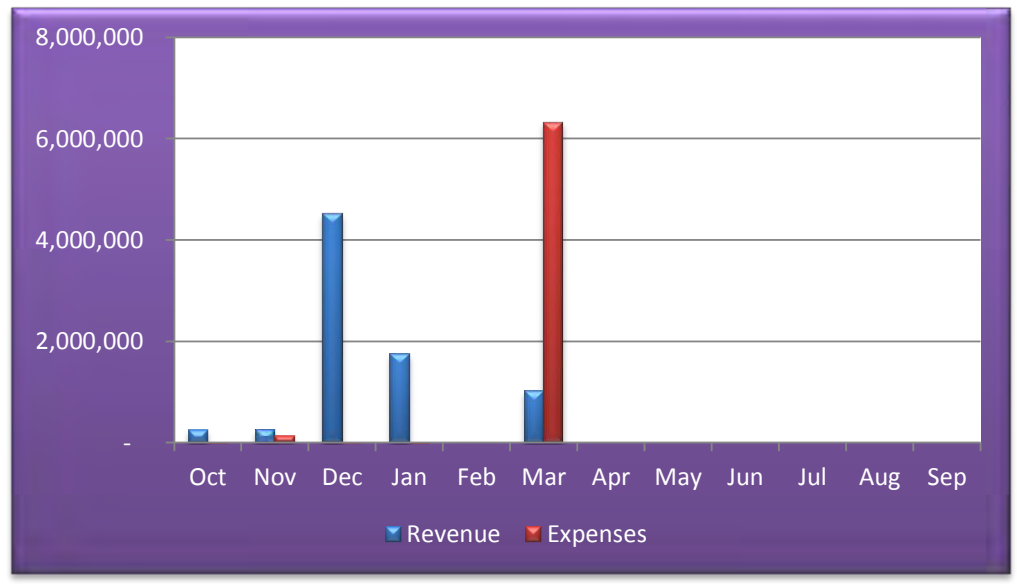
The Drainage Fund accounts for monies collected from customers on their utility bills for the municipal drainage system. Cumulatively overall, the fund is better than forecasted for this time of the year, with revenues 0.6% lower than forecasted but expenses 6.9% lower than forecasted.

CITY OF ROWLETT, TEXAS
FINANCIAL STATUS DASHBOARD
March 31, 2015

OVERALL FUND PERFORMANCE

DEBT SERVICE FUND REVENUES VS EXPENSES FY2015

Month	2015 Revenue	2015 Expenses	Monthly Variance
Oct	249,127	10,468	$ 238,659
Nov	261,982	129,846	132,136
Dec	4,512,111	7,928	4,504,183
Jan	1,753,062	11,311	1,741,752
Feb	-	-	-
Mar	1,020,513	6,324,674	(5,304,161)
Apr			-
May			-
Jun			-
Jul			-
Aug			-
Sep			-
Total	$ 7,796,796	$ 6,484,227	$ 1,312,570
Cumulative Forecast	*$ 7,219,544*	*$ 6,491,077*	*$ 728,467*
Actual to Forecast $	*$ 577,253*	*$ (6,850)*	*$ 584,103*
Actual to Forecast	*8.0%*	*-0.1%*	



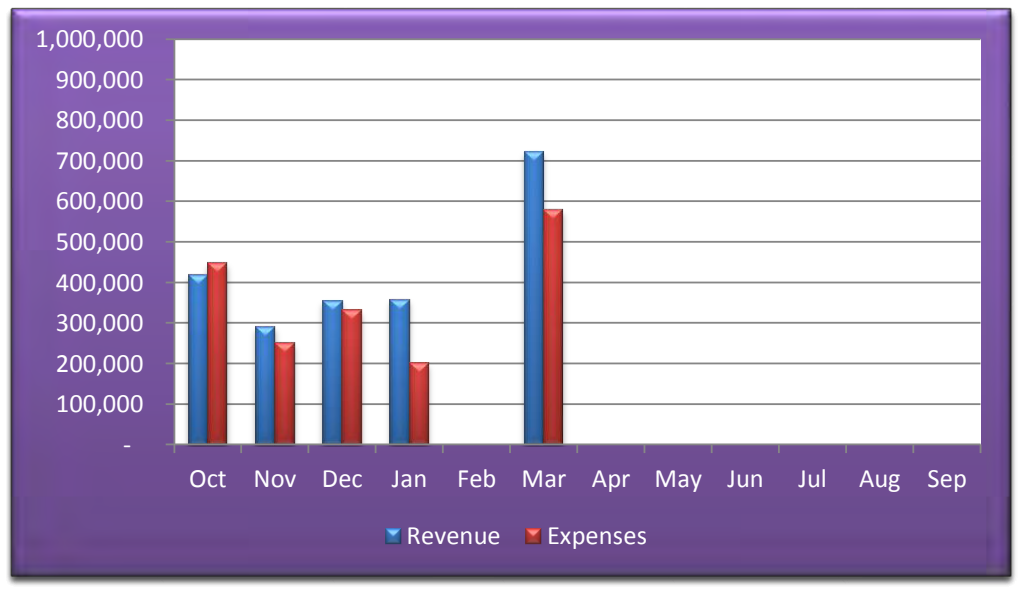
Positive

General Debt Service Fund is used to pay principal and interest on tax-supported debt. Overall, the fund is better than forecasted, with revenues 8.0% higher than projected and expenses 0.1% lower than expected. The fund pays conduit debt in November and makes other semi-annual debt payments in February and August.

OVERALL FUND PERFORMANCE

EMPLOYEE HEALTH BENEFITS FUND REVENUES VS EXPENSES FY2015

Month	2015 Revenue	2015 Expenses	Monthly Variance
Oct	419,181	447,218	$ (28,037)
Nov	291,239	249,946	41,293
Dec	354,624	332,130	22,494
Jan	358,108	202,278	155,830
Feb	-	-	-
Mar	722,118	579,468	142,649
Apr			-
May			-
Jun			-
Jul			-
Aug			-
Sep			-
Total	$ 2,145,269	$ 1,811,040	$ 334,229
Cumulative Forecast	*$ 2,202,559*	*$ 2,168,762*	*$ 33,797*
Actual to Forecast $	*$ (57,290)*	*$ (357,721)*	*$ 300,432*
Actual to Forecast	*-2.6%*	*-16.5%*	



Positive

Employee Health Benefits Fund accounts for all health related claims paid from the City's partial self-insured fund. Overall, revenues are 2.6% lower than forecasted and expenses are 16.5% lower than forecasted. Revenues reflect lower than expected premium payments due to vacancies and plan choices, and expenses are lower than forecasted due to lower than expected claims.

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/15 **AGENDA ITEM**: 5D

TITLE

Update from the City Council and Management: Financial Position, Major Projects, Operational Issues, Upcoming Dates of Interest and Items of Community Interest.

STAFF REPRESENTATIVE

Brian Funderburk, City Manager

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/15 **AGENDA ITEM**: 7A

TITLE

Consider action to approve minutes from the May 5, 2015, City Council Regular Meeting.

STAFF REPRESENTATIVE

Laura Hallmark, City Secretary

SUMMARY

Section 551.021 of the Government Code provides as follows:

(a) A governmental body shall prepare and keep minutes or make a tape recording of each open meeting of the body.

(b) The minutes must:
- (1) state the subject of each deliberation; and
- (2) indicate each vote, order, decisions or other action taken.

RECOMMENDED ACTION

Move to approve, amend or correct the minutes for May 5, 2015, City Council Regular Meeting and the May 12, 2015, City Council Work Session Meeting.

ATTACHMENTS

05-05-15 City Council Meeting Minutes

City of Rowlett

Meeting Minutes

City Council

4000 Main Street
Rowlett, TX 75088
www.rowlett.com

City of Rowlett City Council meetings are available to all persons regardless of disability. If you require special assistance, please contact the City Secretary at 972-412-6115 or write 4000 Main Street, Rowlett, Texas, 75088, at least 48 hours in advance of the meeting.

Tuesday, May 5, 2015 **6:00 P.M.** **Municipal Building – 4000 Main Street**

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item herein.

The City of Rowlett reserves the right to reconvene, recess or realign the Regular Session or called Executive Session or order of business at any time prior to adjournment.

Present: Mayor Gottel, Mayor Pro Tem Gallops, Deputy Mayor Pro Tem Pankratz, Councilmember Bobbitt, Councilmember Dana-Bashian, Councilmember van Bloemendaal and Councilmember Sheffield

1. CALL TO ORDER

Mayor Gottel called the meeting to order at 6:02 p.m.

2. EXECUTIVE SESSION

There are no scheduled Executive Session items.

3. WORK SESSION (6:00 P.M.) * Times listed are approximate.

3A. Update on 84th Texas Legislative Session. (15 minutes)

Mayor Gottel and Mayor Pro Tem Gallops spoke on their testimony experience. Council discussion regarding oil and gas proposals.

3B. Discuss the City's telecommunication lease agreements in relation to industry trends. (30 minutes)

Marc Kurbansade, Director of Development Services, provided a history of telecommunication lease agreements, industry trends, and financial implications.

3C. Discuss and consider Councilmember Bobbitt's application for Leadership North Texas. (10 minutes)

Mayor Gottel, Mayor Pro Tem Gallops, and Deputy Mayor Pro Tem Pankratz spoke on the merits of the program. It was the consensus of Council to move forward with the application.

3D. Discuss the current contract requirement to provide a letter of intent to the City of Garland to negotiate the renewal of the existing wastewater treatment contract ending in April 2020. (30 minutes)

Tim Rogers, Director of Public Works, outlined the current Rowlett collection system and the current contract in place with the City of Garland. Brian Funderburk, City Manager, provided some historical comments regarding the contract. Mr. Rogers outlined options and the issues associated with each: contracting with North Texas Municipal Water District (NTMWD), building our own facility, or renegotiate contract with the City of Garland.

It was the consensus of Council to submit a letter of intent to renew contract with the City of Garland and explore negotiations at this time as well.

4. DISCUSS CONSENT AGENDA ITEMS

Deputy Mayor Pro Tem, Councilmember Sheffield, and Councilmember Bobbitt requested that item 7G be pulled for Individual Consideration.

CONVENE INTO THE COUNCIL CHAMBERS (7:30 P.M.)*

After a short break at 6:57 p.m., Council reconvened at 7:30 p.m.

INVOCATION - Brian Hiatt, Cornerstone Church

PLEDGE OF ALLEGIANCE
TEXAS PLEDGE OF ALLEGIANCE – Led by the City Council

5. PRESENTATIONS AND PROCLAMATIONS

5A. Presentation of Proclamation recognizing Motorcycle Safety Awareness Month.

Deputy Mayor Pro Tem Pankratz presented the proclamation to members of the following Motorcycle Clubs: Christians, Black Sheep, Wolverines, Crimson Kings, Iron Guardians, and Vaqueros.

5B. Presentation of Proclamation recognizing the week of May 10-16, 2015, as National Police Week.

Mayor Pro Tem Gallops presented the proclamation to Chief Brodnax and members of the Rowlett Police Department.

5C. Presentation of Proclamation recognizing the week of May 3-9, 2015, as Rowlett Detention Officers Week.

Mayor Pro Tem Gallops presented the proclamation to Chief Brodnax and Detention Officer Perkins.

5D. Update from the City Council and Management: Financial Position, Major Projects, Operational Issues, Upcoming Dates of Interest and Items of Community Interest.

Mayor Gottel announced the following: COUNCIL MEETINGS - Next Regular Council meetings will be held on Tuesday, May 19th. Special Work Session will be held Tuesday, May 12th held in the Annex Conference Room. P & Z MEETINGS - Tuesday, May 12th and 26th held in the City Hall Conference Room at 6pm. CIP (COMMUNITY INVESTMENT PROGRAM) BOND ELECTION - VOTE ON SATURDAY, MAY 9TH! Projects on the May 9th Ballot include: Proposition 1 – Streets – $18,932,340, Proposition 2 – Parks – $4,206,110, Proposition 3 – Public Safety – $2,631,050. 2015 Bond Election set for May 9, 2015 – is a three year program with $25,769,500 of Community Investment Projects – AND NO TAX INCREASE! EARLY VOTING ENDED TODAY, MAY 5TH AT 7PM. WATER RESTRICTIONS LIFTED! Effective May 1st – Watering up to twice a week is allowed. You do not need to use your address any longer to determine when to water. ROWLETT GREAT AMERICAN CLEANUP DAY 2015 - Rescheduled to a date in May – will announce as soon as the date is set. PARKS AND RECREATION - Upcoming Events: Mother's Day Breakfast – Friday, May 8th from 8:30 – 10am at RCC. Monthly Senior Pot Luck Social – Thursday, May 14th at RCC, starts at 11:30am (second Thursday of each month). Memorial Day Celebration featuring Touch a Truck: Saturday, May 23rd from 10:00 a.m. – 1:00 p.m. @ Rowlett Community Centre. Check out Camp Rowlett – Summer Fun in Your Own Hometown! ROWLETT LIBRARY - The Library will be closed for the month of May allowing staff to move into the new building at 5702 Rowlett Road; reopening on June 1st. Programs will continue to be offered throughout the month. All Story Times and Family Saturdays will be held at the RCC. Upcoming Events: Family Saturday Crafts, May 9th, 2pm. Family Saturday Games, May 16th, 2pm. FIRE RESCUE - Safe Sitter Class. Saturday, May 31st @ RCC. Ages 11-16; $60 each. POLICE DEPARTMENT - Youth and Teen Academies this summer. Academies are free and include lunch every day plus a free trip to the Wet Zone on the last day of each session. Available to students that live and attend school in Rowlett. For more information, contact Office Brandon Herring at bherring@rowlett.com. ANIMAL SHELTER - Next Low Cost Vaccine Clinic at Animal Shelter – Saturday, May 23rd, 1 – 3pm. Shelter is open Monday – Saturday, 10am – 5pm.

6. CITIZENS' INPUT

There were no speakers.

7. CONSENT AGENDA

7A. Consider action to approve minutes from the April 21, 2015, City Council Regular Meeting.

This item was approved on the Consent Agenda.

7B. Consider action to approve a resolution authorizing the City Manager to sign a Communication Facility License Agreement with Dallas MTA, L.P. d/b/a Verizon Wireless to lease property at Community Park located at 8500 Saint Andrews Lane for the installation, housing, and operation

of antenna facilities and associated equipment and cables in order to provide telecommunication services.

This item was approved as RES-056-15 on the Consent Agenda.

7C. Consider action to approve an ordinance regulating Grease Traps.

This item was approved as ORD-017-15 on the Consent Agenda.

7D. Consider action to approve a resolution awarding the first of three one-year renewal options to extend the annual contract for concrete repair/replacement for streets and alleys to Tri-Con Services, Incorporated in the unit amounts bid and in an estimated annual amount of $675,000 and authorizing the Mayor to execute the Standard Public Works Construction contract for said service.

This item was approved as RES-057-15 on the Consent Agenda.

7E. Consider action to approve a resolution authorizing the purchase of a Godwin Dri-Prime CD200M, Critically Silenced, Diesel Pump (bypass pump) for a back-up pumping system for the sanitary sewer lift stations, through the Interlocal Cooperative Purchasing Agreement with Houston-Galveston Area Council (H-GACBuy), Contract #CM02-15, to Xylem Water Solutions USA, Inc. in the amount of $58,115.69.

This item was approved as RES-058-15 on the Consent Agenda.

7F. Consider action to approve a resolution awarding the bid for the purchase of two portable back-up power generators for secondary power for sanitary sewer lift stations to L.J. Power, Inc. in the amount of $164,316.

This item was approved as RES-059-15 on the Consent Agenda.

7G. Consider action to approve an ordinance amending the Fiscal Year 2014-15 Adopted Operating and Capital Improvements Program Budget.

This item was considered individually.

Terri Doby, Budget Officer, presented a review of the amendment.

A motion was made by Councilmember Sheffield, seconded by Mayor Pro Tem Gallops, to approve the item as presented. The motion carried with a vote of five in favor and two opposed (Bobbitt, Pankratz). This item was adopted as ORD-018-15.

Passed the Consent Agenda

A motion was made by Mayor Pro Tem Gallops, seconded by Deputy Mayor Pro Tem Pankratz, including all the preceding items marked as having been approved on the Consent Agenda. The motion carried with a unanimous vote of those members present.

8. ITEMS FOR INDIVIDUAL CONSIDERATION

There were no items for this agenda.

TAKE ANY NECESSARY OR APPROPRIATE ACTION ON CLOSED/EXECUTIVE SESSION MATTERS

9. ADJOURNMENT

Mayor Gottel adjourned the meeting at 8:03 p.m.

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 5/19/15 **AGENDA ITEM**: 7B

TITLE

Consider action to approve a resolution to participate in the Public Agency Retirement Services (PARS) Post Retirement Healthcare Funding Trust Program and approve the initial funding to the irrevocable trust for Other Post Employment Benefit (OPEB) liabilities in the amount of $102,654.

STAFF REPRESENTATIVE

Wendy Badgett, Interim Finance Director

SUMMARY

The rising cost of health care has been a cause of concern to both individuals and employers who sponsor health care plans. The accounting community became concerned that many sponsors of public plans were accounting for the cost of their Other Post Employment Benefits (OPEB) plans solely on the basis of benefits paid and that this method did not accurately reflect the ultimate cost of benefits promised to current and former employees.

As a result, and as required by GASB 45, the City has an actuarial study conducted every two years to determine the City's long-term liability related to OPEB requirements. In the most recent study, the present value of all benefits expected to be paid to current plan members is $4,398,876. The actuarial accrued liability (AAL), which is the portion of the $4,398,876 attributable to service accrued by plan members, is $2,585,786. As of today, the City has zero valuation in assets available to offset the liabilities of the plan, resulting in an unfunded actuarial accrued liability (UAAL) of the full $4,398,876.

At the November 11, 2014, Council Work Session, after staff's presentation of various strategies to address the growing OPEB liability, City Council decided to begin setting aside funds in fiscal year 2015, in the amount of $102,654, in an irrevocable trust to begin to build assets and reduce the City's liability.

This item will take the first step in formalizing Council's long-term strategy.

BACKGROUND INFORMATION

In the November 11, 2014, Council Work Session, staff updated City Council concerning the Governmental Accounting Standards Board (GASB) issuance of Statement 45 (GASB 45), "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions." These OPEB include health care, as well as all other retiree benefits that are not a part of a pension plan. Retiree health care is always considered OPEB. In essence, GASB requirements for OPEB requires that governmental entities have an actuarial analysis performed to determine the liability that has accrued for the OPEB. States, cities, and other municipal entities

across the U.S. need to account for, disclose, and fund their long-term financial commitments to provide retiree health care benefits to their current and future retirees.

The purpose of GASB 45 is to improve state and local government's accounting and financial reporting standards for their long-term obligations, and to provide relevant information about the annual cost of OPEB, the actuarial accrued liabilities for promised benefits, and progress made in funding these plans.

Although GASB does not require OPEB contributions, it has chosen to call the base component of the annual OPEB cost the *Annual Required Contribution (ARC).* The ARC consists of the cost of benefits accruing in a year plus an amount calculated to amortize any unfunded actuarial accrued liability over a period of not more than 30 years.

The ARC for the fiscal year beginning October 1, 2013 (most recent actuarial study), has been calculated under two different interest rate assumptions shown below.

Annual Required Contribution	**PAYGO**	**Funding Policy**
Fiscal Year Beginning 2013	$402,494	$331,654

Liabilities and Assets

PAYGO Assumption

This scenario, which the City currently uses, assumes the current pay-as-you-go (PAYGO) funding policy will continue, i.e., the annual employer contributions each year are equal to the benefits that are paid on behalf of the retirees. Under this funding policy, GASB 45 requires the use of a discount rate consistent with the investment return earned on the employer's general assets. In this valuation, the discount rate is ***4.50 percent***.

- Present value of all future benefits $6,603,882
- Actuarial Accrued Liability (AAL) $3,432,848
- Actuarial Value of Assets – 0 –
- Unfunded Actuarial Accrued Liability (UAAL) $3,432,848

Funding Policy Assumption

This scenario assumes the employer will set up an irrevocable trust and change the funding policy so that the annual employer contributions are equal to the ARC. Under this funding policy, GASB 45 allows the use of a discount rate consistent with the investment return earned on the plan's assets. Dependent on the asset allocation of the investment pool, this rate should be based on longer term investments. In this valuation, the discount rate is ***7.50 percent.***

- Present value of all future benefits $4,398,876
- Actuarial Accrued Liability (AAL) $2,585,786
- Actuarial Value of Assets – 0 –
- Unfunded Actuarial Accrued Liability (UAAL) $2,585,786

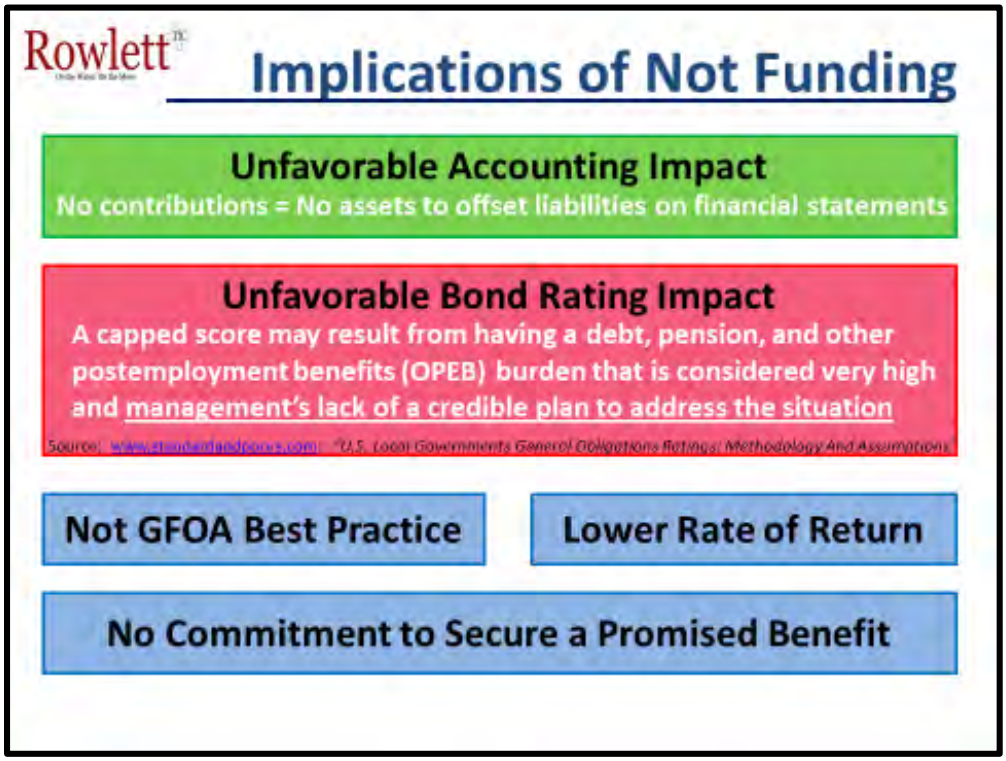
As discussed in the November 2014 Work Session, the number that this funding strategy is focusing on for policy purposes is the Actuarial Accrued Liability (AAL), which is $3.4 million as of December 31, 2013. AAL measures future benefits of current retirees and a portion of the future benefits for active employees. Of the $3.4 million, $0.6 million is attributable to retirees and $2.8 million to active employees. Two million two hundred thousand dollars is attributable to the implicit subsidy and $1.2 million to the explicit subsidy. Implicit subsidy is the difference between the actual claims generated and the blended premium. Explicit subsidy is the portion of the premium that the City pays.

Presentation documents from the November 11, 2014, Council Workshop are included as Attachments 4 & 5.

DISCUSSION

Staff recognizes that this is a complex issue. Without all of the technical talk, the liability of retiree medical costs began to build up the day the City decided to allow employees and their dependents to remain on the medical plan when they retired. Before GASB 45, we just did not have to disclose this liability of future medical costs or even know what it was because we were not required to have an actuary study to calculate the estimate for us. Now, following GASB 45 guidelines, the biennial actuary study puts a real number out there for us to address. We are simply trying to address future retiree medical costs that the City has committed itself to; either now or later, it must be paid.

States, cities, and other municipal entities across the U.S. have three strategies: (1) Fully Funding, (2) Partially Funding, and (3) No Funding (PAYGO). Most governmental employers who chose the fully funding strategy began funding their OPEB benefits immediately upon the issuance of GASB 45 in 2004. Today, most cities are either partially funding or not funding.



Funding Scenario

The City has maintained utilization of the unfunded PAYGO scenario at the GASB 45 required discount rate that is consistent with the investment return earned on the employer's general assets (4.50 percent).

This agenda item is proposing to move to the Funding Policy scenario in which the City will set up and begin partially funding an irrevocable trust. With this option, GASB 45 allows the use of a discount rate consistent with the investment return earned on the plan's assets (7.50 percent). Establishing and funding an irrevocable trust will allow for the recognition of a larger discount rate because the trust is expected to generate larger return on investment of the City's contributions placed in the trust. Future actuarial analyses will take into consideration the trust's larger expected rate of return, which is expected to reduce the City's actuarial accrued liability and annual required contribution as compared to funding on the PAYGO alternative associated with the limited investment opportunities of the City. An additional advantage of this method is that the assets in the trust can be subtracted from the liability with the net amount shown on the face of the financial statements.

Funding Amount - Current

Staff recommends that the initial FY2015 funding to the trust should be the ARC, less the FY2014 annual amount of benefits paid for retiree health care.

Funding Policy ARC	$331,654
Actuary Estimate of Annual Retiree Claims	-229,000
FY2015 Funding	$102,654

Funding Amount - Future

Beginning in FY2016, the contribution will be built into the health insurance premiums paid by the City and all participants of the plan. The current full cost utilization monthly rate of retiree health care is $1,212 per month, yet retirees pay a monthly premium of $538; leaving a subsidy of $674. In addition to an increase to current employee premiums to help fund their retirement benefits, Council has directed staff to increase the retiree premium over the next five years so that the retirees will pay 25 percent of their aforementioned subsidy. These combined efforts will reduce the City's overall OPEB liability over time.

Trust Services

The City of Rowlett has been a partner with Public Agency Retirement Services (PARS) in providing retirement benefits for non-TMRS employees (seasonal and part time, less than 1000 hours annually) as an alternative to Social Security. Among the services that PARS provides includes OPEB/GASB 45 retiree health care pre-funding programs. PARS has established a multi-employer irrevocable trust in accordance with section 115 of the Internal Revenue Code and has obtained a private letter ruling from the Internal Revenue Service providing assurance of their trust as a tax-exempt prefunding vehicle for post employment benefits. It should be noted that while the PARS product is a multi-employer trust, there is no sharing of liabilities or investment earnings since separate employer accounts are maintained. Other Texas cities utilizing PARS for OPEB trust

arrangement include Fort Worth, Southlake, Euless, Hurst, Mansfield, Haltom City, North Richland Hills and Tyler.

The PARS trust is structured with PARS as the trust administrator and consultant and US Bank as the trustee.

Legal

City staff and the City Attorney have reviewed all of the documents associated with the trust arrangement and the legal authority for the City to enter into a trust for OPEB purposes. The attached resolution approves participation in the PARS Post Retirement Healthcare Funding Trust, the adoption of the PARS OPEB Agreement, the adoption of the PARS Agreement for Administrative Service, appoints the City Manager as the City's Plan Administrator, and authorizes execution of related documents. Documents are included as Exhibits A - C.

FINANCIAL/BUDGET IMPLICATIONS

The initial $102,654 funding will come from the FY2014 excess surplus of $204,084 in the Employee Benefits Fund.

RECOMMENDED ACTION

Staff recommends approval of the attached resolution that approves participation in PARS Post Retirement Healthcare Funding Trust Program and all matters incident and related as well as the initial funding of $102,654 to the trust.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS, ENTERING INTO AN AGREEMENT TO PARTICIPATE WITH PUBLIC AGENCY RETIREMENT SERVICES (PARS) POST RETIREMENT HEALTH CARE PLAN TRUST TO FUND POST EMPLOYMENT BENEFITS FOR ITS EMPLOYEES; AND AUTHORIZING THE CITY MANAGER, AFTER CITY ATTORNEY APPROVAL, TO EXECUTE THE NECESSARY DOCUMENTS FOR SAID AGREEMENT AND THE ISSUANCE OF INITIAL FUNDING IN THE AMOUNT OF $102,654 PURSUANT TO APPROVAL; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, it is determined to be in the best interest of the City of Rowlett (the "City") to participate in the PARS Public Agencies Post Retirement Health Care Plan Trust (the "Program") to fund post employment benefits for its employees as specified in the City's policies and/or applicable collective bargaining agreements; and

WHEREAS, the City is eligible to participate in the Program, a tax-exempt trust and plan performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code, as amended, and the Regulations issued thereunder, and is a tax-exempt trust under the relevant statutory provisions of the State of Texas; and

WHEREAS, the City's adoption and operation of the Program has no effect on any current or former employee's entitlement to post employment benefits; and

WHEREAS, the terms and conditions of post employment benefit entitlement, if any, are governed by contracts separate from and independent of the Program; and

WHEREAS, the City's funding of the Program does not, and is not intended to, create any new vested right to any benefit nor strengthen any existing vested right; and

WHEREAS, the City reserves the right to make contributions, if any, to the Program.

WHEREAS, the City desires to provide the initial funding in the amount of $102,654 to the program.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS:

Section 1: That the City Council of the City of Rowlett does hereby adopt the PARS Public Agencies Post Retirement Health Care Plan Trust, as included in Exhibit A & B, including the PARS Public Agencies Post Retirement Health Care Plan, as described in Attachment 1.

Section 2: That the City Council of the City of Rowlett does hereby adopt the PARS Public Agencies Agreement for Administrative Services, as included in Exhibit C.

Section 3: That the City Council of the City of Rowlett does hereby appoint the City Manager, or his/her successor or his/her designee as the City's Plan Administrator for the Program, as included in Exhibit B.

Section 4: That the City Council of the City of Rowlett does hereby authorize the Plan Administrator to execute the PARS legal and administrative documents on behalf of the City and to take whatever additional actions are necessary to maintain the City's participation in the Program and to maintain compliance of any relevant regulation issued or as may be issued; therefore, authorizing him/her to take whatever additional actions are required to administer the City's Program.

Section 5: This resolution shall become effective immediately upon its passage.

ATTACHMENTS

Exhibit A – PARS OPEB Trust Agreement
Exhibit B – PARS OPEB Adoption Agreement
Exhibit C – PARS Agreement for Administrative Services
Attachment 1 – PARS Master Plan Document
Attachment 2 – PARS OPEB Trust IRS Letter of Ruling
Attachment 3 – PARS OPEB Trust IRS Letter of Ruling Disclaimer
Attachment 4 – November 11, 2014 Council Workshop Rowlett 2014 GASB 45 Valuation Presentation

Attachment 5 – November 11, 2014 Council Workshop Post Retirement Healthcare Proposal Presentation

Attachment 6 – Description of Exhibits and Attachments

PUBLIC AGENCIES
POST-RETIREMENT HEALTH CARE PLAN
TRUST AGREEMENT

(amended and restated as of May 16, 2007)

ACCOUNT IS ENTERED INTO BY CLIENT
AND U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

This document is entered into by U.S. Bank National Association ("U.S. Bank"), as trustee. U.S. Bank succeeded Union Bank, N.A. as the trustee on February 1, 2012. All references in this document and all account related documents to Union Bank of California, N.A. and/or Union Bank, N.A. ("Union Bank"), are replaced with U.S. Bank.

ARTICLE I

DEFINITIONS

1.1 "**Adoption Agreement**" shall have the meaning given to such term in Section 2.3.

1.2 "**Agency Account**" shall have the meaning given to such term in Section 2.4.

1.3 "**Agreement for Administrative Services**" shall mean the agreement executed between the Employer and the Trust Administrator which authorizes the Trust Administrator to perform specific duties of administering the Agency Account of the Employer.

1.4 "**Assets**" shall have the meaning given to such term in Section 2.5.

1.5 "**Code**" shall mean the Internal Revenue Code of 1986 as amended from time to time.

1.6 "**Delegatee**" shall mean an individual or entity, appointed by the Plan Administrator or Employer to act in such matters as are specified in the appointment.

1.7 "**Effective Date**" shall mean November 1, 2005, the date the Trust was established, and with respect to each Employer, the Effective Date shall be the date on which the Employer executes the Adoption Agreement.

1.8 "**Eligible Dependent**" shall mean any dependent of an Eligible Employee who is entitled to health care and welfare benefits after the termination of such Eligible Employee's employment with the Employer pursuant to the Employer's policies and/or applicable collective bargaining agreements.

1.9 "**Eligible Employee**" shall mean any employee of the Employer who is entitled to post-employment health care and welfare benefits pursuant to such Employer's policies and/or applicable collective bargaining agreements. Unless the context otherwise requires, the term "Eligible Employee" as used herein shall include any Eligible Dependents.

1.10 "**Employer**" shall mean a public agency that executes the Adoption Agreement, thereby adopting the provisions of this Trust Agreement, provided that such agency is a state, a political subdivision of a state, or an entity the income of which is excludible from gross income under Section 115 of the Code.

1.11 "**GASB**" shall mean the Governmental Accounting Standards Board.

1.12 "**Omnibus Account**" shall mean an account, established for record keeping purposes only, to aggregate the balances of the Assets credited to the Agency Accounts. The Trust Administrator shall maintain and reconcile, at the Agency Account level, the investments of the Agency Accounts and will provide reports

to the Plan Administrator with respect to such investments. The Trustee will maintain a record of the aggregate balance (principal and earnings) for all Agency Accounts. The Trust Administrator will in the ordinary course of business maintain a record of the name, address, taxpayer identification number, account number and amount of funds, including earnings, of each Employer. On periodic valuation dates (no less frequently than monthly) to be established by the Trust Administrator, the Trustee and Trust Administrator will reconcile the aggregate balance information maintained by the Trustee with the Agency Account level records maintained by the Trust Administrator pursuant to this Trust Agreement.

1.13 "**OPEB**" shall mean "other post-employment benefits," such as medical, dental, vision, life insurance, long-term care and other similar benefits provided to retirees, other than pension benefits.

1.14 "**OPEB Obligation**" shall mean an Employer's obligation to provide post-employment health care and welfare benefits to its Eligible Employees as specified in such Employer's policies and/or applicable collective bargaining agreements.

1.15 "**Plan**" shall mean the Public Agencies Post-Retirement Health Care Plan, adopted by each Employer as a separate Plan for that Employer upon the execution of an Adoption Agreement and the satisfaction of certain other requirements contained herein.

1.16 "**Plan Administrator**" shall mean the individual designated by position of employment at the Employer to act on its behalf in all matters relating to the Employer's participation in the Trust.

1.17 "**Trust**" shall mean the Public Agencies Post-Retirement Health Care Plan trust arrangement.

1.18 "**Trust Administrator**" shall mean Public Agency Retirement Services or any successor trust administrator appointed by the Employers as provided herein. The Trust Administrator shall serve as trust administrator to the Trust established pursuant to this Trust Agreement until such Trust Administrator resigns or is removed as provided in Article III.

1.19 "**Trust Agreement**" shall mean this Public Agencies Post-Retirement Health Care Plan trust document adopted by each Employer upon execution of an Adoption Agreement, as amended from time to time.

1.20 "**Trustee**" shall mean Union Bank of California, N.A., or any successor trustee appointed by the Employers as provided herein. The Trustee shall serve as trustee of the Trust established pursuant to the provisions of this Trust Agreement until such Trustee resigns or is removed as provided in Article III.

ARTICLE II

THE TRUST

2.1 Multiple Employer Trust

The Trust is a multiple employer trust arrangement established to provide economies of scale and efficiency of administration to public agencies that adopt it to hold the assets used to fund its OPEB Obligation. The Trust is divided into Agency Accounts to hold the Assets of each Employer as described in Section 2.4.

2.2 Purpose

The Trust is established with the intention that it qualify as a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Code and any regulations issued thereunder and as a tax-exempt trust under the provisions of the relevant state's statutory provisions of each Employer. This Trust Agreement shall be construed and the Trust shall be administered in a manner consistent with such intention. The fundamental purpose of the Trust is to fund post-employment benefits (other than pension benefits), such as medical, dental, vision, life insurance, long-term care and similar benefits, offered by the Employer to its employees as specified in each Employer's policies and/or applicable collective bargaining agreements. It is intended that adopting Employers retain an interest in the underlying securities held in the Trust on their behalf, rather than in the Trust itself.

2.3 Employers

Any public agency may, by action of its governing body in writing accepted by the Trustee, adopt the provisions of the Trust Agreement. Executing an adoption instrument for the Trust ("**Adoption Agreement**"), in the form attached hereto as Exhibit "A" (or such other form as may be approved by the Trustee), shall constitute such adoption, unless the Trustee requires additional evidence of adoption. In order for such adoption to be effective, the public agency must also execute an Agreement for Administrative Services with Public Agency Retirement Services, the Trust Administrator, pursuant to section 3.6 of this Trust Agreement. Such adopting Employer shall then become an Employer of the Trust.

Each such Employer shall, at a minimum, furnish the Trust Administrator with the following documents to support its adoption of the Trust:

(a) a certified copy of the resolution(s) of the governing body of the Employer authorizing the adoption of the Trust Agreement and the appointment of the Plan Administrator for such Employer;

(b) an original of the Adoption Agreement executed by the Plan Administrator or other duly authorized Employer employee;

(c) an original of the Agreement for Administrative Services with Public Agency Retirement Services executed by the Plan Administrator or other duly authorized Employer employee and Public Agency Retirement Services;

(d) an address notice; and

(e) such other documents as the Trustee may reasonable request.

(f) Any action taken by the Plan Administrator for an Employer shall be deemed to have been taken by such Employer. Any notice given to or delivered by the Plan Administrator for an Employer shall be deemed to have been given to or delivered by such Employer.

2.4 Agency Accounts

Upon an Employer's adopting the Trust Agreement, as provided in Section 2.3, a separate "**Agency Account**" shall be established under the Trust for that Employer, and all Assets of the Trust attributable to that Employer shall be held in that Employer's Agency Account. The Assets of the Trust that are held in an Employer's Agency Account shall be available only to pay post-employment health care and welfare benefits of Eligible Employees of that Employer (including reimbursement of the Employer for payments to health care providers with respect to such benefits) and shall not be available to pay any obligations incurred by any other Employer as provided in Section 2.8.

2.5 Assets of Agency Account

The assets held in an Agency Account shall consist of all contributions and transfers received by the Trust on behalf of the Employer, together with the income and earnings from such contributions and transfers, and any increments accruing to them, net of any investment losses, benefits, expenses or other costs ("**Assets**"). All contributions or transfers shall be received by the Trustee in cash or in other property acceptable to the Trustee. The Trustee shall manage and administer the Assets held in Agency Accounts without distinction between principal and income. The Trustee and the Trust Administrator shall have no duty to compute any amount to be transferred or paid to the Agency Account by the Employer, and the Trustee and the Trust Administrator shall not be responsible for the collection of any contributions or transfers to the Agency Account.

2.6 Aggregate Balance for Investment and Administration

The balances of the Assets of more than one Agency Account may be aggregated by the Trustee in one or more Omnibus Accounts for investment and administrative purposes, to provide economies of scale and efficiency of administration to the Agency Accounts. The responsibility for Plan and Agency

Account level accounting within this Omnibus Account(s) shall be that of the Trust Administrator.

2.7 Trustee Accounting

The Trustee shall be responsible only for maintaining records and maintaining accounts for the aggregate assets of the Trust. The responsibility for Plan level accounting for each Agency Account, based upon the Omnibus Account(s), shall be that of the Trust Administrator.

2.8 No Diversion of Assets

The Assets in each Agency Account shall be held in trust for the exclusive purpose of providing post-employment health care and welfare benefits to the Eligible Employees of the Employer for which such Agency Account was established and defraying the reasonable administrative and actuarial expenses of such Employer's participation in the Trust. The Assets in each Agency Account shall not be used for or diverted to, any other purpose, including, but not limited to, the satisfaction of any other Employer's OPEB Obligation.

2.9 Type and Nature of Trust

Neither the full faith and credit nor the taxing power of each Employer is pledged to the distribution of benefits hereunder. Except for contributions and other amounts hereunder, no other amounts are pledged to the distribution of benefits hereunder. Distributions of benefits are neither general nor special obligations of any Employer, but are payable solely from the Assets held in such Employer's Agency Account, as more fully described herein. No employee of any Employer or beneficiary may compel the exercise of the taxing power by any Employer.

Distributions of Assets from any Agency Account are not debts of any Employer within the meaning of any constitutional or statutory limitation or restriction. Such distributions are not legal or equitable pledges, charges, liens or encumbrances, upon any of an Employer's property, or upon any of its income, receipts, or revenues, except amounts in the accounts which are, under the terms of each Plan and the Trust set aside for distributions. Neither the members of the governing body of any Employer nor its officers, employees, agents or volunteers are liable hereunder.

2.10 Loss of Tax-Exempt Status as to Any Employer

If any Employer participating in the Trust receives notice from the Internal Revenue Service that the Trust as to such Employer fails to satisfy the requirements of Section 115 of the Code, or if any Employer consents to the Internal Revenue Service's determination that the Trust fails to meet such requirements, Assets having a value equal to the funds then held in such Employer's Agency Account shall be segregated and placed in a separate trust by the Trustee for the exclusive benefit of such Employer's Eligible Employees

within a reasonable time after the Trust Administrator notifies the Trustee of the Internal Revenue Service's determination. Each Employer participating in the Trust agrees to immediately notify the Trust Administrator upon receiving such notice or giving such consent. The separate trust provided for in this Section 2.10 shall thereafter be considered as a separate trust containing all of the provisions of this Trust Agreement until terminated as provided in this Trust Agreement.

ARTICLE III

ADMINISTRATIVE MATTERS

3.1 Appointment of Trustee

The Employers may, with the approval of two-thirds (2/3) or more of the Employers then participating in the Trust, act to appoint a bank, trust company, retirement board, insurer, committee or such other entity as permitted by law, to serve as the trustee of this Trust. Such action must be in writing. Upon the written acceptance of such entity it shall become the Trustee of the Trust. If the Trustee is removed or resigns pursuant to Section 3.2, the Employers shall appoint a successor Trustee in accordance with the voting requirements set forth in this Section 3.1.

3.2 Resignation or Removal of Trustee

The Employers may act to remove the Trustee, provided that such action must satisfy the voting requirements set forth in Section 3.1 and notice of such action must be promptly delivered to the Trust Administrator, the Trustee and each Plan Administrator. The Trustee may also resign at any time by giving at least ninety (90) days prior written notice to the Trust Administrator and to the Plan Administrator of each Employer that has adopted the Trust Agreement and not terminated its participation in the Trust; provided, however, that the Trustee may resign immediately upon the earlier of the approval date or the effective date of any amendment of the Trust Agreement by the Employers that would change or modify the duties, powers or liabilities of the Trustee hereunder without the Trustee's consent. The Trustee shall, upon the appointment and acceptance of a successor trustee, transfer and deliver the Assets and all records relating to the Trust to the successor, after reserving such reasonable amount as it shall deem necessary to provide for its fees and expenses and any sums chargeable against the Trust for which it may be liable. The Trustee shall do all acts necessary to vest title of record in the successor trustee.

3.3 Withdrawal of Employer

An Employer may elect to withdraw from the Trust by giving at least ninety (90) days prior written notice to the Trustee and the Trust Administrator. If an Employer so elects to withdraw, Assets having a value equal to the funds held in

such Employer's Agency Account shall be segregated by the Trustee and, as soon as practicable, shall be transferred to a trust established by the Employer, provided that (i) such trust shall satisfy the requirements of Section 115 of the Code, and (ii) all assets held by such trust shall qualify as "plan assets" within the meaning of GASB Statement No. 45, in each case as reasonably determined by the Employer and certified in writing by the Employer to the Trust Administrator. The Employer shall appoint a trustee for the such Employer's separate trust, and such appointment shall vest the successor trustee with title to the transferred Assets upon the successor trustee's acceptance of such appointment.

3.4 The Plan Administrator

The governing body of each Employer shall have plenary authority for the administration and investment of such Employer's Agency Account pursuant to any applicable state laws and applicable federal laws and regulations. Each Employer shall by resolution designate a Plan Administrator. Unless otherwise specified in the instrument the Plan Administrator shall be deemed to have authority to act on behalf of the Employer in all matters pertaining to the Employer's participation in the Trust and in regard to the Agency Account of the Employer. Such appointment of a Plan Administrator shall be effective upon receipt and acknowledgment by the Trustee and the Trust Administrator and shall be effective until the Trustee and the Trust Administrator are furnished with a resolution of the Employer that the appointment has been modified or terminated.

3.5 Failure to Appoint Plan Administrator

If a Plan Administrator is not appointed, or such appointment lapses, the Employer shall be deemed to be the Plan Administrator. As used in this document the term "Plan Administrator" shall be deemed to mean "Employer" when a Plan Administrator has not been appointed for such Employer.

3.6 Delegatee

The Plan Administrator, acting on behalf of the Employer, may delegate certain authority, powers and duties to a Delegatee to act in those matters specified in the delegation. Any such delegation must be in a writing that names and identifies the Delegatee, states the effective date of the delegation, specifies the authority and duties delegated, is executed by the Plan Administrator, is acknowledged in writing by the Delegatee, and is certified as required in Section 3.7 to the Trust Administrator. Such delegation shall be effective until the Trustee and the Trust Administrator are directed in writing by the Plan Administrator that the delegation has been rescinded or modified.

3.7 Certification to Trustee

The governing body of each Employer, or other duly authorized official, shall certify in writing to the Trustee and the Trust Administrator the names and specimen signatures of the Plan Administrator and Delegatee, if any, and all

others authorized to act on behalf of the Employer whose names and specimen signatures shall be kept accurate by the Employer acting through a duly authorized officer or governing body of the Employer. The Trustee and the Trust Administrator shall have no liability if they act upon the direction of a Plan Administrator or Delegatee that has been duly authorized, as provided in Section 3.6, if that Plan Administrator or Delegatee is no longer authorized to act, unless the Employer has informed the Trustee and the Trust Administrator of such change.

3.8 Directions to Trustee

All directions to the Trustee from the Plan Administrator or Delegatee must be in writing and must be signed by the Plan Administrator or Delegatee, as the case may be. For all purposes of this Trust Agreement, direction shall include any certification, notice, authorization, application or instruction of the Plan Administrator, Delegatee or Trustee appropriately communicated. The above notwithstanding direction may be implied if the Plan Administrator or Delegatee has knowledge of the Trustee's intentions and fails to file written objection.

The Trustee shall have the power and duty to comply promptly with all proper directions of the Plan Administrator or Delegatee, appointed in accordance with the provisions of this Trust Agreement. In the case of any direction deemed by the Trustee to be unclear or ambiguous the Trustee may seek written instructions from the Plan Administrator, the Employer or the Delegatee on such matter and await their written instructions without incurring any liability. If at any time the Plan Administrator or the Delegatee should fail to give directions to the Trustee, the Trustee may act in the manner that in its discretion seems advisable under the circumstances for carrying out the purposes of the Trust and/or the applicable Agency Account which may include not taking any action. The Trustee may request directions or clarification of directions received and may delay acting until clarification is received. In the absence of timely direction or clarification, or if the Trustee considers any direction to be a violation of the Trust Agreement or any applicable law, the Trustee shall in its sole discretion take appropriate action, or refuse to act upon a direction.

3.9 Appointment of Trust Administrator

The Employers may, with the approval of two-thirds (2/3) or more of the Employers then participating in the Trust, act to appoint a bank, trust company, retirement board, insurer, committee or such other entity as permitted by law, to serve as Trust Administrator of the Trust. Such action must be in writing. Upon the written acceptance of such entity it shall become the Trust Administrator of the Trust. If the Trust Administrator is removed or resigns pursuant to Section 3.13, the Employers shall appoint a successor Trust Administrator in accordance with the voting requirements set forth in this Section 3.9.

3.10 Trust Administrator

The Trust Administrator's duties involve the performance of the following services pursuant to the provisions of this Trust Agreement and the Agreement for Administrative Services:

(a) Performing periodic accounting of each Agency Account and reconciling such Agency Account balances with the Trust/Omnibus Account;

(b) Directing the Trustee to make distributions from the applicable Agency Account to health care providers (or to the Employer for reimbursement of payments made to health care providers) for post-employment health care and welfare benefits;

(c) Allocating contributions, earnings and expenses to each Agency Account;

(d) Directing the Trustee to pay the fees of the Trust Administrator and to do such other acts as shall be appropriate to carry out the intent of the Trust;

(e) Such other services as the Employer and the Trust Administrator may agree in the Agreement for Administrative Services pursuant to Section 2.3.

The Trust Administrator shall be entitled to rely on, and shall be under no duty to question, direction and/or data received from the Plan Administrator, or other duly authorized entity, in order to perform its authorized duties under this trust agreement. The Trust Administrator shall not have any duty to compute contributions made to the Trust, determine or inquire whether contributions made to the Trust by the Plan Administrator or other duly authorized entity are adequate to meet an Employer's OPEB Obligation as may be determined under GASB Statement Nos. 43 and 45 and any future GASB pronouncements; or determine or inquire whether contributions made to the Trust are in compliance with the Employer's policies and/or applicable collective bargaining agreements. The Trust Administrator shall not be liable for nonperformance of duties if such nonperformance is directly caused by erroneous, and/or late delivery of, directions or data from the Plan Administrator, or other duly authorized entity.

3.11 Additional Trust Administrator Services

The Plan Administrator may at any time retain the Trust Administrator as its agent to perform any act, keep any records or accounts and make any computations which are required of the Employer or the Plan Administrator by this Trust Agreement or by the Employer's policies and/or applicable collective bargaining agreements. The Trust Administrator shall be separately compensated for such service and such services shall not be deemed to be contrary to the Trust Agreement.

3.12 Trust Administrator's Compensation

As may be agreed upon from time to time by the Employer and Trust Administrator, the Trust Administrator will be paid reasonable compensation for services rendered or reimbursed for expenses properly and actually incurred in the performance of duties with respect to such Employer's Agency Account and to the Trust.

3.13 Resignation or Removal of Trust Administrator

The Employers may act to remove the Trust Administrator, provided that such action must satisfy the voting requirements set forth in Section 3.9 and notice of such action must be promptly delivered to the Trust Administrator, the Trustee and each Plan Administrator. The Trust Administrator may also resign at any time by giving at least one hundred and twenty (120) days prior written notice to the Trustee and to the Plan Administrator of each Employer that has adopted the Trust Agreement and not terminated its participation in the Trust; provided, however, that the Trust Administrator may resign immediately upon the earlier of the approval date or the effective date of any amendment of the Trust Agreement by the Employers that would change or modify the duties, powers or liabilities of the Trust Administrator hereunder without the Trust Administrator's consent. The Trust Administrator shall, upon the appointment and acceptance of a successor trust administrator, transfer all records relating to the Trust to the successor.

ARTICLE IV

THE TRUSTEE

4.1 Powers and Duties of the Trustee

Except as otherwise provided in Article V and subject to Article VI, the Trustee shall have full power and authority with respect to property held in the Trust to do all such acts, take all proceedings, and exercise all such rights and privileges, whether specifically referred to or not in this document, as could be done, taken or exercised by the absolute owner, including, without limitation, the following:

(a) To invest and reinvest the Assets or any part hereof in any one or more kind, type, class, item or parcel of property, real, personal or mixed, tangible or intangible; or in any one or more kind, type, class, item or issue of investment or security; or in any one or more kind, type, class or item of obligation, secured or unsecured; or in any combination of them (including those issued by the Trustee of any of its affiliates, to the extent permitted by applicable law), and to retain the property for the period of time that the Trustee deems appropriate;

(b) To acquire and sell options to buy securities ("call" options) and to acquire and sell options to sell securities ("put" options);

(c) To buy, sell, assign, transfer, acquire, loan, lease (for any purpose, including mineral leases), exchange and in any other manner to acquire, manage, deal with and dispose of all or any part of the Trust property, for cash or credit and upon any reasonable terms and conditions;

(d) To make deposits, with any bank or savings and loan institution, including any such facility of the Trustee or an affiliate thereof provided that the deposit bears a reasonable rate of interest;

(e) To invest and reinvest the Assets, or any part thereof in any one or more collective investment trust funds, including common and group trust funds that consist exclusively of assets of exempt pension and profit sharing trusts and individual retirement accounts qualified and tax exempt under the Code, that are maintained by the Trustee or an affiliate thereof. The declaration of trust or plan of operations for any such common or collective fund is hereby incorporated herein and adopted into this Trust Agreement by this reference. The combining of money and other assets of the Trust with money and other assets of other non-qualified trusts in such fund or funds is specifically authorized. Notwithstanding anything to the contrary in this Trust Agreement, the Trustee shall have full investment responsibility over assets of the trust invested in such commingled funds. If the plan and trust for any reason lose their tax exempt status, and the Assets have been commingled with assets of other tax exempt trusts in Trustee's collective investment funds, the Trustee shall within 30 days of notice of such loss of tax exempt status, liquidate the Trust's units of the collective investment fund(s) and invest the proceeds in a money market fund pending investment or other instructions from the Plan Administrator. The Trustee shall not be liable for any loss or gain or taxes, if any, resulting from said liquidation;

(f) To place uninvested cash and cash awaiting distribution in one or more mutual funds and/or commingled investment funds maintained by or made available by the Trustee or any of its affiliates, and to receive compensation from the sponsor of such fund(s) for services rendered, separate and apart from any Trustee's fees hereunder. The Trustee or its affiliate may also be compensated for providing investment advisory services to any mutual fund or commingled investment funds;

(g) To borrow money for the purposes of the Trust from any source with or without giving security; to pay interest; to issue promissory notes and to secure the repayment thereof by pledging all or any part of the Assets;

(h) To take all of the following actions: to vote proxies of any stocks, bonds or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options, and to make any payments incidental thereto; to consent to or otherwise participate in corporate reorganizations or other changes affecting

corporate securities and to delegate discretionary powers and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities or other property held in the Trust;

(i) To make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(j) To raze or move existing buildings; to make ordinary or extraordinary repairs, alterations or additions in and to buildings; to construct buildings and other structures and to install fixtures and equipment therein;

(k) To pay or cause to be paid from the Trust any and all real or personal property taxes, income taxes or other taxes or assessments of any or all kinds levied or assessed upon or with respect to the Trust;

(l) To exercise all the further rights, powers, options and privileges granted, provided for, or vested in trustees generally under applicable federal or state laws, as amended from time to time, it being intended that, except as herein otherwise provided, the powers conferred upon the Trustee herein shall not be construed as being in limitation of any authority conferred by law, but shall be construed as consistent or in addition thereto.

4.2 Additional Trustee Powers

In addition to the other powers enumerated above, the Trustee in any and all events is authorized and empowered:

(a) To invest funds pending required directions in any type of interest-bearing account, including, without limitation, time certificates of deposit or interest-bearing accounts issued by the Trustee, or any mutual fund or short term investment fund ("**Fund**"), whether sponsored or advised by the Trustee or any affiliate thereof); the Trustee or its affiliates may be compensated for providing such investment advice and providing other service to such Fund, in addition to any Trustee's fees received pursuant to this Trust Agreement;

(b) To cause all or any part of the Trust to be held in the name of the Trustee (which in such instance need not disclose its fiduciary capacity) or, as permitted by law, in the name of any nominee, and to acquire for the Trust any investment in bearer form, but the books and records of the Trust shall at all times show that all such investments are a part of the Trust and the Trustee shall hold evidences of title to all such investments;

(c) To serve as custodian with respect to the Trust Assets;

(d) To employ such custodians, agents and counsel as may be reasonably necessary in managing and protecting the Assets and to pay them reasonable compensation from the Trust; to employ any broker-dealer or other agent, including any broker-dealer or other agent affiliated with the Trustee, and pay to such broker-dealer or other agent, at the expense of the Trust, its standard commissions or compensation; to settle, compromise or abandon all claims and demands in favor of or against the Trust; and to charge any premium on bonds purchased at par value to the principal of the Trust without amortization from the Trust, regardless of any law relating thereto;

(e) In addition to the powers listed herein, to do all other acts necessary or desirable for the proper administration of the Trust, as though the absolute owner thereof;

(f) To prosecute, compromise and defend lawsuits, but without obligation to do so, all at the risk and expense of the Trust; and to tender its defense to the Employer in any legal proceeding where the interests of the Trustee and the Employer are not adverse;

(g) To exercise and perform any and all of the other powers and duties specified in this Trust Agreement or the Plan;

(h) To permit such inspections of documents at the principal office of the Trustee as are required by law, subpoena or demand by a United States agency;

(i) To comply with all requirements imposed by applicable provisions of law;

(j) To seek written instructions from the Plan Administrator or other fiduciary on any matter and await their written instructions without incurring any liability. If at any time the Plan Administrator or the fiduciary should fail to give directions to the Trustee, the Trustee may act in the manner that in its discretion seems advisable under the circumstances for carrying out the purposes of the Trust;

(k) To compensate such executive, consultant, actuarial, accounting, investment, appraisal, administrative, clerical, secretarial, medical, custodial, depository and legal firms, personnel and other employees or assistants as are engaged by the Plan Administrator in connection with the administration of the Plan and to pay from the Trust the necessary expenses of such firms, personnel and assistants, to the extent not paid by the Plan Administrator;

(l) To act upon proper written directions of the Plan Administrator or Delegatee, including directions given by photostatic transmissions using facsimile signature, and such other forms of directions as the parties shall agree;

(m) To pay from the Trust the expenses reasonably incurred in the administration of the Trust as provided in the Plan;

(n) To maintain insurance for such purposes, in such amounts and with such companies as the Plan Administrator shall elect, including insurance to cover liability or losses occurring by reason of the acts or omissions of fiduciaries but only if such insurance permits recourse by the insurer against the fiduciary in the case of a breach of a fiduciary obligation by such fiduciary.

ARTICLE V

INVESTMENTS

5.1 Discretionary Versus Directed Investment

The Employer shall elect either a discretionary or directed investment approach. If the Employer elects a discretionary investment approach, the Employer shall further elect between the various investment strategies offered and the Trustee, in accordance with Article IV, shall have absolute discretion over the investment of the Assets held in such Employer's Agency Account. If the Employer elects a directed investment approach, the Trustee shall direct the investment of the Assets of such Employer's Agency Account in accordance with the direction provided by such Employer.

5.2 Trustee Fees

As may be agreed upon, in writing, between the Plan Administrator and Trustee, the Trustee will be paid reasonable compensation for services rendered or reimbursed for expenses properly and actually incurred in the performance of duties with respect to the applicable Agency Account or the Trust.

5.3 Contributions

Eligible Employees are not permitted to make contributions to the Trust. The Plan Administrator shall, on behalf of the Employer, make all contributions to the Trustee. Such contributions shall be in cash unless the Trustee agrees to accept a contribution that is not in cash. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of this Trust Agreement. The Trustee shall not have any duty to determine or inquire whether any contributions to the Trust made to the Trustee by any Plan Administrator are in compliance with the Employer's policies and/or collective bargaining agreements; nor shall the Trustee have any duty or authority to compute any amount to be paid to the Trustee by any Plan Administrator; nor shall the Trustee be responsible for the collection or adequacy of the contributions to meet an Employer's OPEB Obligation, as may be determined under GASB Statement No. 45. The contributions received by the Trustee from each Employer shall be held and administered pursuant to the terms hereof without distinction between income and principal.

5.4 Records

(a) The Trustee shall maintain accurate records and detailed accounts of all investments, receipts, disbursements and other transactions hereunder at the Trust level. Such records shall be available at all reasonable times for inspection by the Trust Administrator. The Trustee shall, at the direction of the Trust Administrator, submit such valuations, reports or other information as the Trust Administrator may reasonably require.

(b) The Assets of the Trust shall be valued at their fair market value on the date of valuation, as determined by the Trustee based upon such sources of information as it may deem reliable; provided, however, that the Plan Administrator shall instruct the Trustee as to valuation of assets which are not readily determinable on an established market. The Trustee may rely conclusively on such valuations provided by the Plan Administrator and shall be indemnified and held harmless by the Employer with respect to such reliance. If the Plan Administrator fails to provide such values, the Trustee may take whatever action it deems reasonable, including employment of attorneys, appraisers or other professionals, the expense of which will be an expense of administration of the Trust. Transactions in the account involving such hard to value assets may be postponed until appropriate valuations have been received and Trustee shall have no liability therefore.

5.5 Statements

(a) Periodically as specified, and within sixty days after December 31, or the end of the Trust's fiscal year if different, Trustee shall render to the Trust Administrator as directed, a written account showing in reasonable summary the investments, receipts, disbursements and other transactions engaged in by the Trustee during the preceding fiscal year or period with respect to the Trust. Such account shall set forth the assets and liabilities of the Trust valued as of the end of the accounting period.

(b) The Trust Administrator may approve such statements either by written notice or by failure to express objections to such statements by written notice delivered to the Trustee within 90 days from the date the statement is delivered to the Trust Administrator. Upon approval, the Trustee shall be released and discharged as to all matters and items set forth in such statement as if such account had been settled and allowed by a decree from a court of competent jurisdiction.

5.6 Wire Transfers

The Trustee shall follow the Plan Administrator's, Delegatee's, or Trust Administrator's wire transfer instructions in compliance with the written security procedures provided by the party providing the wire transfers. The Trustee shall perform a telephonic verification to the Plan Administrator, Trust Administrator,

or Delegatee, or such other security procedure as selected by the party providing wire transfer directions, prior to wiring funds or following facsimile directions as Trustee may require. The Plan Administrator assumes the risk of delay of transfer if Trustee is unable to reach the Plan Administrator, or in the event of delay as a result of attempts to comply with any other security procedure selected by the directing party.

5.7 Exclusive Benefit

The Assets of an Employer's Agency Account shall be held in trust for the exclusive purpose of providing post-employment health care and welfare benefits to the Eligible Employees of the Employer pursuant to the Employer's policies and/or applicable collective bargaining agreements, and defraying the reasonable expenses associated with the providing of such benefits, and shall not be used for or diverted to any other purpose. No party shall have authority to use or divert the Assets of an Agency Account of an Employer for the payment of post-employment health care and welfare benefits or expenses of any other Employer.

5.8 Delegation of Duties

The Plan Administrator, Delegatee, or Trust Administrator, may at any time retain the Trustee as its agent to perform any act, keep any records or accounts and make any computations that are required of the Plan Administrator, Delegatee or Trust Administrator by this Trust Agreement or by the Plan. The Trustee may be compensated for such retention and such retention shall not be deemed to be contrary to this Trust Agreement.

5.9 Distributions

The Trustee shall, from time to time, upon the written direction of the Plan Administrator or Delegatee, make distributions from the Assets of the Trust to the insurers, third party administrators, health care and welfare providers or other entities providing Plan benefits or services, or to the Employer for reimbursement of Plan benefits and expenses paid by the Employer in such manner in such form(s), in such amounts and for such purposes as may be specified in such directions.

In no event shall the Trustee have any responsibility respecting the application of such distributions, nor for determining or inquiring into whether such distributions are in accordance with the Employer's policies and/or applicable collective bargaining agreements.

ARTICLE VI

FIDUCIARY RESPONSIBILITIES

6.1 More Than One Fiduciary Capacity

Any one or more of the fiduciaries with respect to the Trust Agreement or the Trust may, to the extent required thereby or as directed by the Plan Administrator pursuant to this Trust Agreement, serve in more than one fiduciary capacity with respect to the Trust Agreement and the Trust.

6.2 Fiduciary Discharge of Duties

Except as otherwise provided by applicable law, each fiduciary shall discharge such fiduciary's duties with respect to the Trust Agreement and the Trust:

(a) solely in the interest of the Eligible Employees and for the exclusive purpose of providing post-employment health care and welfare benefits to Eligible Employees, and defraying reasonable administrative and actuarial expenses associated with providing such benefits; and

(b) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

6.3 Limitations on Fiduciary Responsibility

To the extent allowed by the laws of the state of each Employer:

No fiduciary shall be liable with respect to a breach of fiduciary duty by any other fiduciary if such breach was committed before such party became a fiduciary or after such party ceased to be a fiduciary.

No fiduciary shall be liable for a breach by another fiduciary except as provided by law.

No fiduciary shall be liable for carrying out a proper direction from another fiduciary, including refraining from taking an action in the absence of a proper direction from the other fiduciary possessing the authority and responsibility to make such a direction, which direction the fiduciary in good faith believes to be authorized and appropriate.

6.4 Indemnification of Trustee by Employer

The Trustee shall not be liable for, and Employer shall (to the extent allowed by the laws of the state of each Employer) indemnify, defend (as set out in 6.8 of this Trust Agreement), and hold the Trustee (including its officers, agents, employees

and attorneys) and other Employers harmless from and against any claims, demands, loss, costs, expense or liability imposed on the indemnified party, including reasonable attorneys' fees and costs incurred by the indemnified party, arising as a result of Employer's active or passive negligent act or omission or willful misconduct in the execution or performance of its duties under this Trust Agreement.

6.5 Indemnification of Employer by Trustee

The Employer shall not be liable for, and Trustee shall (to the extent allowed by the laws of the state of each Employer) indemnify, defend (as set out in 6.8 of this Trust Agreement), and hold the Employer (including its officers, agents, employees and attorneys) and other Employers harmless from and against any claims, demands, loss, costs, expense or liability imposed on the indemnified party, including reasonable attorneys' fees and costs incurred by the indemnified party, arising as a result of Trustee's active or passive negligent act or omission or willful misconduct in the execution or performance of its duties under this Trust Agreement.

6.6 Indemnification of Trustee by Trust Administrator

The Trustee shall not be liable for, and Trust Administrator shall (to the extent allowed by the laws of the state of each Employer) indemnify and hold the Trustee (including its officers, agents, employees and attorneys) harmless from and against any claims, demands, loss, costs, expense or liability imposed on the indemnified party, including reasonable attorneys' fees and costs incurred by the indemnified party, arising as a result of Trust Administrator's active or passive negligent act or omission or willful misconduct in the execution or performance of its duties under this Trust Agreement.

6.7 Indemnification of Trust Administrator by Trustee

The Trust Administrator shall not be liable for, and Trustee shall (to the extent allowed by the laws of the state of each Employer) indemnify and hold the Trust Administrator (including its officers, agents, employees and attorneys) harmless from and against any claims, demands, loss, costs, expense or liability imposed on the indemnified party, including reasonable attorneys' fees and costs incurred by the indemnified party, arising as a result of Trustee's active or passive negligent act or omission or willful misconduct in the execution or performance of its duties under this Trust Agreement.

6.8 Indemnification Procedures

Promptly after receipt by an indemnified party of notice or receipt of a claim or the commencement of any action for which indemnification may be sought, the indemnified party will notify the indemnifying party in writing of the receipt or commencement thereof. When the indemnifying party has agreed to provide a defense as set out above that party shall assume the defense of such action

(including the employment of counsel, who shall be counsel reasonably satisfactory to such indemnitee) and the payment of expenses, insofar as such action shall relate to any alleged liability in respect of which indemnity may be sought against the indemnifying party. Any indemnified party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the indemnifying party unless (i) the employment of such counsel has been specifically authorized by the indemnifying party or (ii) the named parties to any such action (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. The indemnifying party shall not be liable to indemnify any person for any settlement of any such action effected without the indemnifying party's consent. The indemnification procedures of this Trust Agreement shall survive the termination of the Trust, any Employer's participation in the Trust and/or this Trust Agreement.

6.9 No Joint and Several Liability

This document is not intended to and does not create any joint powers agreement or any joint and several liability. No Employer shall be responsible for any contributions, costs or distributions of any other Employer.

ARTICLE VII

AMENDMENT, TERMINATION AND MERGER

7.1 No Obligation to Continue Trust

Participation in the Trust and continuation of the Employer's policies and/or applicable collective bargaining agreements that provide post-employment health care and welfare benefits are not assumed as a contractual obligation of the Employer.

7.2 Amendment of Trust

(a) The Trust Agreement may be amended only by the approval of two-thirds (2/3) or more of the Employers then participating in the Trust. Any such amendment by the Employers shall be set forth in an instrument in writing and shall be delivered to the Trustee, the Trust Administrator and all Plan Administrators not less than one hundred and eighty (180) days before the effective date of such amendment; provided, however, that any party may waive in writing such 180-day requirement with respect to any amendment (and such waiver shall not constitute a waiver with respect to any other amendment); and provided, further, that a waiver in writing of such 180-day requirement by two-thirds (2/3) or more of the Plan Administrators of the Employers participating in the Trust as of the date the amendment is adopted shall constitute a waiver of such

180-day requirement by all of the Employers then participating in the Trust. In addition, the Trust Administrator or the Trustee shall have the right to amend this Trust Agreement from time to time (without the requirement of a vote of Employers) solely for the purpose of keeping the Trust Agreement in compliance with the Code and applicable state law. Any such amendment by the Trust Administrator or the Trustee shall be set forth in an instrument in writing and shall be delivered to the Trustee, the Trust Administrator and all Plan Administrators promptly as each is made.

(b) Any amendment of the Trust Agreement may be current, retroactive or prospective, provided, however, that no amendment shall:

(1) Cause the Assets of any Agency Account to be used for or diverted to purposes other than for the exclusive benefit of Eligible Employees of the applicable Employer or for the purpose of defraying the reasonable expenses of administering such Agency Account.

(2) Permit the Assets of any Agency Account to be used for the benefit of any other Employer.

7.3 Termination of Employer's Obligation to Provide OPEB

A termination of the Employer's obligation to provide OPEB pursuant to its policies and/or applicable collective bargaining agreements for which the Employer's Agency Account was established shall not, in itself, effect a termination of the Agency Account. Upon a termination of the Employer's obligation to provide OPEB pursuant to its policies and/or applicable collective bargaining agreements, the Assets of the Agency Account shall be distributed by the Trustee when directed by the Plan Administrator in accordance with this Section 7.3. From and after the date of such termination and until final distribution of the Assets, the Trustee shall continue to have all the powers provided herein as are necessary or expedient for the orderly liquidation and distribution of such Assets, and the Agency Account shall continue until the Assets have been completely distributed. Such Assets shall be used first to satisfy any remaining obligations of the Employer to provide OPEBs pursuant to its policies and/or applicable collective bargaining agreements (to the extent that such distribution constitutes the exercise of an "essential governmental function" within the meaning of Section 115 of the Code) and to satisfy any of such Employer's obligations under this Trust Agreement. Any Assets remaining in the Agency Account after giving effect to the foregoing sentence shall be paid to the Employer to the extent permitted by law and consistent with the requirements of Section 115 of the Code.

7.4 Fund Recovery Based on Mistake of Fact

Except as hereinafter provided or in accordance with Section 7.3, the Assets of the Trust shall never inure to the benefit of the Employer. The Assets shall be

held for the exclusive purposes of providing post-employment health care and welfare benefits to Eligible Employees and defraying reasonable expenses of administering the Trust. However, in the case of a contribution which is made by an Employer because of a mistake of fact, that portion of the contribution relating to the mistake of fact (exclusive of any earnings or losses attributable thereto) may be returned to the Employer, provided such return occurs within two (2) years after discovery by the Employer of the mistake. If any repayment is payable to the Employer, then, as a condition to such repayment, and only if requested by Trustee, the Employer shall execute, acknowledge and deliver to the Trustee its written undertaking, in a form satisfactory to the Trustee, to indemnify, defend and hold the Trustee harmless from all claims, actions, demands or liabilities arising in connection with such repayment.

7.5 Termination of Trust

The Trust and this Trust Agreement may be terminated only by the unanimous agreement of all Employers. Such action must be in writing and delivered to the Trustee and Trust Administrator. Upon a termination of the Trust, the Assets of each Agency Account under the Trust shall be distributed by the Trustee when directed by the Plan Administrator for that Agency Account in accordance with this Section 7.5. From and after the date of such termination and until final distribution of the Assets, the Trustee shall continue to have all the powers provided herein with respect to each Agency Account as are necessary or expedient for the orderly liquidation and distribution of the Assets of such Agency Account, and the Agency Account shall continue until the Assets have been completely distributed. The Assets of each Agency Account shall be used first to satisfy any remaining obligations of the applicable Employer to provide OPEBs pursuant to its policies and/or applicable collective bargaining agreements (to the extent that such distribution constitutes the exercise of an "essential governmental function" within the meaning of Section 115 of the Code) and to satisfy any of such Employer's obligations under this Trust Agreement. Any Assets remaining in such Agency Account after giving effect to the foregoing sentence shall be paid to the Employer to the extent permitted by law and consistent with the requirements of Section 115 of the Code. In no case will the assets of the Trust be distributed on termination to an entity that is not a state, a political subdivision of a state or an entity the income of which is excluded from gross income under Section 115 of the Code.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

8.1 Nonalienation

Eligible Employees do not have an interest in the Trust. Accordingly, the Trust shall not in any way be liable to attachment, garnishment, assignment or other process, or be seized, taken, appropriated or applied by any legal or equitable process, to pay any debt or liability of an Eligible Employee or any other party. Trust Assets shall not be subject to the claims of any Employer or the claims of its creditors.

8.2 Saving Clause

In the event any provision of this Trust Agreement is held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of the Trust Agreement, but this instrument shall be construed and enforced as if said provision had never been included.

8.3 Applicable Law

This Trust Agreement and the Trust shall be construed, administered and governed under the Code and the law of the State of California. To the extent any of the provisions of this Trust Agreement are inconsistent with the Code or applicable state law, the provisions of the Code or state law shall control. In the event, however, that any provision is susceptible to more than one interpretation, such interpretation shall be given thereto as is consistent with the Trust Agreement being a tax-exempt trust within the meaning of the Code.

8.4 Joinder of Parties

In any action or other judicial proceedings affecting this Trust Agreement, it shall be necessary to join as parties only the Trustee, the Plan Administrator or Delegatee. No participant or other persons having an interest in the Trust or any Agency Account shall be entitled to any notice or service of process unless otherwise required by law. Any judgment entered in such a proceeding or action shall be binding on all persons claiming under this Trust Agreement; provided, however, that nothing in this Trust Agreement shall be construed as to deprive a participant of such participant's right to seek adjudication of such participant's rights under applicable law.

8.5 Employment of Counsel

The Trustee may consult with legal counsel (who may be counsel for the Trustee, the Trust Administrator or any Employer) with respect to the interpretation of this Agreement or the Trustee's duties hereunder or with respect to any legal

proceedings or any questions of law and shall be entitled to take action or not to take action in good faith reliance on the advice of such counsel and charge the Trust and, as applicable, one or more Agency Accounts.

8.6 Gender and Number

Words used in the masculine, feminine or neuter gender shall each be deemed to refer to the other whenever the context so requires; and words used in the singular or plural number shall each be deemed to refer to the other whenever the context so requires.

8.7 Headings

Headings used in this Trust Agreement are inserted for convenience of reference only and any conflict between such headings and the text shall be resolved in favor of the text.

8.8 Counterparts

This Trust Agreement may be executed in an original and any number of counterparts by the Plan Administrator (executing an Adoption Agreement), the Trust Administrator and the Trustee, each of which shall be deemed to be an original of the one and the same instrument.

******** Signature Page Follows ********

IN WITNESS WHEREOF, the Plan Administrator (by executing the Adoption Agreement), the Trustee and the Trust Administrator have executed this restated Trust Agreement by their duly authorized agents on the dates set forth below their names, to be effective on May 16, 2007.

UNION BANK OF CALIFORNIA

"Trustee"

By: _____
Signature

John Fulton
Typed or printed name

Its: Vice President

By: _____
Signature

_____
Typed or printed name

Its: _____

Date: 6/26/2007

PUBLIC AGENCY RETIREMENT SERVICES

"Trust Administrator"

By: _____
Signature

Daniel Johnson
Typed or printed name

Its: President

Date: 6/25/2007

UNION BANK OF CALIFORNIA
BUSINESS TRUST
COMPLIANCE APPROVAL

BY _____

DATE 6/26/2007

NB1:657192.8

ADOPTION AGREEMENT
for the
PRHCP SECTION 115 TRUST

A.1.1. Trust agreement with U.S. Bank National Association (the "Bank") (the "Trust Agreement"):

PRHCP Section 115 Trust. Public Agencies Post-Retirement Health Care Plan—Trust Agreement, effective November 1, 2005, as amended and restated as of May 16, 2007

No guaranty that payments or reimbursements to employees, former employees, or retirees will be tax-free. The Trust has obtained a ruling from the Internal Revenue Service concerning only the federal tax treatment of the Trust's income. That ruling may not be cited or relied upon by the Employer whatsoever as precedent concerning any matter relating to the Employer's health plan(s) (including post-retirement health plans). In particular, that ruling has no effect on whether contributions to the Employer's health plan(s) or payments from the Employer's health plans (including reimbursements of medical expenses) are excludible from the gross income of employees, former employees, or retirees, under the Internal Revenue Code. The federal income tax consequences to employees, former employees, and retirees depend on the terms and operation of the Employer's health plan(s).

(The plan document is the Public Agencies Post-Retirement Health Care Plan—Master Plan Document, as amended and restated as of May 16, 2007 (the "Plan Document").

A.1.2. Plan: _____

_____

A.1.3. Plan's effective date: _____

A.2.1. Employer or Agency, as the case may be (the "Employer"):

Name: _____

U.S. mail address: _____

Phone number: _____

EIN: _____

Fiscal year end: _____

A.2.2. Plan Administrator

Position at Employer: _____

Incumbent: _____

U.S. mail address: _____

Phone number: _____

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Email address: _____

A.3.1 **Adoption.** The Employer hereby:

A.3.1.1. Adopts the Trust Agreement as part of the Plan and agrees to be bound by the Trust Agreement's terms, effective as of the Employer's signature date below and subject to the investment approach selected below.

A.3.1.2. (i) Adopts the Plan Document and agrees to be bound by the Plan Document's terms, effective as of the Employer's signature date below and (ii) acknowledges that the determination of Eligible Employees and Eligible Dependents is finally and conclusively made by the Employer according to the Employer's applicable policies and collective bargaining agreements.

A.3.1.3. Ratifies, affirms, and approves Employer's appointment of Phase II Systems as Trust Administrator and represents and warrants that attached hereto is a fully-executed original of Employer's Agreement for Administrative Services with Phase II Systems, d/b/a Public Agency Retirement Services (PARS).

A.3.1.4. Agrees that capitalized terms used herein but not defined herein shall have the same meaning attributed to them as in the Trust Agreement or Plan Document, as the case may be.

A.4.0. The Employer hereby represents and warrants that:

A.4.0.1. **Authorizing Law.** Employer has reviewed with its legal counsel and has determined that Employer is authorized to establish the Plan and to establish a financial-institution trust (separate and apart from the state) for the Plan, including the authority to adopt the Trust Agreement.

A.4.0.2. **Authorizing Resolution.** Attached hereto is a certified copy of a resolution of the Employer's governing body authorizing the adoption of the Trust Agreement as part of the Plan and authorizing the appointment of the Plan Administrator designated by position of employment at the Employer to act on the Employer's behalf in all matters relating to the trust.

A.4.0.3. **Tax Status.** The Plan is a "governmental plan" as defined in Section 414(d) of the Internal Revenue Code of 1986, as amended; is a "Section 401(a)(24) governmental plan" as defined in Revenue Ruling 2011-1; and is not subject to Federal income taxation. The Plan's governing document expressly provides that it is irrevocably impossible for any part of the corpus or income of the Plan to be used for, or diverted to, purposes other than for the exclusive benefit of the Plan participants and their beneficiaries. (In addition, the Employer hereby acknowledges that the Plan is prohibited from assigning any part of its equity or interest in the trust.)

A.4.1. **Investment Approach.** Trust assets are invested in the discretion of (*check one and only one of the following boxes*):

<u>Discretionary investment approach</u>:

- □ The Bank, subject to **Exhibit A (Investment Strategy Selection and Disclosure Form)**, attached hereto.

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Directed investment approach:

- □ The Plan Administrator.

- □ The following registered investment adviser, bank (other than the Bank), or insurance company (a "Third-Party Manager"):

  _____. The Employer hereby represents and warrants that attached hereto is an executed copy of the agreement with the above appointed Third Party Manager.

EMPLOYER

By: _____

Its: _____

Date: _____

Accepted by:

PHASE II SYSTEMS, DBA PUBLIC AGENCY RETIREMENT SERVICES (PARS)

By: _____

Its: _____

Date: _____

U.S. BANK NATIONAL ASSOCIATION

By: _____

Its: Vice President & Relationship Manager

Date: _____

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AGREEMENT FOR ADMINISTRATIVE SERVICES

This agreement ("Agreement") is made this _____ day of _____, 2015, between Phase II Systems, a corporation organized and existing under the laws of the State of California, doing business as Public Agency Retirement Services (hereinafter "PARS") and the City of Rowlett, Texas ("Agency").

WHEREAS, the Agency has adopted the PARS Public Agencies Post-Retirement Health Care Plan ("Plan") in conjunction with the PARS Public Agencies Post-Retirement Health Care Plan Trust ("Trust"), with PARS, as Trust Administrator to the Trust, to provide administrative services.

NOW THEREFORE, the parties agree:

1. **Services.** PARS will provide the services pertaining to the Plan as described in the exhibit attached hereto as "Exhibit 1A" ("Services") in a timely manner, subject to the further provisions of this Agreement.

2. **Fees for Services.** PARS will be compensated for performance of the Services as described in the exhibit attached hereto as "Exhibit 1B".

3. **Payment Terms.** Payment for the Services will be remitted directly from Plan assets unless the Agency chooses to make payment directly to PARS. In the event that the Agency chooses to make payment directly to PARS, it shall be the responsibility of the Agency to remit payment directly to PARS based upon an invoice prepared by PARS and delivered to the Agency. If payment is not received by PARS within thirty (30) days of the invoice delivery date, the balance due shall bear interest at the rate of 1.5% per month. If payment is not received from the Agency within sixty (60) days of the invoice delivery date, payment plus accrued interest will be remitted directly from Plan assets, unless PARS has previously received written communication disputing the subject invoice that is signed by a duly authorized representative of the Agency.

4. **Fees for Services Beyond Scope.** Fees for services beyond those specified in this Agreement will be billed to the Agency at the rates indicated in the PARS' standard fee schedule in effect at the time the services are provided and shall be payable as described in Section 3 of this Agreement. Before any such services are performed, PARS will provide the Agency with a detailed description of the services, terms, and applicable rates for such services. Such services, terms, and applicable rates shall be agreed upon in writing and executed by both parties.

5. **Information Furnished to PARS.** PARS will provide the Services contingent upon the Agency's providing PARS the information specified in the exhibit attached hereto as "Exhibit 1C" ("Data"). It shall be the responsibility of the Agency to certify the accuracy, content and completeness of the Data so that PARS may rely on such information without further audit. It shall further be the responsibility of the Agency to deliver the Data to PARS in such a manner that allows for a reasonable amount of time for the Services to be performed. Unless specified in Exhibit 1A, PARS shall be under no duty to question Data received from the Agency, to compute contributions made to the

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Plan, to determine or inquire whether contributions are adequate to meet and discharge liabilities under the Plan, or to determine or inquire whether contributions made to the Plan are in compliance with the Plan or applicable law. In addition, PARS shall not be liable for non performance of Services to the extent such non performance is caused by or results from erroneous and/or late delivery of Data from the Agency. In the event that the Agency fails to provide Data in a complete, accurate and timely manner and pursuant to the specifications in Exhibit 1C, PARS reserves the right, notwithstanding the further provisions of this Agreement, to terminate this Agreement upon no less than ninety (90) days written notice to the Agency.

6. **Records.** Throughout the duration of this Agreement, and for a period of five (5) years after termination of this Agreement, PARS shall provide duly authorized representatives of Agency access to all records and material relating to calculation of PARS' fees under this Agreement. Such access shall include the right to inspect, audit and reproduce such records and material and to verify reports furnished in compliance with the provisions of this Agreement. All information so obtained shall be accorded confidential treatment as provided under applicable law.

7. **Confidentiality.** Without the Agency's consent, PARS shall not disclose any information relating to the Plan except to duly authorized officials of the Agency, subject to applicable law, and to parties retained by PARS to perform specific services within this Agreement. The Agency shall not disclose any information relating to the Plan to individuals not employed by the Agency without the prior written consent of PARS, except as such disclosures may be required by applicable law.

8. **Independent Contractor.** PARS is and at all times hereunder shall be an independent contractor. As such, neither the Agency nor any of its officers, employees or agents shall have the power to control the conduct of PARS, its officers, employees or agents, except as specifically set forth and provided for herein. PARS shall pay all wages, salaries and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, workers' compensation and similar matters.

9. **Indemnification.** PARS and Agency hereby hold each other harmless, including their respective officers, directors, employees, agents and attorneys, from any claim, loss, demand, liability, or expense, including reasonable attorneys' fees and costs, incurred by the other as a consequence of PARS' or Agency's, as the case may be, acts, errors or omissions with respect to the performance of their respective duties hereunder.

10. **Compliance with Applicable Law.** The Agency shall observe and comply with federal, state and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding the administration of the Plan. PARS shall observe and comply with federal, state and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding Plan administrative services provided under this Agreement.

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11. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. In the event any party institutes legal proceedings to enforce or interpret this Agreement, venue and jurisdiction shall be in any state court of competent jurisdiction.

12. **Force Majeure.** When a party's nonperformance hereunder was beyond the control and not due to the fault of the party not performing, a party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by such cause, including but not limited to: any incidence of fire, flood, acts of God, acts of terrorism or war, commandeering of material, products, plants or facilities by the federal, state or local government, or a material act or omission by the other party.

13. **Ownership of Reports and Documents.** The originals of all letters, documents, reports, and data produced for the purposes of this Agreement shall be delivered to, and become the property of the Agency. Copies may be made for PARS but shall not be furnished to others without written authorization from Agency.

14. **Designees.** The Plan Administrator of the Agency, or their designee, shall have the authority to act for and exercise any of the rights of the Agency as set forth in this Agreement, subsequent to and in accordance with the written authority granted by the Governing Board of the Agency, a copy of which writing shall be delivered to PARS. Any officer of PARS, or his or her designees, shall have the authority to act for and exercise any of the rights of PARS as set forth in this Agreement.

15. **Notices.** All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of the notices in person or by depositing the notices in the U.S. mail, registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

    (A) To PARS: PARS; 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660; Attention: President

    (B) To Agency: City of Rowlett; 4000 Main Street, Rowlett, TX 75088; Attention: City Manager

16. **Term of Agreement.** This Agreement shall remain in effect for the period beginning _____, 2015 and ending _____, 2018 ("Term"). This Agreement may be terminated at any time by giving thirty (30) days written notice to the other party of the intent to terminate. Absent a thirty (30) day written notice to the other party of the intent to terminate, this Agreement will continue unchanged for successive twelve month periods following the Term.

17. **Amendment.** This Agreement may not be amended orally, but only by a written instrument executed by the parties hereto.

18. **Entire Agreement.** This Agreement, including exhibits, contains the entire understanding of the parties with respect to the subject matter set forth in this Agreement. In the event a conflict arises between the parties with respect to any term, condition or provision of this Agreement, the remaining terms, conditions and provisions shall remain

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in full force and legal effect. No waiver of any term or condition of this Agreement by any party shall be construed by the other as a continuing waiver of such term or condition.

19. **Attorneys Fees.** In the event any action is taken by a party hereto to enforce the terms of this Agreement the prevailing party herein shall be entitled to receive its reasonable attorney's fees.

20. **Counterparts.** This Agreement may be executed in any number of counterparts, and in that event, each counterpart shall be deemed a complete original and be enforceable without reference to any other counterpart.

21. **Headings.** Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

22. **Effective Date.** This Agreement shall be effective on the date first above written, and also shall be the date the Agreement is executed.

AGENCY:

BY: _____
Plan Administrator Name

TITLE: _____

DATE: _____

PARS:

BY: _____
Tod Hammeras

TITLE: Chief Financial Officer

DATE: _____

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EXHIBIT 1A

SERVICES

PARS will provide the following services for the City of Rowlett, Texas PARS Public Agencies Post-Retirement Health Care Plan:

1. Plan Installation Services:

   (A) Meeting with appropriate Agency personnel to discuss plan provisions, implementation timelines, actuarial valuation process, funding strategies, benefit communication strategies, data reporting and contribution submission requirements;

   (B) Providing the necessary analysis and advisory services to finalize these elements of the Plan;

   (C) Providing the documentation needed to establish the Plan to be reviewed and approved by Agency legal counsel. Resulting final Plan document must be approved by the Agency prior to the commencement of PARS Plan Administration Services outlined in Exhibit 1A, paragraph 2 below.

2. Plan Administration Services:

   (A) Monitoring the receipt of Plan contributions made by the Agency to the trustee of the PARS Public Agencies Post-Retirement Health Care Plan Trust ("Trustee"), based upon information received from the Agency and the Trustee;

   (B) Performing periodic accounting of Plan assets, reimbursements and investment activity, based upon information received from the Agency and/or Trustee;

   (C) Coordinating the processing of reimbursement payments pursuant to authorized direction by the Agency, and the provisions of the Plan, and, to the extent possible, based upon Agency-provided Data;

   (D) Coordinating actions with the Trustee as directed by the Plan Administrator within the scope this Agreement;

   (E) Preparing and submitting a monthly report of Plan activity to the Agency, unless directed by the Agency otherwise;

   (F) Preparing and submitting an annual report of Plan activity to the Agency;

   (G) Facilitating actuarial valuation updates and funding modifications for compliance with GASB 45;

   (H) Coordinating periodic audits of the Trust;

   (I) Monitoring Plan and Trust Compliance with federal and state laws.

3. PARS is not licensed to provide and does not offer tax, accounting, legal, investment or actuarial advice.

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EXHIBIT 1B

FEES FOR SERVICES

PARS will be compensated for performance of Services, as described in Exhibit 1A based upon the following schedule:

An annual asset fee paid by the Agency or from Plan Assets based on the following schedule:

For Plan Assets from:			**Annual Rate:**
$0	to	$10,000,000	0.25%
$10,000,001	to	$15,000,000	0.20%
$15,000,001	to	$50,000,000	0.15%
$50,000,001	and	above	0.10%

The monthly minimum fee of $300.00 shall be waived provided that the Agency maintains the PARS Section 457 FICA Alternative Retirement Plan. Annual rates are prorated and paid monthly. The annual asset fee shall be calculated by the following formula [Annual Rate divided by 12 (months of the year) multiplied by the Plan asset balance at the end of the month]. Trustee and Investment Management Fees are not included.

Annual Asset Fee Payment Option (Please select one option below):

- ❑ Annual Asset Fee shall be invoiced and paid by the Agency.
- ❑ Annual Asset Fee shall be paid from Plan Assets.

DRAFT

EXHIBIT 1C

DATA REQUIREMENTS

PARS will provide the Services under this Agreement contingent upon receiving the following information:

1. Executed Legal Documents:
   - (A) Certified Resolutions
   - (B) Adoption Agreement to the Public Agencies Post-Retirement Health Care Plan
   - (C) Trustee Investment Forms

2. Contribution – completed Contribution Transmittal Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
   - (A) Agency name
   - (B) Contribution amount
   - (C) Contribution date
   - (D) Contribution method (Check, ACH, Wire)

3. Reimbursement Data – completed Payment Reimbursement Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
   - (A) Agency name
   - (B) Payment reimbursement amount
   - (C) Applicable statement date
   - (D) Copy of applicable premium, claim, statement, warrant, and/or administrative expense evidencing payment
   - (E) Signed certification of reimbursement from the Plan Administrator (or authorized Designee)

4. Other information pertinent to the Services as reasonably requested by PARS and Actuarial Provider.

DRAFT

PUBLIC AGENCIES
POST-RETIREMENT HEALTH CARE PLAN

MASTER PLAN DOCUMENT

(amended and restated as of May 16, 2007)

<u>No guaranty that payments or reimbursements to employees, former employees or retirees will be tax-free</u>. The Trust has obtained a ruling from the Internal Revenue Service concerning only the federal tax treatment of the Trust's income. That ruling may not be cited or relied upon by the Employer whatsoever as precedent concerning any matter relating to the Employer's health plan(s) (including post-retirement health plans). In particular, that ruling has no effect on whether contributions to the Employer's health plan(s) or payments from the Employer's health plan(s) (including reimbursements of medical expenses) are excludable from the gross income of employees, former employees or retirees, under the Internal Revenue Code. The federal income tax consequences to employees, former employees and retirees depend on the terms and operation of the Employer's health plan(s).

INTRODUCTION

The Employer specified in the Adoption Agreement has adopted this qualified governmental post-retirement health care plan ("Plan") for the benefit of its Eligible Employees. The Plan document consists of this Master Plan Document plus the Adoption Agreement. Assets of the Plan are held under a trust (the "Trust") evidenced by a trust agreement (the "Trust Agreement"). Each Employer's separate portion of the Trust is referred to as such Employer's "Agency Account." Capitalized terms that are not defined herein shall have the meaning attributed to such terms in the Trust Agreement.

It is intended that this Plan and the Trust established to hold the assets of the Plan shall be tax-exempt under Section 115 of the Internal Revenue Code of 1986, together with any amendments thereto ("Code"), and that contributions to the Plan shall be deemed "plan assets" pursuant to Government Accounting Standards Board Statement No. 45 ("GASB 45"). At any time prior to the satisfaction of all liabilities with respect to Eligible Employees under an Employer's Agency Account, the Agency Account assets shall not be used for, or diverted to, purposes other than the exclusive benefit of Eligible Employees.

ARTICLE I

PLAN AND TRUST INFORMATION

1.1 Plan Name.

The name of the Plan adopted by the Employer is set forth in Section A.1.2 of the Adoption Agreement.

1.2 Effective Date.

The Plan is effective as of the date set forth in Section A.1.3 of the Adoption Agreement. If as stated in the Adoption Agreement, this Plan is a restatement of an existing plan, the effective date of the restatement is set forth in the Adoption Agreement.

1.3 Plan Year.

The Plan Year shall be the consecutive twelve-month period beginning on January 1 and ending on December 31.

ARTICLE II

EMPLOYER INFORMATION

2.1 Employer.

The name and address of the Employer sponsoring this Plan (the "Employer") are as set forth in Section A.2.1 of the Adoption Agreement. The Adoption Agreement can only be used by a governmental agency that is a state, a political subdivision of a state, or an entity the income of which is excludible from gross income under Section 115 of the Code to establish a plan.

ARTICLE III

ELIGIBLE EMPLOYEES

3.1 Eligible Employees

Each employee of the Employer who is or becomes eligible for post-retirement health care and welfare benefits as specified in such Employer's applicable policies and/or applicable collective bargaining agreements shall become an Eligible Employee hereunder. Dependents of an Eligible Employee shall be entitled to benefits under the Plan after the termination of such Eligible Employee's employment with the Employer (the "Eligible Dependents") to the extent so provided in the applicable policies and/or collective bargaining agreement of the Employer.

3.2 Termination of Eligible Employee or Eligible Dependent Status

An Eligible Employee or Eligible Dependent shall cease to be an Eligible Employee or Eligible Dependent as specified in the Employer's applicable policies and/or applicable collective bargaining agreements.

ARTICLE IV

CONTRIBUTIONS

4.1 Amount of Member Agency Contributions

Eligible Employees and Eligible Dependents are not permitted to make contributions to the Trust, provided however, that nothing herein shall be deemed to (i) prevent the Employer from imposing a charge (including, without limitation, a payroll deduction) for coverage under the Plan, or (ii) prevent the Employer from depositing the proceeds of any such charge to the Trust (provided that such deposit shall be considered an Employer contribution and shall not be segregated within Employer's Agency Account from any other Employer contributions). Each Employer shall from time-to-time contribute to its Agency Account an amount determined by such Employer in its sole discretion. Such amount may, but need not, equal such Employer's "annual required contribution" ("ARC") as determined in accordance with GASB45.

4.2 Administrative Expenses

The Employer may make contributions to its Agency Account sufficient to defray all or part of the expenses of administering the Plan or may pay such expenses directly.

4.3 Allocation of Administrative Expenses

If the Employer chooses not to directly pay the expenses of administering this Plan, such expenses shall be charged against the Agency Account for such Employer.

4.4 Reversions

The Employer shall have the right to a return of contributions from this Plan only if the conditions for such return set forth in the Trust Agreement are satisfied.

ARTICLE V

DISTRIBUTION OF BENEFITS

5.1 Payment of Distribution

Distribution shall only be made to the insurers, third party administrators, health care and welfare providers or other entities providing Plan benefits or services as designated by the Employer, or to the Employer for the reimbursement of Plan benefits and expenses paid by the Employer, or to Eligible Employees or Eligible Dependents for reimbursement of Plan premiums or other Plan benefits paid by the Eligible Employee or Eligible Dependent. The Plan Administrator or its Delegatee shall provide instructions to the Trustee regarding how distributions and reimbursements are to be made.

ARTICLE VI

FUNDING AND INVESTMENT

6.1 Funding and Investment

The assets of the Plan shall be held in the Agency Account of each Employer. In Section A.4.1 of the Adoption Agreement, each Employer shall elect between a discretionary or directed investment approach. If the Employer elects a discretionary investment approach, the Employer shall further elect between the various investment strategies offered in the investment strategy selection and disclosure form. If the Employer elects a directed investment approach, the Employer, in accordance with the Trust Agreement, shall have absolute discretion over the investment of the assets of its Agency Account.

6.2 Type and Nature of Plan and Trust

Neither the faith and credit nor the taxing power of each Employer is pledged to the distribution of benefits hereunder. Except for contributions, earnings and other amounts held in the Trust, no amounts are pledged to the distribution of benefits hereunder. Distributions of benefits are neither general nor special obligations of the Employer, but are payable solely from contributions, as more fully described herein. No employee of any Employer or any other person may compel the exercise of the taxing power by the Employer. Distributions of benefits are not a debt of the Employer within the meaning of any constitutional or statutory limitation or restriction. Distributions are not a legal or equitable pledge, charge, lien or encumbrance, upon any of the Employer's property, or upon any of its income, receipts or revenues.

ARTICLE VII

ADMINISTRATION, AMENDMENT AND TERMINATION OF PLAN

7.1 Designation of Plan Administrator

In Section A.2.2 of the Adoption Agreement, the Employer shall provide the name of the Plan Administrator that has been duly authorized and designated by the governing body of the Employer to act on its behalf in all matters pertaining to the Plan and the Trust pursuant to Section 3.4 of the Trust Agreement. If no name is provided, the Employer is the Plan Administrator. In addition to a Plan Administrator the Employer may designate a Delegatee to perform those activities relating to the Plan as specified in the written appointment of such Delegatee certified to the Trust Administrator. Except where the context requires otherwise, the term "Employer" as used in this Article shall mean the Plan Administrator or Delegatee where responsibility for administration of the Plan has been given to such parties.

7.2 Rules and Regulations

The Employer has full discretionary authority to supervise and control the operation of this Plan in accordance with its terms and may make rules and regulations for the administration of this Plan that are not inconsistent with the terms and provisions hereof. The Employer shall determine any questions arising in connection with the interpretation, application or administration of the Plan (including any question of fact relating to age, employment, compensation or eligibility of Eligible Employees or Eligible Dependents) and its decisions or actions in respect thereof shall be conclusive and binding upon all persons and parties.

The Employer shall have all powers necessary to accomplish its purposes, including, but not by way of limitation, the following:

(a) To determine all questions relating to an Eligible Employee's or Eligible Dependent's eligibility;

(b) To construe and interpret the terms and provisions of the Plan;

(c) To compute, certify to, and direct the Trustee with regard to the amount and kind of benefits payable to health care providers;

(d) To authorize all disbursements from its Agency Account;

(e) To maintain all records that may be necessary for the administration of the Plan other than those maintained by the Trustee; and

(f) To appoint a Plan Administrator or, any other agent, and to delegate to them or to the Trustee such powers and duties in connection with the administration of the Plan as it may from time to time prescribe.

Expenses and fees incurred in connection with the administration of the Plan and the Trust shall be paid from the Trust assets to the fullest extent permitted by law, unless the Employer determines otherwise. The Employer may elect to make contributions to its Agency Account sufficient to defray the expenses of administering the Plan or may pay such expenses directly.

7.3 Amendment and Termination

The Employer shall have the right to amend, modify or terminate the Plan at any time. If an Employer terminates the Plan, the Assets held in its Agency Account shall be distributed by the Trustee as provided in Section 7.3 of the Trust Agreement.

ARTICLE VIII

MISCELLANEOUS

8.1 Nonalienation

An Eligible Employee or Eligible Dependent does not have any interest in the Plan or the Assets held in the Trust. Accordingly, the Trust shall not in any way be liable to attachment, garnishment, assignment or other process, or be seized, taken, appropriated or applied by any legal or equitable process, to pay any debt or liability of an Eligible Employee, Eligible Dependent or any other party.

8.2 Investment

All contributions, interest earned, and any assets of the Plan shall at all times be invested and managed in accordance with the Trust Agreement and the requirements of applicable law.

8.3 Parties to the Plan

Eligible Employees, Eligible Dependents and unions of each Employer are not parties to this Plan. The Plan is only a funding source for such Employer's post-retirement health care and welfare benefits and does not increase the rights of any Eligible Employee, Eligible Dependent or union.

8.4 Confidential Medical Information

Each Employer and its health care providers or other service providers shall not share confidential medical information regarding employees of the Employer with the Plan, the Trustee, or the Trust Administrator.

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Index Number: 115.00-00

[Third Party Communication:
Date of Communication: Month DD, YYYY]

Person To Contact:
Carol Cook, ID No. 50-01497
Telephone Number:
(202) 622-1124

Refer Reply To:
TEGE:EO2
PLR-109285-07

Date:
May 16, 2007

LEGEND

Trust	=	Public Agencies Post-Retirement Health Care Plan Trust
Plan	=	Public Agencies Post-Retirement Health Care Plan Master Plan Document
Trust Agreement	=	Public Agencies Post-Retirement Health Care Plan Trust Document

Dear

This is in reply to a letter dated July 11, 2006, requesting a ruling that the income of Trust is excluded from gross income under § 115(1) of the Internal Revenue Code.

FACTS

Plan provides post retirement health care benefits for the retired employees of public agencies and their dependents. Trust is a multiple employer trust arrangement created in conjunction with Plan to help participating public agencies pre-fund post employment health care and welfare benefits they provide for their retired employees under Plan. Each participating employer must be authorized by its governing body to enter into an adoption agreement under which it agrees to be bound to the terms of Plan and Trust Agreement. Upon signing the adoption agreement the employer becomes a participating employer in Plan. Assets in Plan are held in Trust, pursuant to the Trust Agreement. Each employer's separate portion of the trust is referred to as the employer's agency account. Only a governmental agency that is a state, a political subdivision of a state or an entity the income of which is excludible from gross income under section 115 of the Code can enter into an adoption agreement. Each participating employer has its own benefits plan. The benefits offered by a participating

employer to its employees are those benefits specified in its policies and/or applicable collective bargaining agreements.

As a condition of becoming a participating employer in Plan, the governing body of each new participating public agency must approve the trust administrator and the trustee of Trust. The Trust Agreement provides that the trustee can be removed at any time by the participating employers and that a trustee that resigns or is removed will be replaced by a trustee elected by the participating employers. Further, Trust proposes to amend the Trust Agreement to provide that the trust administrator can be removed at any time by the participating employers, and that subsequent trust administrators will be elected by the participating employers.

Employer contributions are deposited in Trust. In addition, Trust receives income from the investment of contributed funds. Monies received by Trust will be used to pay the cost of providing benefits and administering Plan. At no time will any part of the Trust funds be used for, or diverted to, purposes other than for the exclusive benefit of employees of the participating public agencies and for defraying the expenses of trust administration.

Participating employers can vote to amend or terminate the Trust Agreement at any time. Upon termination of the Trust Agreement, Trust funds allocated to the separate account of a participating employer are distributed to satisfy the employer's obligation to its retirees. Any remaining assets in excess of its obligation to its retirees and its obligation to contribute toward Trust expenses are returned to the participating public agency. Trust proposes to amend the Trust Agreement to provide that in no case will the assets of Trust be distributed upon its dissolution to an entity that is not a state, a political subdivision of state, or an entity the income of which is excluded from gross income under section 115 of the Code.

Trust represents that the following statement will appear in bold type at the top of the first page of Plan and on the first page of every adoption agreement:

"<u>No guaranty that payments or reimbursements to employees, former employees or retirees will be tax-free</u>. The Trust has obtained a ruling from the Internal Revenue Service concerning only the federal tax treatment of the Trust's income. That ruling may not be cited or relied upon by the employer whatsoever as precedent concerning any matter relating to the employer's health plan(s) (including post-retirement health plans). In particular, that ruling has no effect on whether contributions to the employer's health plan(s) or payments from the employer's health plans (including reimbursements of medical expenses) are excludable from the gross income of employees, former employees or retirees, under the Internal Revenue Code. The federal income tax consequences to employees, former employees and retirees depend on the terms and operation of the employer's health plan(s)."

LAW AND ANALYSIS

Section 115(1) of the Code provides that gross income does not include income derived from any public utility or the exercise of any essential government function and accruing to a state or any political subdivision thereof.

In Rev. Rul. 77-261, 1977-2 C.B. 45, income from an investment fund, established under a written declaration of trust by a state, for the temporary investment of cash balances of the state and its participating political subdivisions, was excludable from gross income for federal income tax purposes under § 115(1). The ruling indicated that the statutory exclusion was intended to extend not to the income of a state or municipality resulting from its own participation in activities, but rather to the income of a corporation or other entity engaged in the operation of a public utility or the performance of some governmental function that accrued to either a state or municipality. The ruling points out that it may be assumed that Congress did not desire in any way to restrict a state's participation in enterprises that might be useful in carrying out projects that are desirable from the standpoint of a state government and which are within the ambit of a sovereign properly to conduct. In addition, pursuant to section 6012(a)(2) and the underlying regulations, the investment fund, being classified as a corporation that is subject to taxation under subtitle A of the Code, was required to file a federal income tax return each year.

In Rev. Rul. 90-74, 1990-2 C.B. 34, the Service determined that the income of an organization formed, funded, and operated by political subdivisions to pool various risks (casualty, public liability, workers' compensation, and employees' health) is excludable from gross income under § 115 of the Code. In Rev. Rul. 90-74, private interests neither materially participate in the organization nor benefit more than incidentally from the organization.

Trust provides health benefits to retired employees of the participating employers. Each of Trust's participating employers is required to be a state, a political subdivisions of a state or an entity the income of which is excluded from gross income under § 115(1) of the Code. Providing health benefits to current and former public employees constitutes the performance of an essential government function. Based upon Rev. Rul. 90-74 and Rev. Rul. 77-261, Trust performs an essential governmental function within the meaning of § 115(1) of the Code.

The income of Trust accrues to its participating employers, all of which are political subdivisions or entities the income of which is excluded from gross income under § 115(1) of the Code. No private interests participate in or benefit from the operation of Trust other than as providers of goods or services. The distribution of remaining funds in the separate accounts of the participating employers to their respective employees upon the termination of the Trust Agreement satisfies an obligation the participating employers have assumed with respect to providing health

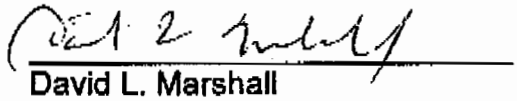
benefits to their employees. The benefit to the participating employees is incidental to the public benefit. See Rev. Rul. 90-74.

Accordingly, Trust's income is excludable from gross income under § 115(1) of the Code. Based on the information and representations submitted by Trust, and provided the proposed amendments to the Trust Agreement relating to the removal and replacement of the trust administrator by the participating employers and the distribution of assets upon the termination of Trust are adopted, we hold that the income of Trust is derived from the exercise of an essential governmental function and will accrue to a state or a political subdivision thereof for purposes of § 115(1).

No opinion is expressed on the classification of Trust as a trust or corporation for federal tax purposes. No opinion is expressed concerning the federal tax consequences of the Trust under any other provision of the Code other than those cited above. In particular, no representation is made regarding the federal tax consequences of contributions to or payments from an employer's health plan(s), including (but not limited to) whether contributions to the plan(s) are excludable from the gross income of employees, former employees or retirees under section 106 and whether payments from the plan(s) (including reimbursements of medical expenses) are excludable from the gross income of employees, former employees or retirees under sections 104 or 105.

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) provides that this ruling may not be used or cited as precedent.

Sincerely,



David L. Marshall
Chief, Exempt Organizations
Branch 2
Division Counsel/Associate Chief Counsel
(Tax Exempt and Government Entities)

Enclosures;
Copy of this letter
Copy for § 6110 purposes

CC: Sunita B. Lough, Director
Office of Federal, State, and Local Governments

O'MELVENY & MYERS LLP

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WASHINGTON, D.C.

July 5, 2007

OUR FILE NUMBER
667,093-3

WRITER'S DIRECT DIAL
949-823-6912

WRITER'S E-MAIL ADDRESS
wjacobsen@omm.com

Mr. Kevin Murphy
Phase II Systems
5141 California Avenue
Suite 150
Irvine, CA 92617-3069

Re: ***Section 115 Trust - IRS Disclaimer***

Dear Kevin:

You requested a brief explanation of the disclaimer that appears in the plan document and adoption agreement for the Public Agencies Post-Retirement Health Care Plan (the "Plan"). We are not advising any other party in this matter. However, we have no objection to your sharing the contents of this letter with any employer that participates or is considering participating in the Plan.

As you know, the trust established under the Plan (the "Trust") has received a favorable ruling from the IRS that the Trust complies with the requirements of Section 115 of the U.S. Internal Revenue Code (the "Code"). The ruling means that the IRS has determined that the Trust's income is exempt from federal income taxes. As a condition of granting its favorable ruling, the IRS requested that the following disclaimer be included in bold type on the first page of both the Plan document and the adoption agreement for the Plan:

> No guaranty that payments or reimbursements to employees, former employees or retirees will be tax-free. The Trust has obtained a ruling from the Internal Revenue Service concerning only the federal tax treatment of the Trust's income. That ruling may not be cited or relied upon by the Employer whatsoever as precedent concerning any matter relating to the Employer's health plan(s) (including post-retirement health plans). In particular, that ruling has no effect on whether contributions to the Employer's health plan(s) or payments from the Employer's health plan(s) (including reimbursements of medical expenses) are excludable from the gross income of employees, former employees or retirees, under the Internal Revenue Code. The federal income tax consequences to

employees, former employees and retirees depend on the terms and operation of the Employer's health plan(s).

The disclaimer is meant to clarify what the ruling **does not** cover. Specifically, it does not cover the tax treatment to retirees under the retiree health programs provided by agencies participating in the Trust. Each agency -- whether or not it participates in the Trust -- determines the terms and conditions of the benefits it provides to its retirees. Thus, each agency separately determines which retirees are eligible, the amount of the benefits, the type of expenses that can be paid, and terms such as copayments and deductibles. The tax treatment to retirees depends on the terms and conditions of the benefits provided to the retirees. Participation in the Trust does not change those terms and conditions, and does not change the tax treatment to retirees.

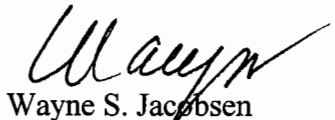
Thus, the IRS disclaimer in the Plan is simply meant to clarify that a ruling on the tax-exempt status of the Trust is entirely unrelated to the issue of whether benefits funded through the Trust will be excludable from the retirees' income. Whether contributions made to fund benefits under a particular employer's health plan are excludable from the employee's income depends on the design and nature of that health plan.

The IRS, of course, could not and did not review the underlying retiree health programs of the agencies participating Trust. Neither the ruling that the Trust satisfied the requirements of Section 115 nor the IRS's disclaimer should be construed as in any way changing the current tax status of these underlying programs.

In our experience, it would be unusual for an agency to seek a ruling concerning the tax consequences to retirees of its particular retiree health program. However, an employer that has concerns about the tax consequences for retirees might consider submitting its plan to the IRS for a ruling on this issue. In any event, employers should consult with their own tax counsel for advice concerning their individual health plans.

As always, feel free to call me with any questions about this letter.

Very truly yours,



Wayne S. Jacobsen
of O'MELVENY & MYERS LLP

WSJ:wff
NB1:714550.2

ATTACHMENT 4

City of Rowlett

November 11, 2014

December 31, 2013 GASB 45 Retiree Medical (OPEB) Valuation Results

Mehdi Riazi, ASA, EA, MAAA

GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
www.gabrielroeder.com

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What is OPEB?

- For Rowlett, Other Post Employment Benefits (OPEB) refer to the City's retiree medical benefits.
- GASB 45 is an accounting standard that aligned accounting for OPEB with existing pension standards.
- Accounting report only
  - Very similar terminology to a TMRS valuation
  - There is no funding requirement

GRS

Key Retiree Medical Provisions

- City pays 100% of the Core Plan premium for as many months as the retiree worked in years. For example, after retiring with 24 years of service with the City, the City will pay for 24 months of premiums.
- Retirees must pay 100% of the premium for dependents.
- Retirees must pay 100% of the premium for dental or vision coverage.

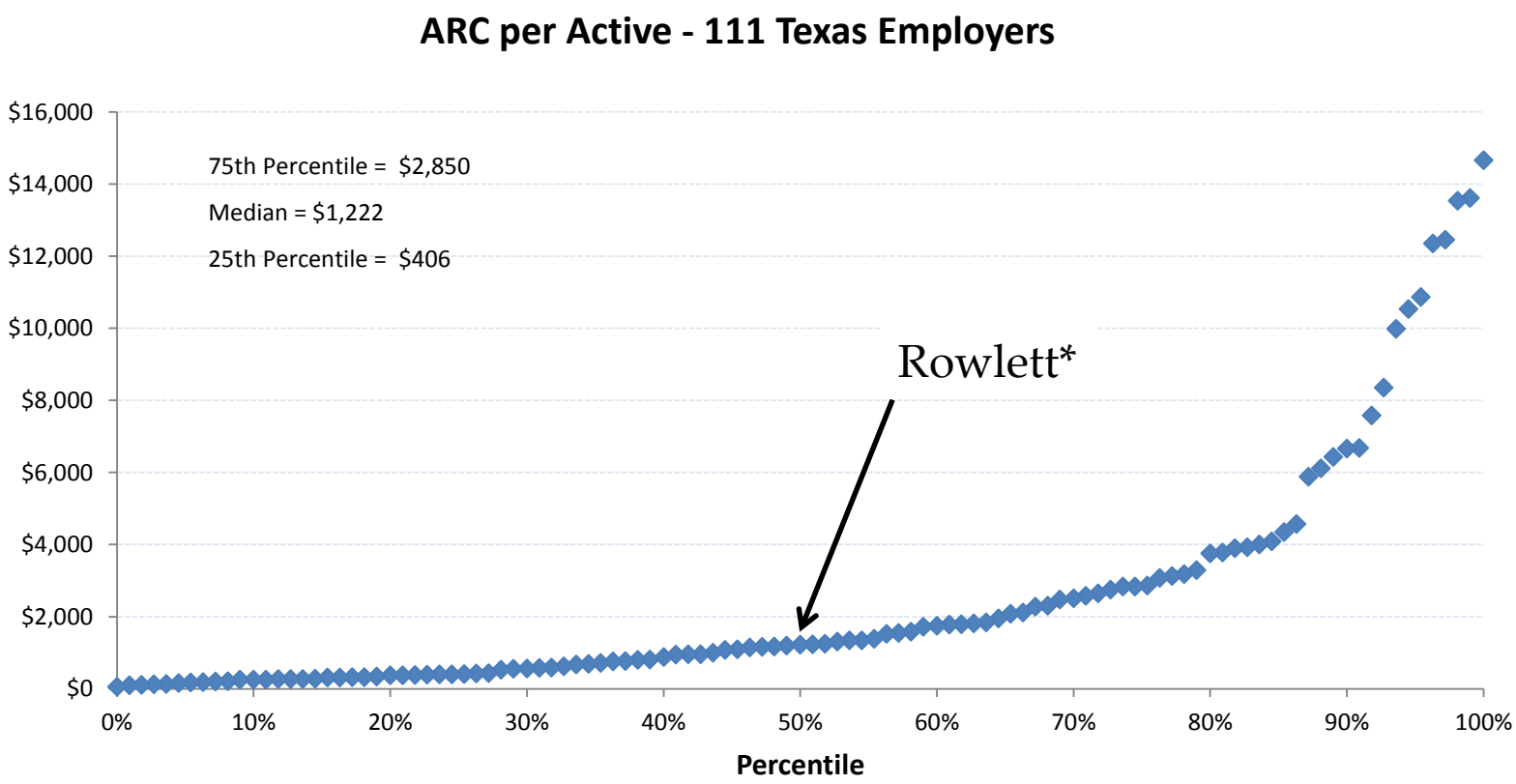
Key Actuarial Measurements

Measurement	Pay-Go	Funding
Discount Rate	4.50%	7.50%
Active AAL	$2,821,000	$2,033,000
Retiree AAL	$612,000	$553,000
Total AAL	$3,433,000	$2,586,000
ARC	$402,000	$332,000

AAL = Actuarial Accrued Liability
ARC = Annual Required Contribution

GRS

Comparison to GRS TX Clients



*ARC per Active for the City of Rowlett is $1,212 as of 12/31/2013

GRS

Impact on the Balance Sheet

- Pension and OPEB accounting rules have shifted their focus. Accountability is no longer focused on whether the employer is making the Actuarially Required Contributions. New focus will be on the unfunded accrued liability.
- Entire TMRS unfunded (using market value of assets) will need to be recognized on the balance sheet as of 9/30/2015. Approximately $8.0 million.
- Unfunded OPEB liability (currently $3.4 million) will hit the balance sheet in FYE18.

GRS

Possible Strategies

- Increase premiums for retirees.
- Move retirees to a private health exchange.
- Cap the City's monthly subsidy at a fixed dollar amount. For example, $500 maximum for all future years.
- The City's current benefit is "middle of the road".
- Prefund the liability.

Arguments for pre-funding

- Favorable accounting impact
- Builds an asset to fund benefits **as they are earned**; promotes intergenerational equity
- Prefunding can substantially reduce the long-term costs
- Demonstrates commitment to secure a promised benefit
- Credit rating

GRS

Arguments against pre-funding

- May limit flexibility in plan design
- Retiree medical subsidies are not guaranteed and are subject to constant review; there is no promise
- Funding may reduce capital available for compensating current employees or city projects
- May prefund a benefit that significantly changes in the future; funding a trust is traditionally viewed as a long-term investment

Choosing an ARC

- The 30-year, level % of payroll ARC decreases from $402,000 using 4.50% to $332,000 using a 7.50% discount rate.
- ARC (in $000s) with Funding discount rate, 7.50%

Funding Period	Level Percent of Pay	Level Dollar
10	$498	$542
20	$371	$423
30	$332	$390

GRS

Proposal for Post Retirement Healthcare Funding Trust Program

City of Rowlett, Texas

November 11, 2014

Mitch Barker
Executive Vice President
(800) 540-6369 x 116
mbarker@pars.org

PUBLIC AGENCY RETIREMENT SERVICES | PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

The 6 Big OPEB Misconceptions

1. Agency is OK because it set aside a reserve in general fund to lower a portion of OPEB liabilities
2. Pre-funding an OPEB trust means that Agency MUST continue to provide retiree health care benefits in the future
3. If Agency pre-funds, they are obligated to make regular contributions into the trust
4. If Agency pre-funds and later decides to eliminate retiree health care, the money will be stuck in the trust because it's irrevocable
5. Funds in the trust can only be used to pay future retiree health care premiums
6. If agency doesn't have the full ARC, they can't get started pre-funding

PUBLIC AGENCY RETIREMENT SERVICES | PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

Irrevocable Trusts – GASB 45

For a contribution to be considered an asset and offset a liability, it must:

- Be in an irrevocable trust
- Be for retiree health care benefits only such as medical, dental, vision, etc.
- Not be accessible by creditors

OPEB Assets may be accessed at <u>ANY TIME</u> for OPEB expenses with these options:

- Retiree health care provider can be paid directly
- Agency can be reimbursed for benefit payments
- Payments can be sent directly to retirees (if OPEB policy allows)
- Agency can be reimbursed for cost of OPEB Actuarial Valuation

PUBLIC AGENCY RETIREMENT SERVICES | PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

Why Should You Pre-fund?

- Pre-funding results in a greater rate of return which in turn lowers liabilities
- *Rule of Thumb:* For every 1% increase in discount rate of return, you lower your liability costs about 10-12%
- Contributions into the trust are "assets" which offsets liabilities on financial statements
- GASB 68 will require agencies to report pension liabilities on their balance sheet in 2015 with OPEB following in the near future (probable 2017?)

PUBLIC AGENCY RETIREMENT SERVICES | PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

Why Should You Pre-fund? (continued)

- Credit rating companies look more favorably on agencies who adopt and pre-fund a Trust. Several clients have received higher credit rating after pre-funding equating to lower borrowing costs
- Agencies with lower liabilities have a better chance to retain some level of retiree health care
- GFOA views OPEB pre-funding as a best practice, stating "*the financing of post-employment benefits as they are earned (i.e., pre-funding v. pay-as-you-go funding) offers significant advantages…*" (Approved by GFOA – 2012)

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TRUSTED SOLUTIONS. LASTING RESULTS.

Impact of Pre-funding*

Financial Summary

Valuation Date: December 31, 2013	Pay-As-You-Go Discount Rate: 4.50%	Percent Change	Pre-funding Discount Rate: 7.50%
Total Present Value of Projected Benefits	$6,603,882	-33.39%	$4,398,876
Actuarial Accrued Liability (AAL)	$3,432,848	-24.68%	$2,585,786
Actuarial Value of Assets	$0	---	$0
Unfunded Actuarial Accrued Liability (UAAL)	$3,432,848	-24.68%	$2,585,786
Normal Cost	$260,426		$177,554
Amortization of UAAL	$142,068		$154,100
Annual Required Contribution (ARC)	$402,494	-17.60%	$331,654
Annual Benefit Payments 2014 (Pay-as-you-Go)	$229,000	---	$229,000

*Based on the actuarial valuation by Gabriel Roeder Smith and Company (Mehdi Riazi) dated September 9, 2014 with a valuation date as of December 31, 2013.

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OPEB Funding Scenarios

1. Put in Full ARC → ***$331,654***

2. Put in Full ARC, then reimburse PAYGO at the End of Year

   → ***$331,654 - $229,000***

3. Put in difference between ARC and PAYGO → ***$102,654***

4. Put in anything → ***???***

Remember: ***Something is always better than nothing!***

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HYPOTHETICAL

AGENCY'S BANK

General Fund

PROJECTED EARNINGS
0.5-0.7%

10X
Potential Earnings

PARS OPEB Fund

PROJECTED EARNINGS
5-7%
LONG TERM, DIVERSIFIED PORTFOLIO, 30 YEAR TIME HORIZON, MARKET VOLATILITY

Doesn't it make good fiscal sense to put some of your money into the OPEB Trust and lower your liabilities?

Past performance is not an indication of future results.

PUBLIC AGENCY RETIREMENT SERVICES | PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

Key Take-A-Ways

1. Pre-funding OPEB lowers liabilities significantly
2. Pre-funding is considered a “best practice” by GFOA and is fiscally prudent
3. OPEB assets are accessible for OPEB expenses at any time
4. Pre-funding does <u>not</u> create a vested right (which is a contractual issue)
5. Pre-funding has no downside other than market volatility (similar to pension)
6. Practical question – When should you start saving for your child’s college education? Early!

Get Started Now!

PUBLIC AGENCY RETIREMENT SERVICES | PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

From: Faith Hermann [mailto:Faith.Hermann@pars.org]
Sent: Monday, April 06, 2015 3:06 PM
Subject: RE: PARS/OPEB

Good afternoon,
As promised, attached please find sample documents in connection with the PARS Section 115 Post-Retirement Health Care Plan/Trust for your consideration. Upon the City taking action, a complete set of signature-ready documents will be provided for execution by the Council-appointed plan administrator.

- Agreement for Administrative Services – The Agreement for Administrative Services contains our standard contract provisions and outlines the services provided and fee structure associated with the program. Please note, our minimum monthly fee of $300 has been waived.

- Master Plan Document – The Master Plan Document is a qualified governmental post-retirement health care plan. The Master Plan Document, together with the variable provisions contained within the Adoption Agreement, outline the provisions of the plan, including eligibility, member agency contributions, reimbursement/distribution of benefits, funding, and investment direction.

- Trust Agreement – The Public Agencies Post-Retirement Health Care Plan Trust is an irrevocable, tax-exempt trust within the meaning of Section 115 of the Internal Revenue Code. The Trust is a multiple employer trust established to provide economies of scale and efficiency of administration. The Trust is divided into separate "agency accounts" to hold the assets used to fund the OPEB obligations of each adopting agency.

- Adoption Agreement – The Adoption Agreement is required for the official adoption of the Master Plan Document and Trust Agreement.

- IRS Private Letter Ruling – The Private Letter Ruling issued on May 16, 2007 addresses the favorable tax-qualified status of the Section 115 Trust. As a condition of granting the PLR, the IRS required certain disclaimer language be added to the Adoption Agreement and Master Plan Document. Attached is a letter our legal counsel prepared for us to share with our agencies explaining the nature of the disclaimer.

Please let me know if you're interested in reviewing the various trustee forms, investment portfolios, and disclosures at this time.

Should you have any questions on the attached materials, or the plan implementation process, please don't hesitate to contact me.

Thank you,

Faith Hermann
Supervisor, Plan Implementation
PARS, Public Agency Retirement Services
(800) 540-6369 x107
fhermann@pars.org www.pars.org

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/15 **AGENDA ITEM**: 7C

TITLE

Consider action to approve a resolution for Task Authorization #GA30 with Grantham & Associates, Inc. in the amount of $57,995.00 for the engineering design of a gravity flow system eliminating the Edgewater Lift Station; authorizing the Mayor to execute the necessary documents for said services.

STAFF REPRESENTATIVE

Tim Rogers, Director of Public Works
Robbin Webber, Assistant Director of Public Works

SUMMARY

This project consists of the elimination of the Edgewater Lift Station and construct approximately 2,300 linear feet of 12 inch sanitary sewer main (gravity) by either open cut or boring.

BACKGROUND INFORMATION

Edgewater Lift Station was installed in 1968. Just recently, due to its age, failures have begun occurring more frequently. This station will be eliminated due to the fact that the old Can-Tex style lift stations are difficult to maintain and have safety issues associated with them due to the requirement of staff having to enter into a confined space.

In September 2014, Grantham & Associates, Inc. was selected by the City to perform a feasibility study to determine if the existing lift station could be eliminated and replaced with gravity sewer.

On December 3, 2014, a recommendation was provided from Grantham & Associates, Inc. to eliminate the Edgewater Lift Station (EWLS) with the replacement of a gravity system. Based on the topographic survey, the gravity line is feasible.

On February 24, 2015, a suction line running from the wet well to the pump enclosure ruptured, causing effluent to discharge into the pump enclosure. It was necessary to rent a bypass pump to ensure continued operations of the lift station. Staff employed Tri-Con Services, Inc. to excavate the area and perform the repair. The Contractor replaced both suction lines while the trench was open as the condition of the second line was showing signs of distress. As a result of the excavation and repairs, the installation of a new concrete pedestal for the SCADA antenna was required. Tri-Con completed the repairs to the infrastructure on April 3, 2015. The total cost for the emergency repairs, which was approved by City Council on April 21, 2015, was in the amount of $127,538.64.

DISCUSSION

Task Authorization #GA30 & Scope of Services (see Exhibit A) provided by Grantham & Associates, Inc. is presented in the amount of $57,995.00 to provide plans and specifications for the construction of a gravity sewer main eliminating the lift station at Edgewater. The City requested a proposal to rehabilitate the Edgewater Lift Station (EWLS); however, the Consultant checked the gravity sewer flow-lines into the EWLS and the Westside Lift Station (WSLS) identifying the potential to eliminate the EWLS with a gravity sewer to the WSLS. Since an alignment study of the gravity system revealed it was feasible, we are subsequently requesting the implementation of Task Authorization #GA30.

The proposed design phase is estimated to be three months subject to alignment approval from the affected property owners. Easement acquisition will add six to nine months to the schedule. The bid and construction phase is estimated to be seven months. The total proposed time from design to final construction is estimated to be 16 to 19 months with a total estimated construction cost of $500,000.00.

FINANCIAL/BUDGET IMPLICATIONS

Funds are available for Task Authorization #GA30 in the amount of $57,995.00 in the Project Code SS2095 – Lift and Pump Stations.

Project Code	Project Title	Budget Amount	Proposed Amount
SS2095	Lift & Pump Stations	$520,511.00	$57,995.00
Total		**$520,511.00**	**$57,995.00**

RESOLUTION

Staff recommends Council adopt a resolution approving Task Authorization #GA30 with Grantham & Associates, Inc. in the amount of $57,995.00 for the engineering design of a gravity flow system and eliminating the Edgewater Lift Station; authorizing the Mayor to execute the necessary documents for said services.

RECOMMENDED ACTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS, APPROVING TASK AUTHORIZATION #GA30 TO THE APPROVED PROFESSIONAL SERVICES AGREEEMENT WITH GRANTHAM & ASSOCIATES, INCORPORATED, IN THE AMOUNT OF $57,995.00 TO PROVIDE CONSTRUCTION PLANS AND SPECIFICATIONS FOR THE ENGINEERING DESIGN OF A GRAVITY FLOW SYSTEM ELIMINATING THE EDGEWATER LIFT STATION; AUTHORIZING THE MAYOR TO EXECUTE THE NECESSARY DOCUMENTS FOR SAID SERVICES; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council has approved a Professional Services Agreement by and between the City of Rowlett and Grantham & Associates, Incorporated for engineering services, and

WHEREAS, the City Council of the City of Rowlett, Texas has been presented Task Authorization #GA30 for plans and specifications for the Edgewater Lift Station – Engineering & Survey to replace the lift station with a gravity sewer main in the amount of $57,995.00, and

WHEREAS, upon full review and consideration of the Agreement, and all matters related thereto, the City Council is of the opinion and finds that the terms and conditions thereof should be approved, and that the Mayor should be authorized to execute Task Authorization #GA30 on behalf of the City of Rowlett, Texas.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS:

Section 1: That the City Council of the City of Rowlett, Texas desires to award Task Authorization #GA30, attached hereto as Exhibit A, entering into a contract with Grantham & Associates, Incorporated for the design of a gravity main sewer line to be designed to eliminate the Edgewater Lift Station and replace it with a gravity system.

Section 2: That the City Council does hereby authorize the Mayor to execute the necessary documents for Task Authorization #GA30, and further authorizes the City Manager or his designee to issue purchase orders to conform to this resolution.

Section 3: This resolution shall become effective immediately upon its passage

ATTACHMENTS

Exhibit A – Task Authorization #GA30 & Scope of Services
Attachment 1 – Location Map

EXHIBIT A

TASK AUTHORIZATION # GA30

Client: City of Rowlett 4301 Industrial Street Rowlett, TX 75088 Attn: Tim Rodgers	**City Project No.:** **Consultant Project No.:** **Date:** 4-9-15

Project Description: Edgewater Lift Station – Engineering & Surveying to Replace with Gravity Sewer

Description of Services:

See Scope of Services in attached proposal

Compensation shall be as follows:

▪ Surveying (Except Easements)	$ 8,825	Lump Sum
▪ City of Dallas Easements	$ 5,010	Cost Plus
▪ Lot 19A Easements (2 @ $850)	$ 1,700	Unit Fee
▪ Lot 19A Easement Acquisition Subconsultant	$ 1,500	Cost Plus
▪ Engineering Services	$ 27,675	Lump Sum
▪ Bidding Services	$ 3,500	Lump Sum
▪ Construction Services	$ 5,985	Cost Plus
▪ G&A Expenses (reproduction, copying, deliveries etc.)	$ 1,900	Lump Sum
▪ SUE Field Locate ($1,900)	$ 1,900	Lump Sum
Total Fee	***$ 57,995***	

Total Contracted Fee	**$ 57,995**

Schedule shall be as follows:

Immediate start

The above described services shall proceed upon return of this Task Authorization. Services will be billed monthly as they are done. All other provisions, terms, and conditions of the agreement for services which are not expressly amended shall remain in full force and effect.

X This Task Authorization will serve as the notice to proceed.

CONSULTANT:

BY: _____

TITLE: President

DATE: 4/9/15

CITY OF ROWLETT:

BY: _____

TITLE: _____

DATE: _____

EXHIBIT A

Grantham & Associates, Inc.
Civil Engineering & Surveying

April 9, 2015

Mr. Tim Rogers
City of Rowlett
3901 Main Street
Rowlett, Texas 75088

Re: Proposal for Edgewater Lift Station Replacement
Surveying and Engineering Services for Gravity Sewer

Dear Mr. Rogers:

Pursuant to your request, Grantham & Associates, Inc. (G&A) has prepared this proposal for surveying and engineering services to replace the Edgewater Lift Station with a gravity sewer line to the Westside Lift Station. An exhibit is included with this proposal to highlight the proposed study corridor.

Scope of Services

The scope of services for this project is outlined below.

Surveying Services

- Call DIGTESS for utility locates and perform a 50' wide topographic and property corner survey of the sewer alignment corridor to supplement to survey previously performed by G&A as part of the feasibility study.

- Prepare a 15' wide utility easement and a 20' wide temporary construction easement for Lot 19R and subcontract with ASC Properties, Inc. to meet with the property owner and negotiate the easement acquisition.

DWU Easement Services

- Prepare a 15' wide utility easement and a 30' wide temporary construction easement for the City of Dallas using their available Lake Ray Hubbard monuments, meet with Dallas Water Utilities to review the project, and coordinate with the Dallas Survey Department to address comments. One meeting with DWU staff is included.

Engineering Services

- Prepare construction plans and bid documents for approximately 1,850 linear feet of new 12" sanitary sewer from the Edgewater Lift Station to the West Side Lift Station and for the Edgewater Lift Station abandonment. G&A will prepare an Erosion Control Plan and the contractor will be required to prepare a SWPPP. G&A will prepare a general Traffic

Control and Construction Sequencing Plan for Edgewater Drive, and the contractor will be required to submit a detailed Traffic Control Plan.

- Provide the engineering documentation for a TxDOT permit which will be requested by the City for the Highway 66 crossing.

Franchise Utility Coordination Services

- Furnish progress plans to the franchise utilities for their review. Coordination with franchise utilities as outlined in the City's procedures dated 2/2/15 will be handled by the City.

Bidding Services

- Attend a prebid meeting, distribute drawings and contract documents to bidders and plan rooms, address contractor questions and issue addenda during bidding, attend the bid opening, tabulate the bids, contact the low bidder's references, and prepare a letter of recommendation to the City for the contract award.

Construction Services

- Review contractor submittals, coordinate with the contractor if corrections are required, and stamp the approved submittals.

- Submit conformed bid documents to the City and contractor for signature and bonds, attend a preconstruction conference, and provide the City and contractor with conformed drawings for construction purposes.

- Address City and contractor questions during construction, attend one project meeting per month, and make one site observation visit per month.

- Review contractor pay requests for mathematical correctness, coordinate with the contractor if corrections are required, and sign the approved pay requests.

- Perform a final walk through with the City and the contractor, and assist the City inspector in preparing a punch list.

- Prepare record drawings based on red-line markups furnished by the City inspector and the contractor. No field surveying will be performed in order to prepare Record Drawings.

Additional Services

- Attend project meetings and/or make site visits during construction above the number specified. Attend either a public meeting or a City Council meeting, and/or assist in either preparing or making a Council presentation.

Assumptions

- No geotechnical services, environmental investigation, or tree survey services have been included, and condemnation will not be required to obtain the easement from Lot 19A.

Fee Summary

The proposed fee is included in the manhour estimate provided in Exhibit A. Lump Sum fees are proposed except where noted as a per Unit Fee or a Cost Plus reimbursable fee. The Cost Plus fees provided will be invoiced in accordance with G&A's 2015 Standard Rate Schedule and will not be exceeded without prior written approval of the City.

• Surveying (Except Easements)	$ 8,825	Lump Sum
• City of Dallas Easements (2 @ 2,505)	$ 5,010	Cost Plus
• Lot 19A Easements (2 @ $850)	$ 1,700	Unit Fee
• Lot 19A Easement Acquisition Subconsultant	$ 1,500	Cost Plus
• Engineering Services	$ 27,675	Lump Sum
• Bidding Services	$ 3,500	Lump Sum
• Construction Services	$ 5,985	Cost Plus
• G&A Expenses (reproduction, copying, deliveries etc.)	$ 1,900	Lump Sum
• SUE Field Locate (1)	$ 1,900	Lump Sum
Total Fee	***$ 57,995***	

Notes:

1. G&A has prepared an Opinion of Probable Construction Cost (OPCC) of $490,728 for this project which is provided in Exhibit B.

2. Howard Zielke with ASC Properties, Inc. is the easement acquisition subconsultant; his rate is $85 per hour plus expenses.

Please contact me if you have any questions regarding this proposal.

Very truly yours,

Bruce Grantham, P.E.
President

Attachments

H:\WPDOCS\PROPOSAL\ROWLETT\EDGEWATER LIFT STATION GRAVITY SEWER DESIGN\PROPOSAL.DOC

EXHIBIT A

EDGEWATER LIFT STATION - REPLACEMENT WITH GRAVITY SEWER

MANHOUR PROJECTION

April 9, 2015

	ESTIMATED MANHOURS							
	Project Principal $200	Senior Engineer $165	Design Technician $105	CADD Technician $65	Admin $60	Survey Manager $115	Survey Crew $115	TOTAL
TASK DESCRIPTION								
SURVEYING SERVICES (EXCEPT EASEMENTS)								
LOCATE PROPERTY CORNERS & DALLAS LAKE MONUMENTS						8	8	16
SET DOWN PROPERTIES IN CADD FILE		1		8		8		17
CALL DIGTESS & TIE MARKERS						1	4	5
TOPOGRAPHIC SURVEY		1				1	26	28
PROCESS SURVEY DATA				4				4
PREPARE CADD FILE		1		10		4		15
SUBTOTAL SURVEYING HOURS	0	3	0	22	0	22	38	85
SUBTOTAL SURVEYING COST	$0	$495	$0	$1,430	$0	$2,530	$4,370	$8,825
DWU EASEMENTS (2)								
EASEMENT DOCUMENT PREPARATION		1		16		12		29
CITY & DWU COORDINATION	1	10				5		16
SUBTOTAL DWU EASEMENTS HOURS	1	11	0	16	0	17	0	45
SUBTOTAL DWU EASEMENTS COST	$200	$1,815	$0	$1,040	$0	$1,955	$0	$5,010
ENGINEERING SERVICES								
PREPARE 30% PLANS	4	10	8	16				38
CITY MEETING - 30% PLAN SUBMITTAL		3	1					4
REVISE PLANS PER CITY COMMENTS	2	6	4	12				24
PREPARE 90% PLANS	4	16	16	40				76
UPDATE OPINION OF PROBABLE COST	3	3	1					7
CITY MEETING - 90% PLAN SUBMITTAL		3	1					4
REVISE PLANS PER CITY COMMENTS	2	6	4	8				20
PREPARE 100% PLANS	4	8	4	8				24
FINAL QUANTITY TAKEOFF	1	4	1	4				10
ENGINEER'S OPINION OF PROBABLE COST	3	3	1					7
PREPARE BID DOCUMENTS	1	4			4			9
FINAL QA/QC AND SUBMIT PLANS AND BID DOCUMENTS	4	2	2	4	2			14
SUBTOTAL ENGINEERING SERVICES HOURS	28	68	43	92	6	0	0	237
SUBTOTAL ENGINEERING SERVICES COST	$5,600	$11,220	$4,515	$5,980	$360	$0	$0	$27,675

EXHIBIT A

EXHIBIT A

EDGEWATER LIFT STATION - REPLACEMENT WITH GRAVITY SEWER

MANHOUR PROJECTION

April 9, 2015

ESTIMATED MANHOURS

	Project Principal $200	Senior Engineer $165	Design Technician $105	CADD Technician $65	Admin $60	Survey Manager $115	Survey Crew $115	TOTAL
BIDDING SERVICES								
ISSUE PLANS AND BID DOCUMENTS TO CONTRACTORS		2	2	4				8
ATTEND PRE-BID CONFERENCE		3						3
PREPARE ADDENDA	1	2			2			5
RESPOND TO CONTRACTOR BID QUESTIONS	2	4			2			8
PREPARE BID TABULATION AND RECOMMENDATION FOR AWARD		1	2					3
SUBTOTAL BIDDING SERVICES HOURS	3	12	4	4	4	0	0	27
SUBTOTAL BIDDING SERVICES COST	$600	$1,980	$420	$260	$240	$0	$0	$3,500
CONSTRUCTION SERVICES								
PREPARE FOR-CONSTRUCTION PLANS		1		1	4			6
REVIEW CONSTRUCTION SUBMITTALS	1	4						5
ATTEND PRECONSTRUCTION MEETING		3						3
ATTEND CONSTRUCTION MEETINGS (UP TO 3)	1	6						7
REVIEW CONTRACTOR PAYMENT APPLICATIONS		6						6
ADDRESS CONTRACTOR & CITY QUESTIONS	1	6	1	1	4			13
PREPARE RECORD DRAWINGS	1	2		4	1			8
SUBTOTAL CONSTRUCTION SERVICES HOURS	4	27	1	5	5	0	0	42
SUBTOTAL CONSTRUCTION SERVICES COST	$800	$4,455	$105	$325	$300	$0	$0	$5,985

Fee Summary

SURVEYING SERVICES (EXCEPT EASEMENTS)	$	8,825
DWU EASEMENTS (2)	$	5,010
LOT 19A EASEMENTS (2 @ $850)	$	1,700
LOT 19A EASEMENT ACQUISITION SUBCONSULTANT	$	1,500
ENGINEERING SERVICES	$	27,675
BIDDING SERVICES	$	3,500
CONSTRUCTION SERVICES	$	5,985
G&A EXPENSES (reproduction, copying, deliveries etc.)	$	1,900
SUE FIELD LOCATE (1)	$	1,900
TOTAL	**$**	**57,995**

EXHIBIT A

EXHIBIT B

EDGEWATER 12" SANITARY SEWER & LIFT STATION REMOVAL

ROWLETT, TEXAS

April 9, 2015

ITEM NO.	DESCRIPTION	UNITS	TOTAL QUANTITY	UNIT COST	TOTAL COST
1	MOBILIZATION	LS	1	$ 25,000.00	$ 25,000
2	TRAFFIC CONTROL	LS	1	$ 10,000.00	$ 10,000
3	EROSION CONTROL	LS	1	$ 6,000.00	$ 6,000
4	REMOVE TREE	EA	4	$ 500.00	$ 2,000
5	TRENCH SAFETY	LF	1,633	$ 1.50	$ 2,450
6	12" SANITARY SEWER BY OPEN CUT	LF	1,633	$ 60.00	$ 97,980
7	12" SANITARY SEWER BY JACK AND BORE WITH STEEL CASING	LF	155	$ 650.00	$ 100,750
8	CONSTRUCT 4' MANHOLE	EA	9	$ 5,500.00	$ 49,500
9	CONNECT TO EXISTING MANHOLE	EA	1	$ 750.00	$ 750
10	REMOVE AND REPLACE CONCRETE PAVEMENT	SY	590	$ 90.00	$ 53,100
11	REMOVE AND REPLACE CHAINLINK FENCE	LF	90	$ 15.00	$ 1,350
12	DECOMMISION LIFT STATION	LS	1	$ 15,000.00	$ 15,000
13	SODDING	SY	2,900	$ 4.00	$ 11,600

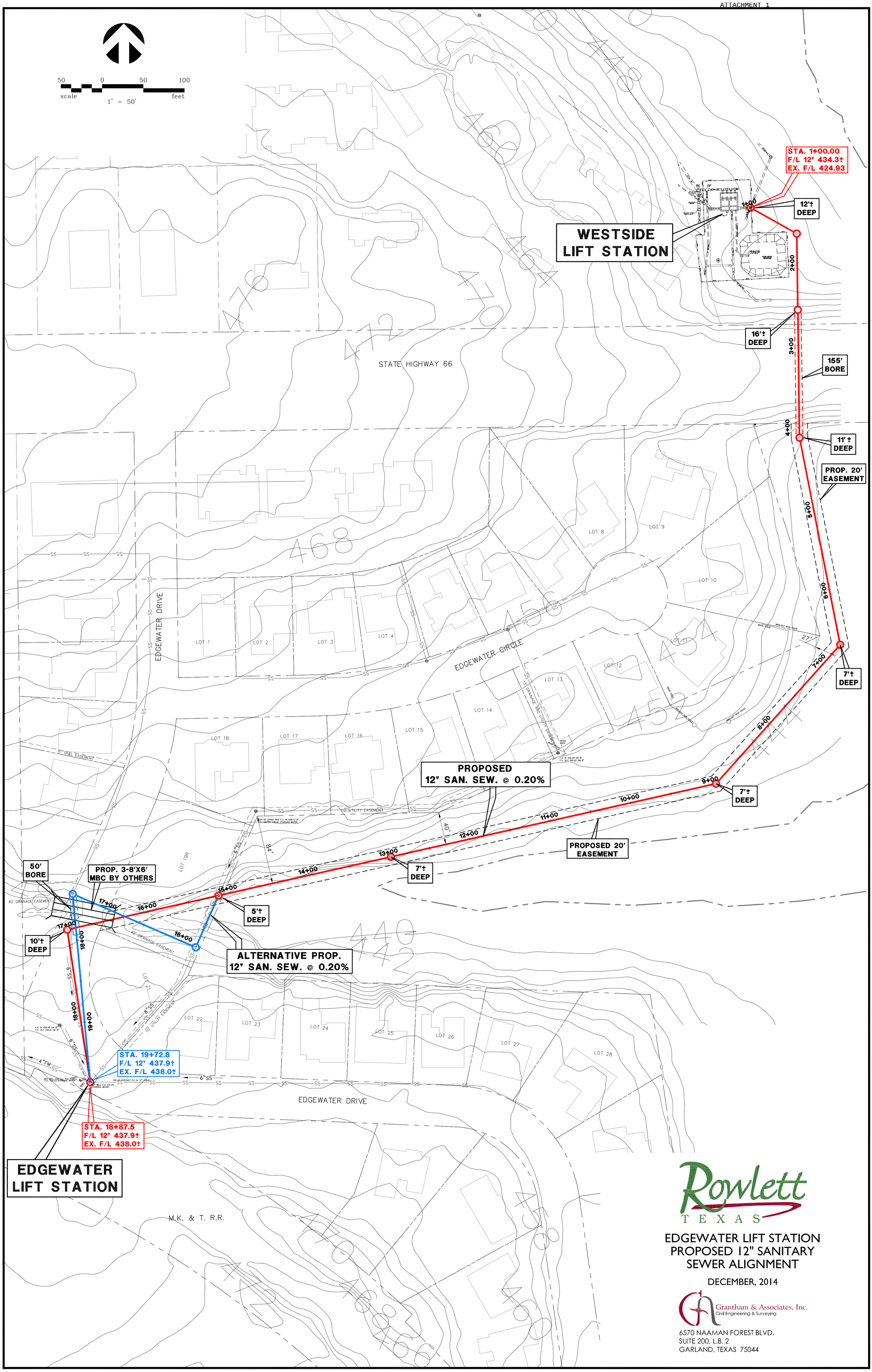
ALTERNATE ALIGNMENT

1	TRENCH SAFETY	LF	35	$ 1.50	$ 53
2	12" SANITARY SEWER BY OPEN CUT	LF	35	$ 60.00	$ 2,100
3	12" SANITARY SEWER BY JACK AND BORE WITH STEEL CASING	LF	50	$ 650.00	$ 32,500
4	CONSTRUCT 4' MANHOLE	EA	1	$ 5,500.00	$ 5,500

SUBTOTAL	$	375,480
ALTERNATE ALIGNMENT SUBTOTAL	$	40,153
CONSTRUCTION CONTINGENCY (20%):	$	75,096
TOTAL OPINION OF PROBABLE CONSTRUCTION COST:	**$**	**490,728**

EXHIBIT A

ATTACHMENT 1



City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/15 **AGENDA ITEM**: 7D

TITLE

Consider action to approve a resolution for the purchase of 1,634 Sensus water meters and 350 MXU's from Aqua Metric Sales Company in the amount of $264,507.82.

STAFF REPRESENTATIVE

Tim Rogers, Director of Public Works
Jake Gilliland, Utility Operations Manager

SUMMARY

The purpose of this item is to purchase meters for the 12 year replacement program and the replacement of the required MXU's that provide the radio read capabilities in accordance with the schedule discussed at the June 3, 2014, City Council Work Session.

BACKGROUND INFORMATION

Historically, the acquisition of meters has been inconsistent over the previous ten-year period. In three years (FY2004-FY2006), the City contracted to replace nearly 60 percent of all of its water meters and converted 100 percent of all water meters to "radio read." During a five-year period (FY2007-FY2011), no active replacement program existed as the City had just replaced nearly 60 percent of all of its water meters. As a result, only nine percent were replaced during this timeframe and primarily included the replacement of broken items or the installation of new meters resulting from construction.

On August 16, 2011, staff made a presentation regarding an increasing number of water meter failures and the impact on the City's revenues. During the Regular Session, City Council approved a resolution for the purchase of 1,476 Sensus meters from Aqua Metric Sales Company.

On June 19, 2012, City Council adopted Resolution Number RES-063-12, approving the purchase of 2,735 Sensus water meters. The policy at this time was based on a ten-year replacement/purchase schedule.

Staff determined that the previous ten-year replacement program was too aggressive and created inconsistent demands on the budget. At the June 3, 2014, Work Session, staff proposed the adoption of a 12-year replacement program. City Council reached consensus on the new plan and directed staff to implement it going forward.

DISCUSSION

It has become necessary to purchase more meters at this time to continue our meter replacement program. Staff is continuing the implementation of the 12-year meter replacement program agreed upon by Council at their June 3, 2014, Work Session.

The City currently has 20,018 meters installed, 333 additional meters from last year, throughout the City of various sizes and ages. According to the Texas Commission on Environmental Quality (TCEQ) and the American Water Works Association (AWWA) guidelines, meters should be tested and/or replaced at least every ten to 12 years. In order to avoid the large spikes in meter purchases as occurred in 2005, staff has developed a more consistent purchasing schedule over a 12-year period. According to the AWWA, a small residential meter is accurate if it measures plus or minus 1.5 percent of all the water passing through it. Over time, there is substantial water loss through meters based on the age of a meter. As a result, there is a direct correlation to the loss of water and revenues collected by the data recorded from the meter. As the meters age, the failure is typically in favor of the customer; therefore revenue will decline. Continued implementation of our meter replacement program will not only show a decrease in apparent loss, but also helps stabilize our revenue stream.

FINANCIAL/BUDGET IMPLICATIONS

Funding in the amount of $54,672 is included in the FY2015 budget for the first of five lease-purchase payments for water meters in project code WA2106, Capital Equipment Leasing. The first annual payment will be due on July 10, 2015, and on the same month and day for each subsequent year thereafter.

Project Code	Account or Project Title	Budget Amount	Proposed Amount
WA2106	Capital Equipment Leasing	$531,107.00	$54,672.45
Total		**$531,107.00**	**$54,672.45**

RECOMMENDED ACTION

City staff recommends City Council adopt a resolution approving the purchase of 1,634 Sensus water meters and 350 MXU's from Aqua Metric Sales Company in the amount of $264,507.82 for Meter Services for the City of Rowlett.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS, APPROVING THE PURCHASE OF 1,634 SENSUS WATER METERS AND 350 MXU'S FROM AQUA METRIC SALES COMPANY IN THE AMOUNT OF $264,507.82; AUTHORIZING THE ISSUANCE OF PURCHASE ORDERS PURSUANT TO APPROVAL; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, it is necessary to purchase water meters to replace those that are currently failing for Rowlett's water meter replacement program for the citizens of the City of Rowlett; and

WHEREAS, Aqua Metric Sales Company is the sole provider of Sensus water meters in the Texas region; and

WHEREAS, competitive bids are not necessary for this purchase since this is a sole source purchase as per Texas Local Government Code Section 252.022(a)(7); and

WHEREAS, this is part of a twelve-year strategic plan for water meter replacement; and

WHEREAS, competitive bids to secure five-year financing for this purchase will be considered; and

WHEREAS, the City Council of the City of Rowlett, Texas desires to approve the purchase of 1,634 Sensus water meters and 350 MXU's from Aqua Metric Sales Company in the amount of $264,507.82 for meter services for the City of Rowlett.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS:

Section 1: The City Council of the City of Rowlett, Texas, does hereby approve the purchase of 1,634 Sensus water meters and 350 MXU's from Aqua Metric Sales Company in the amount of $264,507.82 for meter services for the City of Rowlett.

Section 2: The City Council does hereby authorize the City Manager or his designee to issue purchase orders for said purchase to conform to this resolution as appropriate.

Section 3: This resolution shall become effective immediately upon its passage.

ATTACHMENT

Attachment 1 – Aqua Metric Quote

[redacted]

Aqua Metric Sales Company
6700 Guada Coma Dr.
Schertz, Texas 78154
Phone: (210) 967-6300
Fax: (210)967-6305

23-Mar-15

Quote for: **City of Rowlett**
Attn: Jake Gilliland
jgilliland@rowlett.com

Quantity	Description	Standard Price	Extended Price
1348	5/8” x 3/4” SRII TRPL USG Low Lead	$120.39	$162,285.72
75	3/4” SL SRII TRPL USG Low Lead	$157.08	$11,781.00
200	1” SRII TRPL USG Low Lead	$206.81	$41,362.00
8	1 1/2” Omni R2 Meter	$466.26	$3,730.08
3	3” Omni T2 Turbo Meter	$1,116.34	$3,349.02
350	MXU 520M Single Port	$120.00	$42,000.00
		Total:	**$264,507.82**

No charge for freight for orders over $5,000
A 25% restocking fee will be applied to all return meters
Net 30 days to pay.
Prices quoted are good for 90 days

Cory Brooks
Inside Sales, Texas Division
Aqua-Metric Sales Company
cory.brooks@aqua-metric.com

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/15 **AGENDA ITEM**: 7E

TITLE

Consider action to approve a resolution accepting the bid of and awarding a contract to Clayton Holdings, LLC in the amount of $273,362.25, utilizing an interest rate of 1.56 percent for the five year lease-purchase financing of water meters and authorizing the City Manager, after City Attorney approval, to execute the necessary documents for said purchase.

STAFF REPRESENTATIVE

Tim Rogers, Director of Public Works
Allyson Wilson, Purchasing Agent

SUMMARY

The purpose of this item is to provide five year lease-purchase financing for the purchase of water meters for the Public Works Department.

BACKGROUND INFORMATION

Historically, the acquisition of meters has been inconsistent over the previous ten-year period. In three years (FY2004-FY2006), the City contracted to replace nearly 60 percent of all of its water meters and converted 100 percent of all water meters to “radio read”. During a five-year period (FY2007-FY2011), no active replacement program existed as the City had just replaced nearly 60 percent of all of its water meters. As a result, only nine percent were replaced during this timeframe and primarily included the replacement of broken items or the installation of new meters resulting from construction.

August 16, 2011, staff made a presentation regarding an increasing number of water meter failures and the impact on the City’s revenues. During the Regular Session, City Council approved a resolution for the purchase of 1,476 Sensus meters from Aqua Metric Sales Company.

On June 19, 2012, City Council adopted Resolution Number RES-063-12, approving the purchase of 2,735 Sensus water meters. The policy at this time was based on a ten-year replacement/purchase schedule.

Staff determined that the previous ten-year replacement program was too aggressive and created inconsistent demands on the budget. At the June 3, 2014, Work Session, staff proposed the adoption of a 12-year replacement program. City Council reached consensus on the new plan and directed staff to implement it going forward.

The purchase of water meters in the amount of $264,507.82 from Aqua Metric Sales Company is also on tonight’s agenda for consideration of approval.

DISCUSSION

The Purchasing Division has obtained competitive sealed bids for the five year lease-purchase financing of the water meters.

Notice to bidders for the five year lease-purchase financing was advertised in the *Rowlett Lakeshore Times* on April 9 and 16, 2015. The bid documents were also placed on the City website. Sealed bids were received in the Purchasing Office until 2:00 p.m., April 23, 2015, and then publicly opened and read aloud in the City Annex Conference Room in accordance with Texas Local Government Code.

Bids were received from five vendors ranging in price from $273,362.25 to $280,760.85. The low bid is from Clayton Holdings, LLC in the amount of $273,362.25, utilizing an interest rate of 1.56 percent. The annual payment is $54,672.45, which will be due beginning July 10, 2015, and on the same month and day for each subsequent year thereafter.

A bid summary is shown below:

- $273,362.25 (1.560%) Clayton Holdings, LLC/Commerce Bank
- $273,387.40 (1.554%) US Bancorp Leasing & Finance, Incorporated
- $273,418.70 (1.570%) Branch Banking and Trust Company (BB&T)
- $274,600.05 (1.780%) Pinnacle Public Finance, Incorporated
- $280,760.85 (2.840%) KS State Bank/Baystone

The City of Rowlett has conducted business previously with Clayton Holdings, LLC and currently has a negotiated contract in place for leasing transactions. City Attorney David Berman will review the agreement and approve prior to execution by the City Manager.

The cost of the financing is $8,854.43 for the five year term of the lease.

FINANCIAL/BUDGET IMPLICATIONS

Funding in the amount of $54,672 is included in the FY2015 budget for the first of five lease-purchase payments for water meters in project code WA2106, Capital Equipment Leasing. The first annual payment will be due on July 10, 2015, and on the same month and day for each subsequent year thereafter.

Project Code	Account or Project Title	Budget Amount	Proposed Amount
WA2106	Capital Equipment Leasing	$531,107.00	$54,672.45
Total		**$531,107.00**	**$54,672.45**

RECOMMENDED ACTION

City staff recommends the City Council adopt a resolution accepting the bid of and awarding a contract to Clayton Holdings, LLC in the amount of $273,362.25, utilizing an interest rate of 1.56 percent for the five year lease-purchase financing of water meters and authorizing the City Manager, after City Attorney approval, to execute the necessary documents for said purchase.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS, ACCEPTING THE BID OF AND AWARDING A CONTRACT TO CLAYTON HOLDINGS, LLC IN THE AMOUNT OF $273,362.25 UTILIZING AN INTEREST RATE OF 1.56 PERCENT FOR THE FIVE YEAR LEASE-PURCHASE FINANCING OF WATER METERS; AND AUTHORIZING THE CITY MANAGER, AFTER CITY ATTORNEY APPROVAL, TO EXECUTE THE NECESSARY DOCUMENTS FOR SAID PURCHASE AND THE ISSUANCE OF PURCHASE ORDERS PURSUANT TO APPROVAL; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, it is necessary to lease-purchase finance the water meters over a five year term; and

WHEREAS, the Purchasing Division has obtained competitive bids and recommends the bid award for five year lease-purchase financing of the water meters to Clayton Holdings, LLC, who is the lowest bidder meeting specifications as per Bid # 2015-54; and

WHEREAS, the City Council of the City of Rowlett, Texas desires to award the bid to Clayton Holdings. LLC in the amount of $273,362.25 utilizing an interest rate of 1.56 percent and annual payments of $54,672.45.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS:

Section 1: That the City Council of the City of Rowlett does hereby accept the bid of and award a contract to Clayton Holdings, LLC for the five year lease-purchase financing in the amount of $273,362.25 utilizing an interest rate of 1.56 percent for the purchase of water meters.

Section 2: That the City Council of the City of Rowlett does hereby authorize the City Manager, after City Attorney approval, to execute the necessary documents for said financing, and to issue purchase orders, to conform to this resolution as appropriate.

Section 3: This resolution shall become effective immediately upon its passage.

ATTACHMENT

Exhibit A – Bid Tabulation

Bid #2015-54 – 5 Year Lease Purchase Financing of Water Meters - Bid Tabulation
4004 Main St., Rowlett, TX 75088
Purchasing Phone - 972/412-6189 - Fax 972/412-6144
4/23/2015

			KS StateBank/Baystone Government Finance	BB&T	Clayton Holdings LLC
			Christina Ummel	Mary Parrish Coley	Frank D. Hill
			800-752-3562	704-954-1799	785-587-1541
		Addendum 1 Acknowledged?	Yes	Yes	Yes
		Amortization schedule?	Yes	Yes	Yes
		Sample lease agreement?	Yes	Yes	Yes
ITEM					
NO.	**QTY**	**DESCRIPTION**			
1.	1 Ea	Finance $264,507.82 for 5 years **First payment due 7/10/2015**			
		Effective Interest Rate:	2.84%	1.57%	1.56%
		Payment Factor:	0.212289		0.206695
		Annual Payment:	$ 56,152.17	$ 54,683.74	**$ 54,672.45**
		Other costs:	0	0	0
		Describe other costs:			
		TOTAL 5 YEAR COST	$ 280,760.85	$ 273,418.70	**$ 273,362.25**
		Cost of financing:	$ 16,253.03	$ 8,910.88	**$ 8,854.43**

Bid #2015-54 – 5 Year Lease Purchase Financing of Water Meters - Bid Tabulation
4004 Main St., Rowlett, TX 75088
Purchasing Phone - 972/412-6189 - Fax 972/412-6144
4/23/2015

			Pinnacle Public Finance Inc.	US Bancorp Gov. Leasing & Finance Inc.
			Blair Swain	Tasha Barreau
			480-419-3634	303-585-4053
		Addendum 1 Acknowledged?	Yes	No
		Amortization schedule?	Yes	Yes
		Sample lease agreement?	No	No
ITEM				
NO.	**QTY**	**DESCRIPTION**		
1.	1 Ea	Finance $264,507.82 for 5 years **First payment due 7/10/2015**		
		Effective Interest Rate:	1.78%	1.554%
		Payment Factor:	0.207631	0.206714
		Annual Payment:	$ 54,920.01	$ 54,677.48
		Other costs:	0	
		Describe other costs:		
		TOTAL 5 YEAR COST	$ 274,600.05	$ 273,387.40
		Cost of financing:	$ 10,092.23	$ 8,879.58

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: May 19, 2015 **AGENDA ITEM**: 7F

TITLE

Consider action to approve a resolution selecting Play by Design as our consultant to provide professional playground design and construction services for the Kids Kingdom project in the amount of $53,300 and authorizing the City Manager, after City Attorney approval, to execute the necessary documents.

STAFF REPRESENTATIVE

Jermel Stevenson, Director of Parks and Recreation
Keith Flournoy, Parks Division Manager

SUMMARY

On Saturday, May 9th, Rowlett citizens voted to approve all three ballot issues related to the sale of bonds for capital improvements. Proposition #2 – Parks was approved by 81.2 percent of the voters representing 1,984 voters saying yes to the proposed park improvements. On June 9th, City staff will submit a recommendation to prioritize the entire slate of projects over the next three years. However, based on public comments and Council discussion, staff is proposing to move forward with the design/build of Kids Kingdom prior to that discussion. The purpose of this item is to select Play by Design to help build Kids Kingdom and to begin the planning and acquisition of the various pieces as quickly as possible.

BACKGROUND INFORMATION

Notice to bidders for the Request for Qualifications from qualified consultant firms interested in providing professional playground design and construction services for the City of Rowlett Kids Kingdom project was advertised in the *Rowlett Lakeshore Times* on November 6 and 13, 2014. The RFQ documents were also placed on the City website. Sealed competitive qualifications were received in the Purchasing Office until 2:00 p.m., November 20, 2014, and then the names of the competitors were publicly announced in the City Annex Conference Room in accordance with Texas Local Government Code.

Qualifications were received from two firms: Play by Design and Leathers and Associates. City staff rated the firms according to the evaluation criteria provided in the RFQ documents.

Evaluation Criteria

Each firm was scored on the following areas:

1. Qualifications 20%
2. Submissions 10%
3. Team 10%

4. Projects 35%
5. Presentation 25%

Scoring for the firms are as follows:

100 Play by Design
90 Leathers and Associates

On November 20, 2014, through the RFQ process, Play by Design (PBD), a playground design firm, was selected as our consultant for the Kids Kingdom project and to lead us through the Design Day process. At the December 2, 2014, City Council Work Session, an update was presented to City Council relative to the outcome of the RFQ and a Design Day date. At the December 12, 2014, Parks Advisory Board meeting, it was announced that Play by Design was the vendor selected for the Design Day event and that PBD would be providing us with a schematic drawing and an estimate for the construction of the new playground.

On January 5, 2015, approximately 6,000 letters were sent home with students from all of the elementary schools in Rowlett. The students were asked to submit drawings of what they would like their new Kids Kingdom to look like. They were also invited to come with their parents on the evening of January 16, 2015, to the Rowlett High School cafeteria for the unveiling of the design concept for the new Kids Kingdom. On January 12, 2015, staff along with assistance from Councilmember Debby Bobbitt collected the drawings from the schools and they were given to the designers from PBD on January 15, 2015. On the morning of January 16, 2015, staff, Park Advisory Board members and volunteers were assigned to visit all of the elementary schools in Rowlett along with two of the designers from PBD. At the schools the children were assembled into the auditoriums and gyms where we were introduced as a part of the design team that will be leading the building of the new Kids Kingdom, which will be inspired and designed by them. During the assemblies the children were able to give suggestions and ideas about the new Kids Kingdom and submit their drawings if they had not. After the school visits concluded, the designers from PBD spent the remainder of the afternoon sorting through nearly 600 submitted drawings to come up with a design that would closely resemble what the children had submitted and expressed relative to the look of our new Kids Kingdom.

Staff, Parks Advisory Board members and volunteers met at the Rowlett High School to set up for the design unveiling event and posted the 600 playground drawings up for the families to see when they arrived. The event was scheduled to begin at 6:00pm and entertainment and refreshments were provided. We had nearly 600 children and adults come out for the unveiling. Approximately three weeks after the Design Day, PBD presented a final conceptual drawing of the design along with a parts and price list for the playground. The estimated cost for the playground is $750,000.

At the January 20, 2015 City Council Work Session, members of the Parks Advisory Board provided an update on the fundraising efforts and future fundraising plans based on cost estimates. They asked for clarification regarding the $100,000 allotted by the City and whether it was “matching" funds. It was explained that the $100,000 did not require a match, however fundraising was encouraged. Due to time constraints and the need for additional discussion relative to the cost, City Council decided to meet with the Parks Advisory Board at a later date.

On February 10, 2015, City Council was presented with the results of the Design Day and the final design for Kids Kingdom along with the cost. It was also communicated to Council the recommendations of the Parks Advisory Board for poured-in-place rubber surfacing and to phase in specific amenities through fundraising. Concern was expressed about the larger size of the final design compared to the original playground. Staff explained the design and cost was based on the requested elements by the children during the design day process. Council agreed with the Parks Advisory Board's recommendation and it was decided that funds be raised for five specific elements of the playground for a total cost of $92,000 as our fundraising goal.

On April 15, 2015, in a meeting with Allyson Wilson, Purchasing Agent, it was recommended that the selection of PBD as our consultant be taken to Council for formal approval because of the financial implications associated with the project. Also some of the elements required for this design must be purchased from PBD because they are "sole source".

DISCUSSION

In the spring of 2013, Kids Kingdom was removed as a result of an independent playground audit and inspection. It was revealed that the playground had several serious safety issues relative to costly repairs and the banishment of CCA lumber in playgrounds. After the playground was removed, City Council made a commitment of $100,000 towards the building of a new Kids Kingdom and urged the community to join the City in raising the funds to complete. Unfortunately, the $100,000 set aside was not nearly enough to replace the beloved playground. Since that time, staff has looked at several options relative to different types of playgrounds and designs. Councilmembers, along with staff and Board members, visited neighboring cities to see their community build playgrounds (Frisco and Flower Mound). From those visits we began to realize that it would take much more than the $100,000 to replace our Kids Kingdom. Several discussions were held to move the location of the new Kids Kingdom to Herfurth Park but in the end, it was decided to build it at its original location, Pecan Grove. Once a final decision was made on the location, funding still had to be addressed because based on staff research we knew that it would cost several hundred thousand dollars. In order to get the playground funded, Council decided on having the funding achieved through a combination of the bond issuance and fundraising efforts.

In order to move forward, staff is recommending that we contract with PBD as our consultant for the building of the new Kids Kingdom. As our consultant, there will be fees and costs associated such as travel, per diem and hotel. PBD also will serve as a sole source vendor for many of the playground elements, which will be addressed at a more appropriate time. We have begun to get cost estimates on some items and, for some items, we will seeks donations.

There are other items such as lumber and hardware that we have begun working with Purchasing in preparation to obtain competitive bids and will in the near future present those items in amounts exceeding the $50,000 threshold for City Council consideration of approval. Items in amounts less than the $50,000 threshold will be processed in accordance with City of Rowlett Financial and Purchasing Policies. City staff is anticipating a Build Week in October 2015 with completion taking place in late November.

FINANCIAL/BUDGET IMPLICATIONS

The bonds approved on May 9th are intended to be sold in three separate years with approximately $10.0 million being sold this summer and the remaining amount being sold in 2016 and 2017. The amount allotted from the bond election for Kids Kingdom is $557,500. In addition, the City has already set aside $100,000 and will be seeking donations of about $95,000 for a total project cost of $752,500.

The first contract of this project is for PBD's professional services and totals $53,300. The breakdown of the services contract is as follows:

PBD Professional Fees	
Design/Organization Phase	$23,300
Pre-Construction Visit	$1,200
Pre-Build Visit (3 Days, 2 consultants)	$7,200
Build Week (6 Days, 3 consultants)	$21,600
Total Professional Fees	**$53,300**

Funds from this contract will come from the future bond sale projected for July 2015.

RECOMMENDED ACTION

City staff recommends the City Council approve a resolution selecting Play by Design as our consultant to provide professional playground design and construction services for the Kids Kingdom project in the amount of $53,300 and authorizing the City Manager, after City Attorney approval, to execute the necessary documents.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS APPROVING THE SELECTION OF PLAY BY DESIGN AS THE CONSULTANT PROVIDING PROFESSIONAL PLAYGROUND DESIGN AND CONSTRUCTION SERVICES FOR THE CITY OF ROWLETT KIDS KINGDOM PROJECT IN THE AMOUNT OF $53,300 AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE NECESSARY DOCUMENTS AND THE ISSUANCE OF PURCHASE ORDERS PURSUANT TO APPROVAL; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, City Council and the Parks Advisory Board have directed staff to obtain a consultant to act as our consultant to provide professional playground design and construction services for the Kids Kingdom project; and

WHEREAS, the Purchasing Division has solicited Request of Qualifications from prospective qualified firms as per RFQ # 2015-22 in compliance with Texas Local Government Code; and

WHEREAS, upon review of the responses to the Request for Qualifications, the City Council of the City of Rowlett, Texas, selects Play by Design as the most favorable responder to

provide the professional playground design and construction services to City staff, Parks Advisory Board, and the citizens of the City of Rowlett; and

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS:

Section 1: That the City Council of the City of Rowlett, Texas, hereby approves the selection of Play by Design as our consultant to provide professional playground design and construction services for the Kids Kingdom project in the amount of $53,300.

Section 2: The City of Rowlett does hereby authorize the City Manager to execute the necessary documents for said selection and the issuance of purchase orders to conform to this resolution as appropriated thereto.

Section 3: This resolution shall become effective immediately upon its passage.

ATTACHMENTS

Exhibit A – Agreement
Exhibit B – Play by Design Response
Exhibit C – Play by Design Sample Playgrounds

Exhibit A

PLAY BY DESIGN
677 Bostwick Road | Ithaca, NY 14850
607-229-9790 playbydesignonline.com

April 23, 2015

Attn: Keith Flournoy
Rowlett, TX

Rebuild Kids Kingdom Contract

Working with the City of Rowlett, Play by Design LLC (hereafter called PBD) will build a custom-designed creative playground. PBD will provide the custom design and construction supervision. The City will provide all materials and volunteer labor to prepare the site and construct the playground.

The play area will be designed in accordance with the ASTM and CPSC guidelines and safety standards for public playgrounds, as well as the requirements of ADAAG (Americans with Disabilities Act Accessibility Guidelines). PBD will provide a detailed list of materials to be sourced, purchased, and in some instances potentially donated.

RESPONSIBILITIES

Play By Design:

- Schematic design
- Design development including construction documents and details
- Materials takeoff and final materials list
- Organizational materials, including tools list and other useful coordinating information
- Project management
- Pre-construction visit to community for organizational meeting and design review
- On-site construction consultation (3 people) for duration of build (6 days) and 2 consultants for three days for the prebuild.
- Final inspection of completed structure at the end of construction

Note: Play by Design orders manufactured playground parts and invoices the City of Rowlett. Invoice is due 10-12 weeks prior to construction (prebuild).

PLAY BY DESIGN
677 Bostwick Road | Ithaca, NY 14850
607-229-9790 playbydesignonline.com

City of Rowlett:

- All site preparation prior to the construction, including digging post holes for play structure (PBD will assist with the layout)
- Secure and store all construction materials prior to the build. All materials must meet exact specifications as outlined in materials list provided by PBD. The manufactured slides will be sourced factory-direct through PBD.
- Supply all tools required for build as outlined in list provided, including temporary electrical service to the build site.
- Recruit and enlist volunteer labor necessary to complete construction of playground (volunteer numbers as specified by PBD consultants).
- Provide food for volunteers (lunch, dinner, and snacks).
- Provide hotel accommodations for PBD consultants for design presentation, pre-construction visit, and during construction (typically donated).

PLAY BY DESIGN PROFESSIONAL FEES

Design presentation	Paid
Design Phase / Organization Phase	$23,300
Pre-construction Visit	1,200
Construction Consultation:	
--Prebuild (3 days, 2 consultants)	7,200
--Build (6 days, 3 consultants)	21,600
Reimbursement of all travel expenses	

Payment schedule	Due date
Design presentation	Two weeks after presentation
Design Phase / Project Management	65% upon receipt of plans 35% 10 wks. before build
Pre-construction / Organization Phase	Two weeks after visit
Construction Consultation	Final day of construction
Reimbursement of travel expenses	Upon receipt of invoice

PLAY BY DESIGN
677 Bostwick Road | Ithaca, NY 14850
607-229-9790 playbydesignonline.com

SIGNATURES

Play by Design Representative:

_____ _____
Date

City of Rowlett Representative

_____ _____
Date

Rowlett
TEXAS

City of Rowlett, TX
Purchasing Department
VENDOR ACKNOWLEDGEMENT FORM

RFQ #2015-22 – Playground Design & Construction

The undersigned hereby certifies that he/she understands the Request for Qualification, has read the document in its entirety and has carefully reviewed the document. Vendor further certifies and agrees to furnish any or all products/services upon which is being offered, and upon conditions contained in the Request for Proposal.

The following information must be filled out in its entirety for the RFQ to be considered.

Company Name: Play By Design

Address of Principal Place of Business: 677 Bostwick Rd
Ithaca, NY 14850

Phone/Fax of Principal Place of Business:
607.351.5160 —
Phone Fax

Address, Phone and Fax of Majority Owner Principal Place of Business:
304 N Geneva St.
Ithaca, NY. 14850
607. 351. 5160
Lee Archin
Phone Fax

Federal Tax Identification Number: 90-0617003

Representative Name & E-Mail Address: Lee Archin - Lee@PlayByDesignOnline.com

I hereby acknowledge that no changes have been made to the content of the attached document.

Authorized Representative: 11.17.14
Signature Date
Lee Archin
Printed Name

Acknowledgement of Addenda: #1 ____ #2 ____ #3 ____ #4 ____ #5 ____

PLAY BY DESIGN
677 Bostwick Road | Ithaca, NY 14850
607-229-9790 playbydesignonline.com

November 17, 2014

City of Rowlett Purchasing Agent for Consultant Services
for Playground Design and Construction
Rowlett Purchasing Office
4004 Main St.
Rowlett, TX 75088
RFQ #2015-22 – Playground Design & Construction

Play by Design is a playground design firm that specializes in working with communities to design and provide safe, affordable, and unique volunteer-built playgrounds for children of all abilities. We begin with the design, then provide project management and organizational assistance to the committee, and finally on-site supervision of the volunteer work force during construction.

Our staff has a combined 180 years of experience working in the community-built field. We employ designers, project managers and construction consultants. All of our designs meet and exceed the Americans with Disabilities Act Accessibility Guidelines. At the completion of your community build, one of our Certified Playground Safety Inspectors (CPSIs) inspects the playground. As CPSIs, we are well-versed in current industry standards and guidelines for safety and accessibility.

I am a co-owner of the company and will be your primary contact. My cell phone number is 607-351-5160. My email address is lee@playbydesignonline.com.

The following pages describe our process and include references from past projects. I've also included a copy of our brochure. You can find many more photos on our website: www.playbydesignonline.com. We look forward to working with the City of Rowlett on imagining and building the new Kids Kingdom at Pecan Grove Park.

Sincerely,

Dara Lee Archin
Co-Owner

PLAY BY DESIGN
677 Bostwick Road | Ithaca, NY 14850
607-229-9790 playbydesignonline.com

CONTENTS OF PROPOSAL

- Letter of interest
- RFQ response
- Leathers and Associates rebuilds / company bio / client references packet
- Rowlette sample PBD design – site specific custom design
- Component images – examples of equipment included in sample design
- Brochure

PLAY BY DESIGN
677 Bostwick Road | Ithaca, NY 14850
607-229-9790 playbydesignonline.com

Rowlett, Texas RFQ

11/17/14

Letter Of Interest

Play by Design is a company based on passion for design, quality construction, and the community build – a proud tradition in which our playground designers and building consultants work alongside community volunteers to produce custom designed play structures that are unique, safe, affordable and all inclusive environments where children grow physically, socially, and cognitively.

Our methodology is one that unifies and empowers communities by bringing them together to design, organize and construct one of-a-kind playgrounds. What sets our structures apart from any other is the aesthetically sensitive architecture that respects the essence of the surrounding area and reflects its historical, architectural, and cultural features. What makes them cherished by so many communities is the sense of pride, ownership and accomplishment built into them by the hands of volunteers, - their love for their children, community , and one another.

As experienced veterans with decades of experience in the community built industry we realize the growing number of options a community is faced with when choosing a professional firm to help visualize their dream. On the surface this can be a difficult decision, the following information is intended to illustrate the primary differences between Play by Design and other companies. Hopefully what sets Play by Design apart will provide the critical deciding factors.

1. *The core staff of Play by Design represents the former "first string" of their previous employer – Leathers Associates.* All of our staff apprenticed with Bob Leathers, the architect who essentially defined the "community build" process. Play by Design was established upon Bob's retirement some years back, combined our staff represents over 180 years in the community built industry. While we are a " newer" firm we are certainly not new to the business. (Please see company profile provided). Our personnel includes Leathers "last" experienced designer, by contrast we are by no means going through a rebuilding effort. We are strongly committed to our work and are proof that there is no substitute for time tested experience. (Please consult with provided list of references in the RFQ to support this).

PLAY BY DESIGN
677 Bostwick Road | Ithaca, NY 14850
607-229-9790 playbydesignonline.com

2. *Portfolio* – We feel that it is equally important to speak of our past as the present. That being said, Play by Design's staff designed and built a large percentage of some of the more spectacular custom pieces on our competitor's website. Recently an article came out showcasing "30 most impressive accessible and inclusive playgrounds". Among the 30 were 5 Leathers designed structures,- 4 of the 5 designed by members of our staff. Specifically Yuma AZ, Frisco TX, Pocatello ID, Lake Charles LA. (see link) http://www.special-education-degree.net/30-most-impressive-accessible-and-inclusive-playgrounds/ Recently awarded projects to be built would include the upcoming rebuild of a large all inclusive L&A playground in Janesville Wisconsin, an accessible / science themed playground to be rebuilt in Denton Texas, and the soon to be built Dream Playground in Kenosha Wisconsin.

3. *Design / Aesthetics* – We are a design driven firm, and take very seriously our responsibility to the built environment. We take great pride in fresh, customized and innovative designs, we never recycle or reuse designs, always striving to make our next project our best. Our unique ability to bring art and architecture into the children's and community's lives is also a great source of pride for us. Please consider the following quote posted by the project coordinator of a new project recently landed through the competitive process.." *4 years ago Play by Design was established by former Leathers Associates employees. They were ready to expand on the knowledge they gained at Leathers, - this is very much reflected in their designs. They have a similar look to our current playground and Leathers designs, however they step outside the towers and tunnels to offer other exciting designs and elements.* – Sarah Levish 9-9-14. (also please consider a comparison of images, past 10 projects).

4. *Customer Service* – Play by Design's project managers are principal partners who counsel with the committee throughout the project, using support documents, renderings, timelines and decades of experience based expertise in planning all aspects of the playground design / build process, - from fundraising and childcare through food for build volunteers, etc. We do not use part time or seasonal employees to perform these services. We also recognize the importance of continuity to render a successful

Rowlett
TEXAS

City of Rowlett, TX
Purchasing Department
VENDOR ACKNOWLEDGEMENT FORM

RFQ #2015-22 – Playground Design & Construction

The undersigned hereby certifies that he/she understands the Request for Qualification, has read the document in its entirety and has carefully reviewed the document. Vendor further certifies and agrees to furnish any or all products/services upon which is being offered, and upon conditions contained in the Request for Proposal.

The following information must be filled out in its entirety for the RFQ to be considered.

Company Name: Play By Design

Address of Principal Place of Business: 677 Bostwick Rd
Ithaca, NY 14850

Phone/Fax of Principal Place of Business:
607.351.5160 —
Phone Fax

Address, Phone and Fax of Majority Owner Principal Place of Business:
304 N Geneva St.
Ithaca, NY. 14850
607. 351. 5160
Lee Archin
Phone Fax

Federal Tax Identification Number: 90-0617003

Representative Name & E-Mail Address: Lee Archin - Lee@PlayByDesignOnline.com

I hereby acknowledge that no changes have been made to the content of the attached document.

Authorized Representative:
Signature 11.17.14 Date
Lee Archin
Printed Name

Acknowledgement of Addenda: #1 ____ #2 ____ #3 ____ #4 ____ #5 ____

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677 Bostwick Road | Ithaca, NY 14850
607-229-9790 playbydesignonline.com

November 17, 2014

City of Rowlett Purchasing Agent for Consultant Services
for Playground Design and Construction
Rowlett Purchasing Office
4004 Main St.
Rowlett, TX 75088
RFQ #2015-22 – Playground Design & Construction

Play by Design is a playground design firm that specializes in working with communities to design and provide safe, affordable, and unique volunteer-built playgrounds for children of all abilities. We begin with the design, then provide project management and organizational assistance to the committee, and finally on-site supervision of the volunteer work force during construction.

Our staff has a combined 180 years of experience working in the community-built field. We employ designers, project managers and construction consultants. All of our designs meet and exceed the Americans with Disabilities Act Accessibility Guidelines. At the completion of your community build, one of our Certified Playground Safety Inspectors (CPSIs) inspects the playground. As CPSIs, we are well-versed in current industry standards and guidelines for safety and accessibility.

I am a co-owner of the company and will be your primary contact. My cell phone number is 607-351-5160. My email address is lee@playbydesignonline.com.

The following pages describe our process and include references from past projects. I've also included a copy of our brochure. You can find many more photos on our website: www.playbydesignonline.com. We look forward to working with the City of Rowlett on imagining and building the new Kids Kingdom at Pecan Grove Park.

Sincerely,

Dara Lee Archin
Co-Owner

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607-229-9790 playbydesignonline.com

CONTENTS OF PROPOSAL

- Letter of interest
- RFQ response
- Leathers and Associates rebuilds / company bio / client references packet
- Rowlette sample PBD design – site specific custom design
- Component images – examples of equipment included in sample design
- Brochure

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Rowlett, Texas RFQ

11/17/14

Letter Of Interest

Play by Design is a company based on passion for design, quality construction, and the community build – a proud tradition in which our playground designers and building consultants work alongside community volunteers to produce custom designed play structures that are unique, safe, affordable and all inclusive environments where children grow physically, socially, and cognitively.

Our methodology is one that unifies and empowers communities by bringing them together to design, organize and construct one of-a-kind playgrounds. What sets our structures apart from any other is the aesthetically sensitive architecture that respects the essence of the surrounding area and reflects its historical, architectural, and cultural features. What makes them cherished by so many communities is the sense of pride, ownership and accomplishment built into them by the hands of volunteers, - their love for their children, community , and one another.

As experienced veterans with decades of experience in the community built industry we realize the growing number of options a community is faced with when choosing a professional firm to help visualize their dream. On the surface this can be a difficult decision, the following information is intended to illustrate the primary differences between Play by Design and other companies. Hopefully what sets Play by Design apart will provide the critical deciding factors.

1. *The core staff of Play by Design represents the former "first string" of their previous employer – Leathers Associates.* All of our staff apprenticed with Bob Leathers, the architect who essentially defined the "community build" process. Play by Design was established upon Bob's retirement some years back, combined our staff represents over 180 years in the community built industry. While we are a " newer" firm we are certainly not new to the business. (Please see company profile provided). Our personnel includes Leathers "last" experienced designer, by contrast we are by no means going through a rebuilding effort. We are strongly committed to our work and are proof that there is no substitute for time tested experience. (Please consult with provided list of references in the RFQ to support this).

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outcome. Your project management team will include the same personnel from design through construction.

5. *Cost* – Play by Design is an efficiently run company with low overhead and a burning passion for what we do. While we do incur expenses as any business, the bottom line is secondary to us. Apples to apples we can deliver a better product for less money than our competition.

There is no question, we love what we do at Play by Design, and consider ourselves extremely privileged with every opportunity we are granted to share our passion with the wonderful communities we work with. We accept this responsibility with the sincere intent that with every approach we will leave a lasting imprint on the physical landscape and more importantly in the heart and soul of every community.

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APPROACH TO THE PROJECT

How will your project be managed?
The principals and staff of Play by Design firmly believe in the community-built philosophy and absolutely love what we do. We have a combined 180 years of experience in the world of community built, working most of that time with Bob Leathers, pioneer of the creative community-built playground movement and former owner of the firm now known as Leathers Associates. Our approach is to collaborate with volunteer-based committees and assist in organizing, coordinating, and ultimately including people of all ages and backgrounds to become actively involved in designing and building safe and affordable, uniquely creative play environments for all children.

Following is an overview of Play by Design's community-built process.

Steering Committee: The community-built process begins with the recruitment of a committee of volunteers. Responsibilities include volunteer recruitment, fundraising, public relations, tools and materials, and food and childcare during construction. Before Design Day, we will need site information, from surveys to photos, your RFP includes photos and a Google Earth map, which are also helpful. Design input will be requested for our review, such as a wish list, sketches, pictures, etc.

Design Day: Play by Design schedules a day (or days) to come to Rowlett to interview city employees, children and interested adults in order to develop your design. On Design Day, we interview the children who believe that with everyone's help, their dream playground will come true. We will publicly present the new design at the conclusion of that event.

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Project Management: After your Design event, the project will be organized into three phases: initial organization up to Pre-Construction Visit, Pre-Construction Visit to Construction, and Construction. During this time, we will work closely with you to prepare for the build(s). We will help you organize the committee and show you ways to raise funds, get the word out, and continue to recruit volunteers. The guidebook you will receive provides a comprehensive overview of the entire step-by-step process. This guidebook has detailed information on committee members' responsibilities as well as a breakdown by phase of tasks to be completed. This information was compiled from experience guiding several hundred community projects through to their successful completion. A project this ambitious may seem daunting and sometimes overwhelming. We will provide timelines, checklists, resources, benchmarks and goals to help keep you on track, one step at a time

We strongly believe in direct and personal contact. You will work with a designer and a project manager prior to Design Day through construction—two primary and consistent contacts from beginning to end. The continuity is invaluable, something we believe is unique to our firm. We understand that we are working with volunteers who may only have time to work on the playground after working at their paying jobs all day. We will be available before or after 5 p.m. Eastern Time.

Pre-Construction Visit: About two months before construction is scheduled, we will return to your community to review your preparations to date and strategize the final weeks before construction. We meet with each committee coordinator, and the general coordinator attends all meetings throughout the day. We will lay out a site plan (materials placement logistics map) and review schedules, volunteer numbers, and the progress of all committees. We also will talk about what tasks remain in the weeks ahead.

Working with local resources: The concept of working with local artists and craftsmen is something that is special to us. We invite and embrace the opportunity. It is this individual stamp that gives each project such a unique personality, making it a true reflection of the community. We can begin working with them as early as Design Day.

The Build: Play by Design consultants return to supervise the volunteers who will build your playground. We have many years of experience in organizing hundreds of volunteers who will be separated into small groups to work on individual components of the project based on their skill levels. At the end of the final day of construction, there is a ribbon cutting celebration, and the children run out to play.

EXPERTISE OF THE TEAM

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Following are the three key members of our staff who you'll be working with:

Lee Archin is also a gifted designer, community organizer, project manager and builder. He was a construction consultant and project manager at Leathers for 18 year, completing hundreds of community-built playgrounds. Lee is co-founder of Play by Design, a company specializing in the imagination, design, and creation of safe, affordable one-of-a-kind play environments, distinctly suited to individual client's needs. He is a nationally certified playground safety inspector (CPSI) and knows the safety standards and guidelines that apply to today's playgrounds. Recently, Lee spent 6 weeks in Afghanistan organizing the successful community builds of 11 playgrounds in Kabul. He was also responsible for the successful completion of 2 post-tsunami playgrounds in India, including community organization, sourcing indigenous materials, and coordination of community volunteers through construction to successful

completion. Lee is an advisory member to Playgrounds from the Heart, a nonprofit organization based in Sevierville, TN. He holds a BA in business from the State University of New York.

Dave Iannello is a gifted and talented artist, designer, project manager and builder with a career spanning 30 years in the world of community-built playgrounds, working most of that time with nationally acclaimed architect Bob Leathers, pioneer of custom-designed community-built creative playgrounds. At the time of his departure from Leathers, Dave was company vice president, and senior designer/head of design. He personally facilitated the completion of hundreds of custom-designed community-built play environments throughout the U.S. and in several foreign countries. Dave is co-founder of Play by Design, a company specializing in the imagination, design, and creation of safe, affordable one-of-a-kind play environments, distinctly suited to individual client's needs. As a nationally certified playground safety inspector (CPSI), Dave has full knowledge of the safety standards and guidelines that apply to today's playground industry. Dave's playground design work has won numerous awards, as well as awards received for his work in historic preservation. He also has experience working in the architectural field.

Dennis Wille has been designing and project managing playgrounds for 20 years—a total of more than 350 unique designs, including Pendleton's Pioneer Park playground. He specializes in accessibility and has designed many all-inclusive playgrounds and special components for various types of disabilities. He has presented volunteer-built concepts at International Children's Right to Play Conference and numerous other community-build conferences. He has experience

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developing concepts and designing exhibits for several science centers and museums. He has a Masters of Fine Arts from the Art Institute of Chicago.

COMPARABLE PROJECTS COMPLETED
(Leathers and Associates Rebuilds)

The following list includes recently completed community built projects comparable in scope, process and history to Kid's Kingdom in Rowlette. Play by Design was chosen (over Leathers and in some instances several other firms as well) through a selection process in every example, some scenarios included RFP / RFQ submittal.
Please refer to provided document "Leathers Rebuilds" for relevant imagery of successfully completed projects and detailed company bio / background information as well.

WOW: World of Wonders Playground, City of Tomah, WI
We worked with the Parks & rec department and volunteers to design and rebuild the WOW playground in 2013. Joe Protz, Director of Parks & Recreation, City of Tomah, jprotz@ci.tomah.wi.us (608) 374-7445

Sherwood Forest Playground, East Grand Forks, WI
We worked with the same GC and many of the same volunteers to rebuild Sherwood Forest in 2012. Penny Pape, GC, pennypape@hotmail.com (218) 773-7387

Magic Forest Playground, Ormond Beach, FL
We worked with volunteers to build this playground in 2013. Mike Bowen, GC mjboweninc@live.com (386) 290-0107

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Kidsburg, City of Bloomsburg, PA
We worked with the city and volunteers to rebuild Kidsburg in 2014. Chuck Wagner, cpwagner@hotmail.com (717) 329-8039

Joey's Park, Belmont, MA
Working with volunteers, we designed and rebuilt a playground in Belmont, a city of about 25,000 people. It was built in October 2013. Diane Miller and Ellen Schreiber were co-general coordinators; diane@millerdesignllc.com (617) 993-3157, (781) 696-6807. Ellen Schreiber; ellensch@verizon.net (617) 290-6216

Pioneer Park Playground, City of Pendleton, OR
We worked with the city and a group of volunteers to construct a playground in urban Pendleton, with a population of approximately 17,000. Deb Whittaker served as general coordinator: Parks & Recreation; Deb.Whittaker@ci.pendleton.or.us (541) 215-1137

HoPP: Homer Playground Project, City of Homer, AK
We worked with a committee of volunteers to design and rebuild the playground in Alaska in the 2012. Miranda Weiss was the General Coordinator: mirandaweiss@gmail.com (907) 299-5550

Latrobe, PA
We worked with city employees and volunteers to complete this community playground in 2013. Craig Shevchik, Parks & Rec Program Dir.; craig@latroberecreation.org (724) 875-1909

Magic Forest Playground, Ormond Beach, FL
We worked with volunteers to build this playground in 2013. Mike Bowen, GC mjboweninc@live.com (386) 290-0107

City of Cincinnati, OH
We worked with the city to rebuild and refurbish several playgrounds. Wayne Lurix, Parks & Rec Special Projects Coordinator, (513) 352-1616

City of Sacramento, CA
We worked with a committee of volunteers to design and rebuild a city playground in 2013. Steve Swindel was the General Coordinator: steve@swindel.com (916) 457-2772

Exhibit B

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In the Spotlight:

Accessibility Expert Designer, Dennis Wille

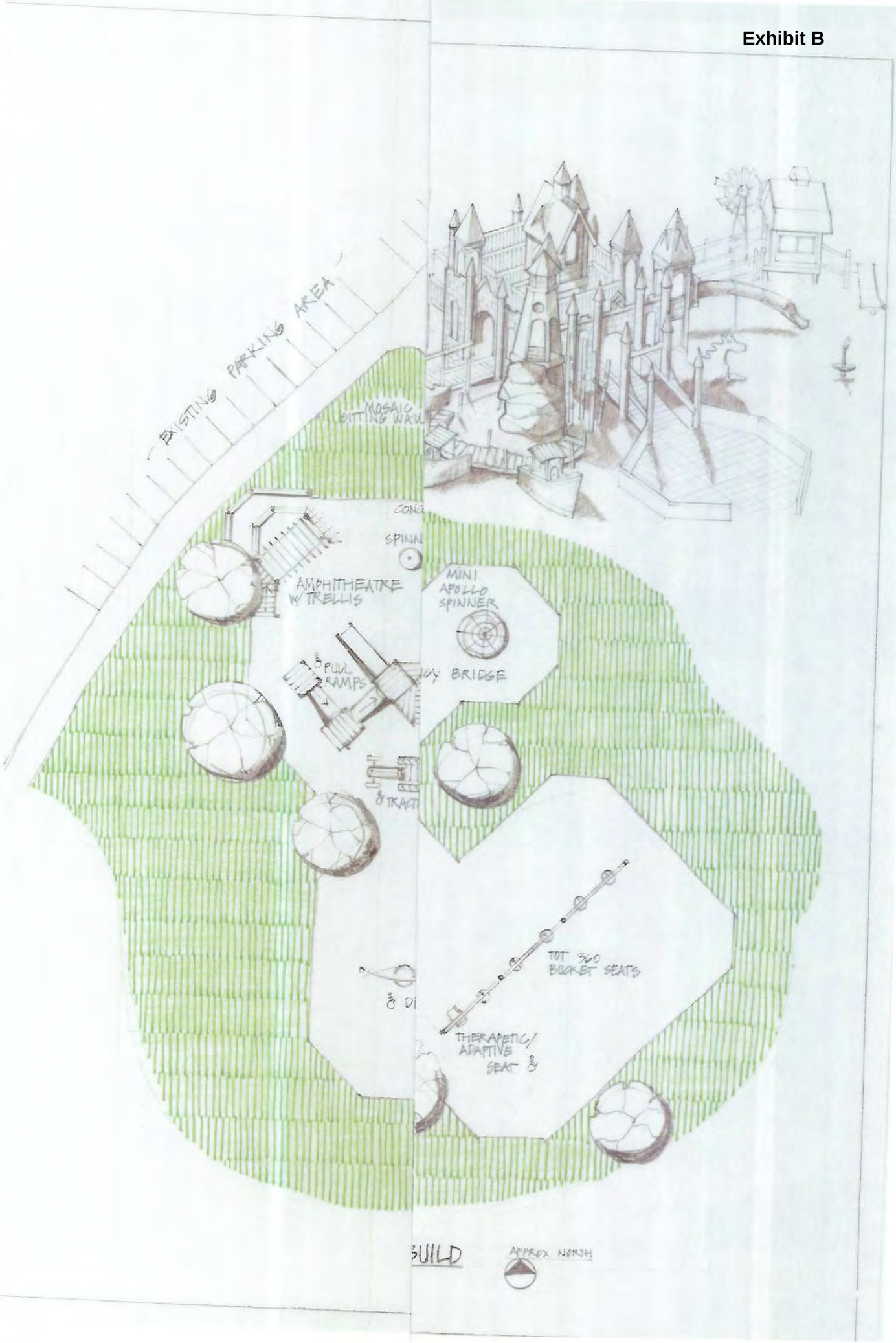
Dennis Wille, *designer*, received his BFA and MFA from the School of the Art Institute of Chicago. Dennis has a broad array of design experience, including nearly 20 years designing community-built playgrounds. During his tenure with an internationally known playground firm, he conducted nearly 400 "Design Day" events throughout the U.S. and internationally. From the very beginning of his playground design career, he has worked to push the envelope toward highly inclusive play environments. During college, he worked with developmentally disabled children and adults who had experienced spinal and head trauma, which instilled in him an understanding of and compassion for the unique challenges and needs of this population. As a playground designer, he seized the opportunity to create a more user-friendly world, one playground at a time. He works closely with committees, parents, therapists, and teachers to develop inclusive playgrounds, and at times, new components, in some cases for the specific needs of an individual child. While working for his former employer, Dennis designed some of the most inclusive playgrounds you will find anywhere, including projects in Port Washington, WI; Oconomowoc, WI; Racine, WI; Manitowoc, WI; Mechanicsburg, PA; Lancaster, PA; Lake Charles, LA; Lubbock, TX; Concord, CA; Louisville, KY and many others. Today, as a consultant to Play by Design, LLC, he hopes to continue with his quest to create user-friendly, inclusive playgrounds, not only for children, but also for parents, caregivers and anyone who has experienced difficulty accessing play areas.

Exhibit B

play by design

Play Components in Sample Design
Rowlett, TX

Exhibit B


EXISTING PARKING AREA
MOSAIC
SITTING WALL
CONG
SPINN
AMPHITHEATRE
W/ TRELLIS
MINI
APOLLO
SPINNER
PULL
RAMPS
BRIDGE
TRACT
TOT 360
BUCKET SEATS
DI
THERAPETIC/
ADAPTIVE
SEAT
BUILD
APPROX NORTH

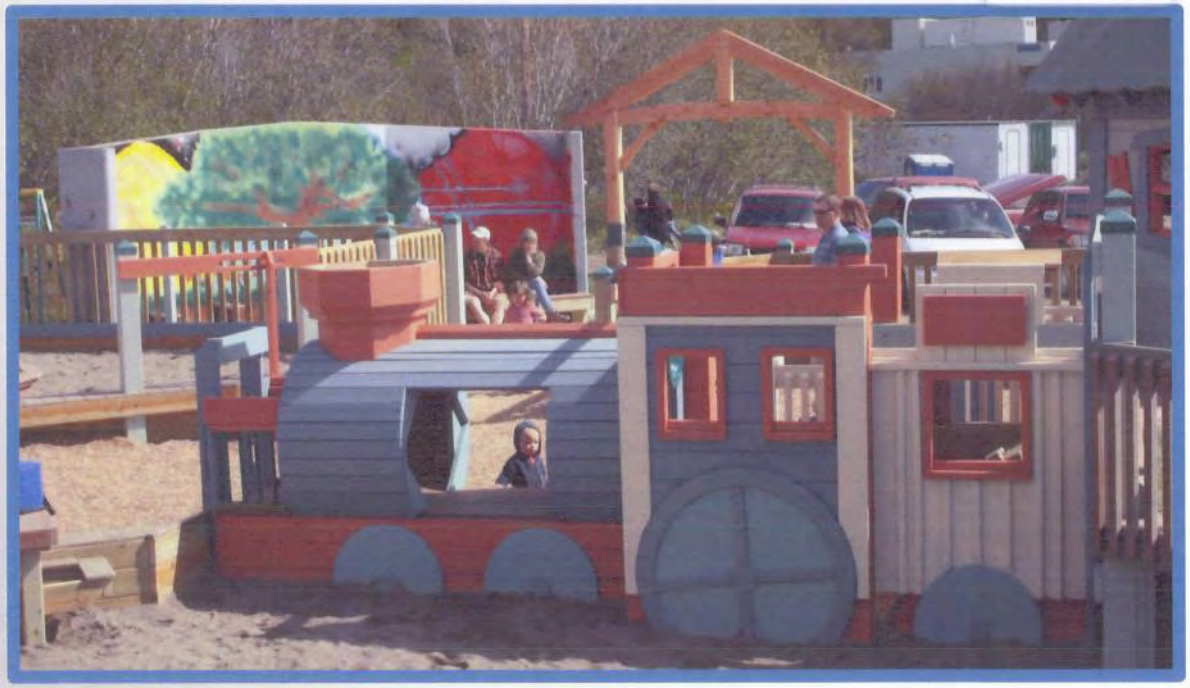
Castles

Exhibit C

Tot Trains

Exhibit C

play by design



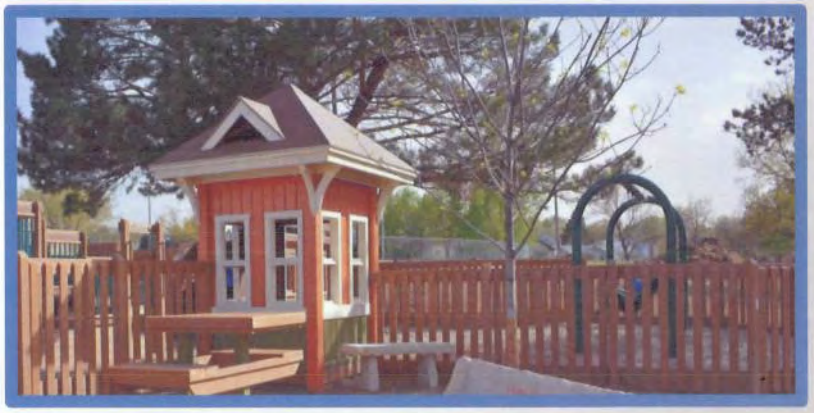
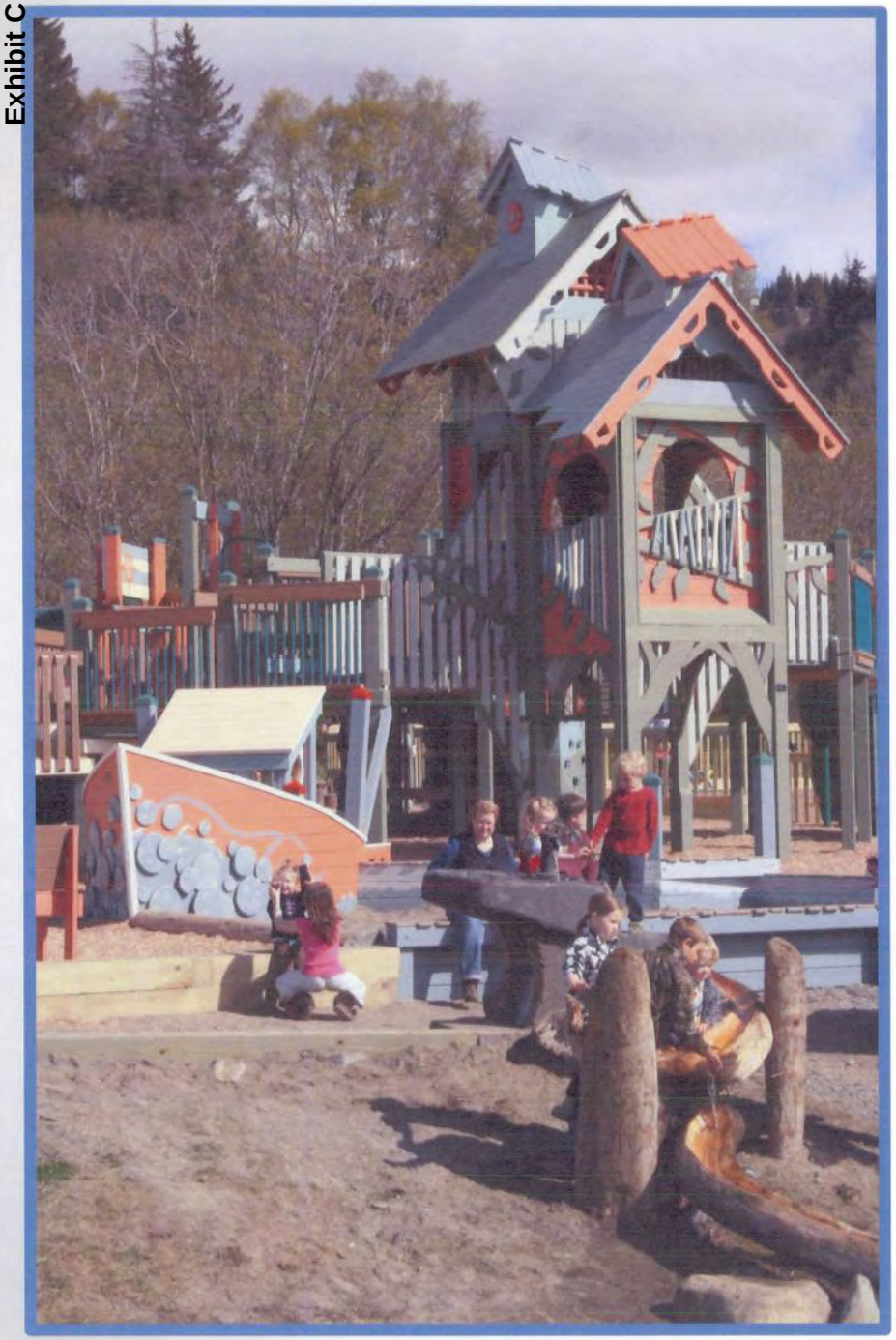


Exhibit C

BOATS



Barn and Tractor

Exhibit C

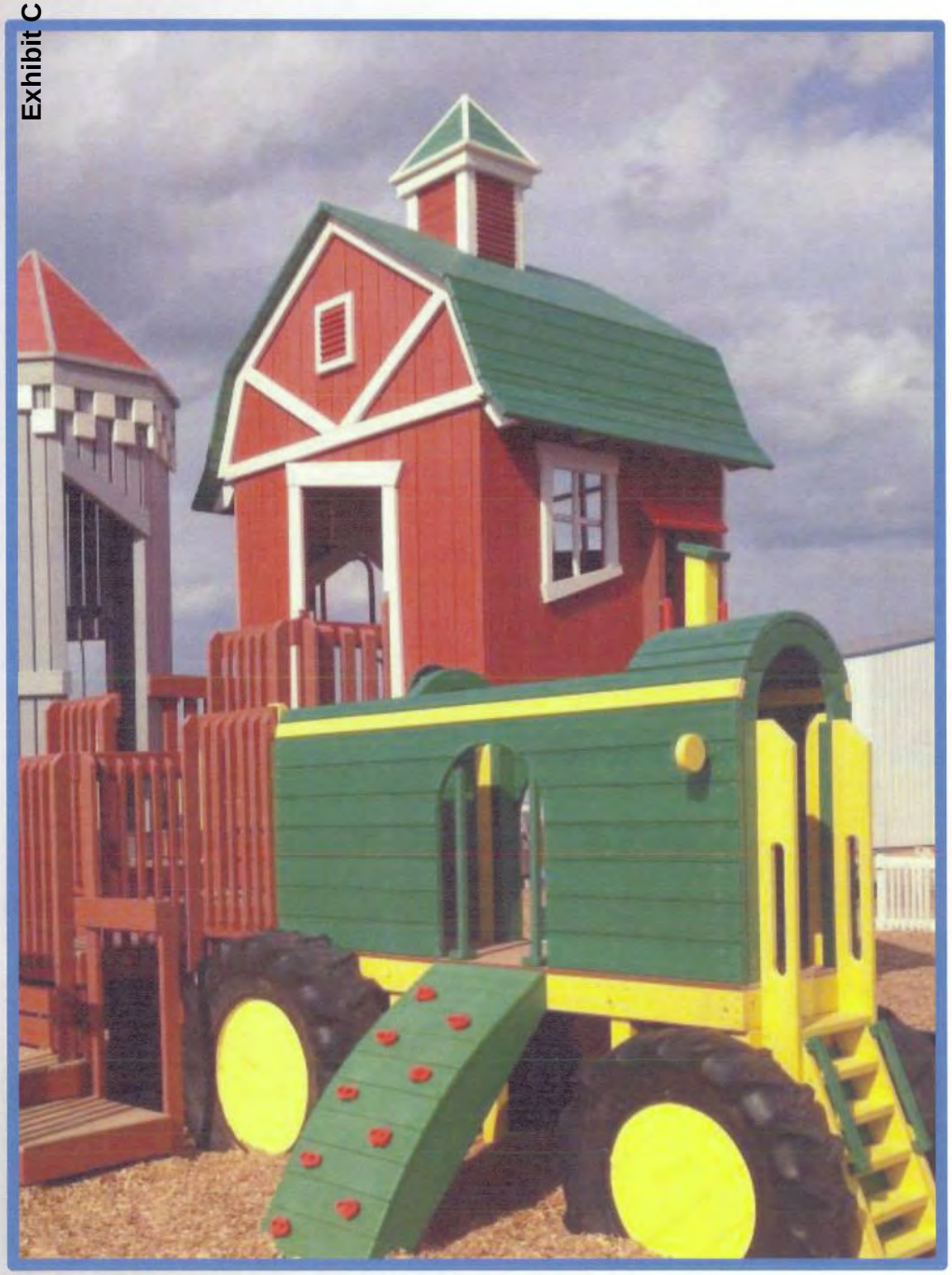


Exhibit C

Tube Slide
Stainless Steel or Plastic

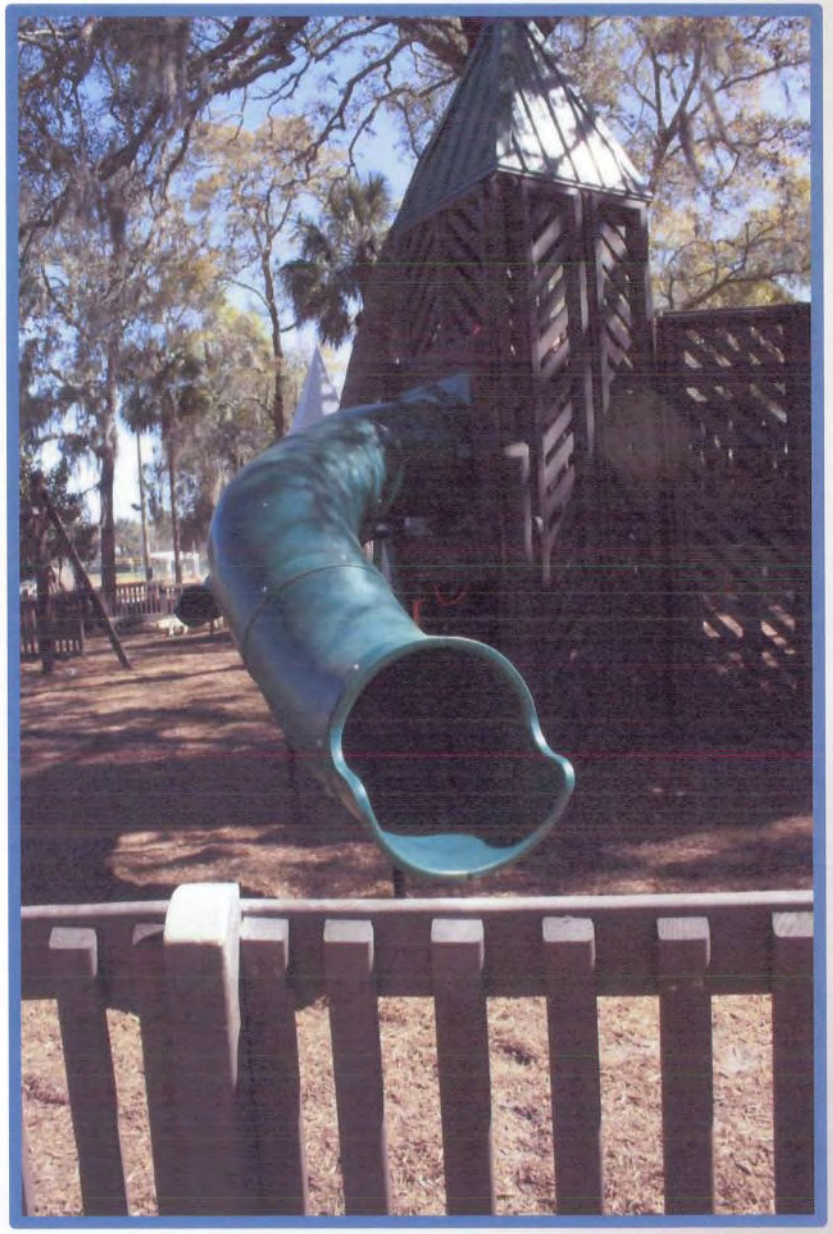


Exhibit C

Twisty Slide
Stainless Steel or Plastic

Exhibit C

Biggo (Dish) Swing

Exhibit C

Tire Swing

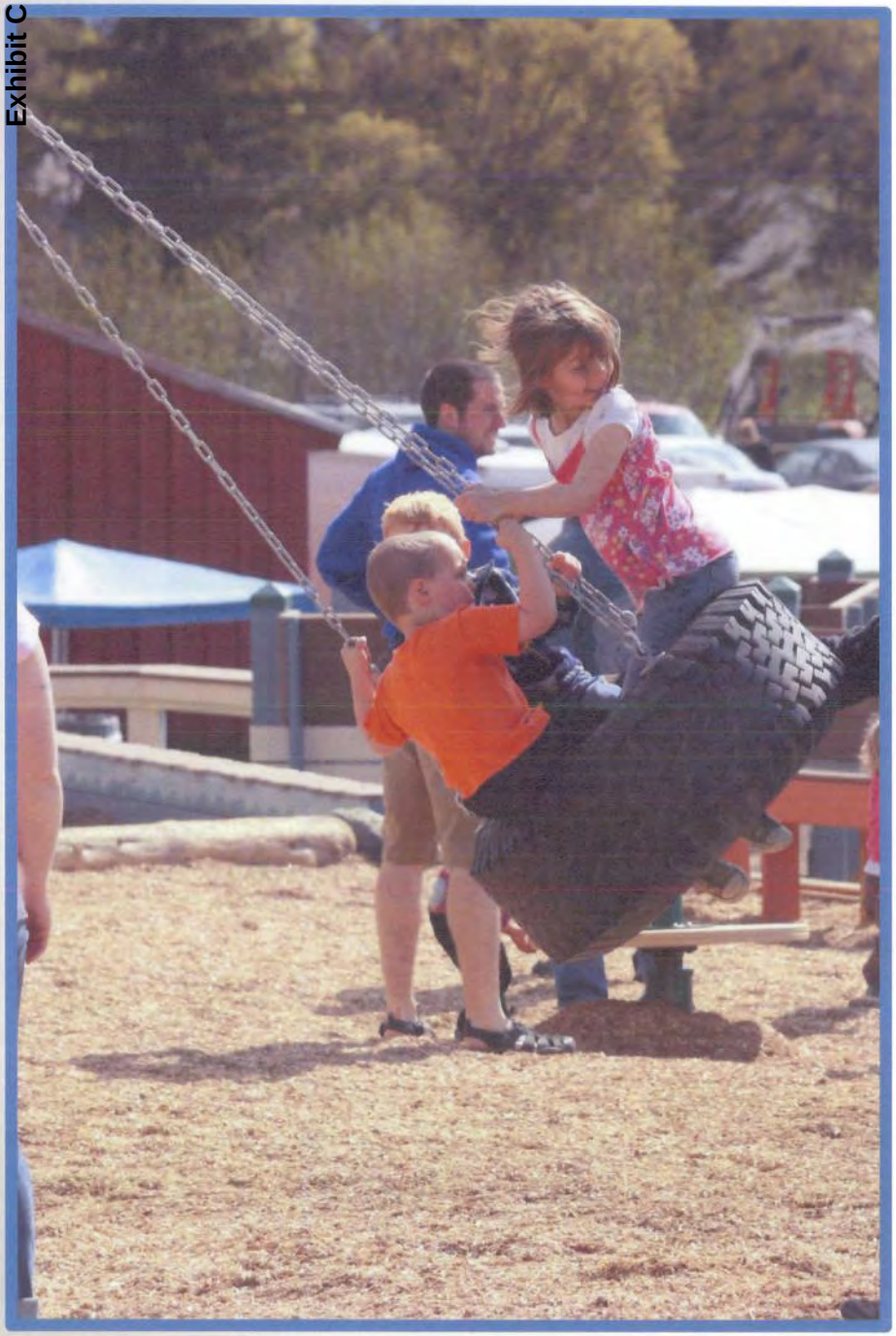


Exhibit C

SWINGS W/ ADAPTIVE SEATS(AGES 2-5 & 5-12)

Exhibit C

PULL RAMP

leading in inclusivity

We believe passionately in inclusive play and we deliver this in an invisible way, with the aim of allowing all children to play side by side. Huge importance is placed on carefully designing inclusive features into our equipment and play spaces to open up play to children of all abilities.

Inclusive play equipment so no-one is left out

We believe that every child should have equal access to good play opportunities. We design our equipment to enable users with a wide range of abilities, rather than specific disabilities, to enjoy play spaces.

Through innovative design, our aim is to allow children with disabilities to play side-by-side with the able bodied.

Play equipment that creates new challenges for all

Whilst inclusive features are designed into most of our equipment, we don't make any compromises on the challenge it presents. So with Sutcliffe Play equipment there's always an element of risk, allowing children of widely differing abilities to develop, explore and find the limits of their capabilities. Because that's what makes play exciting.

Look out for our inclusive symbol

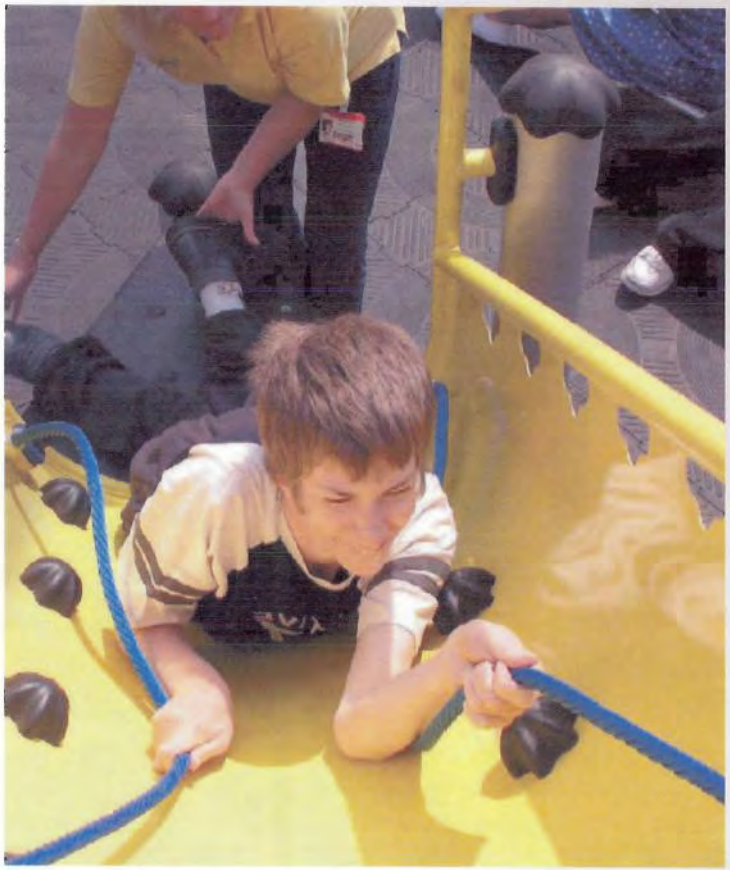


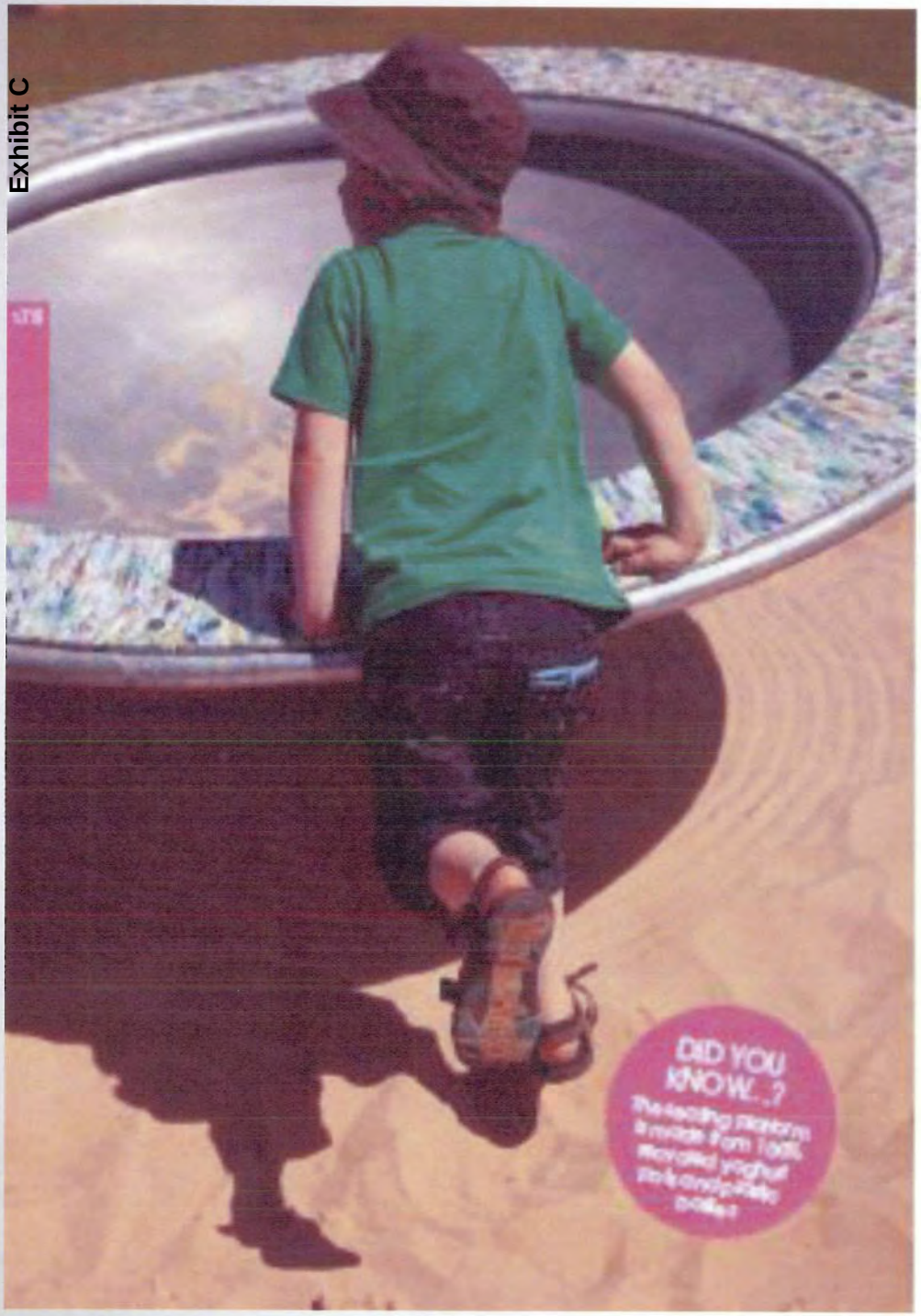
Exhibit C

SWAY FUN (ROCKING BOAT)

Exhibit C

Mini Apollo

Exhibit C



OYSTER SPINNER

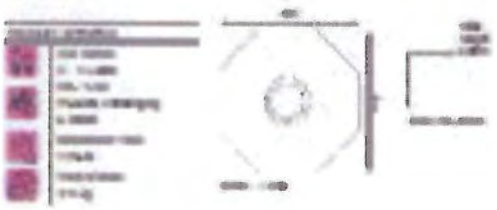


Exhibit C

OMNI SPINNER

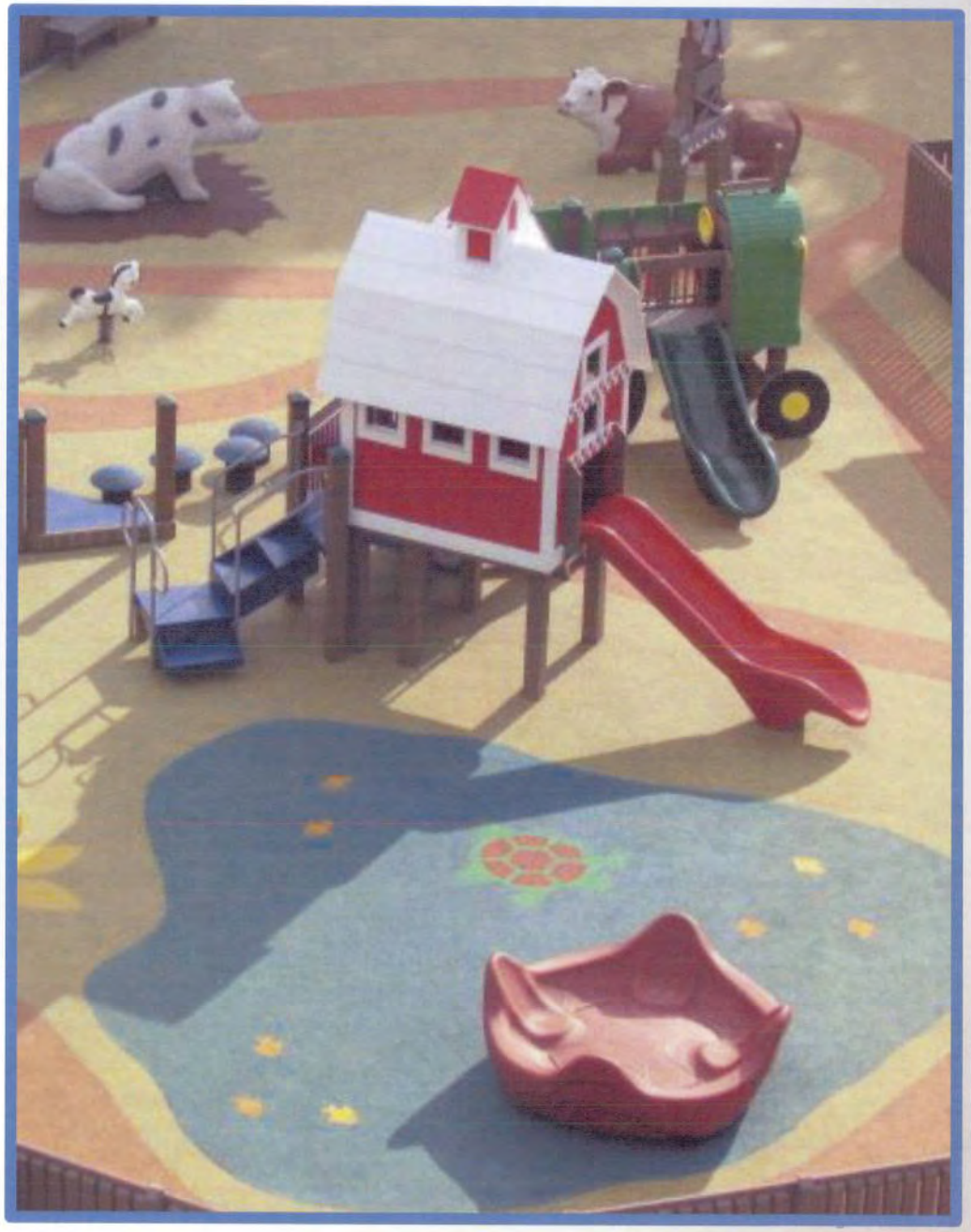


Exhibit C

Beehive Climber

Zip Line

Exhibit C

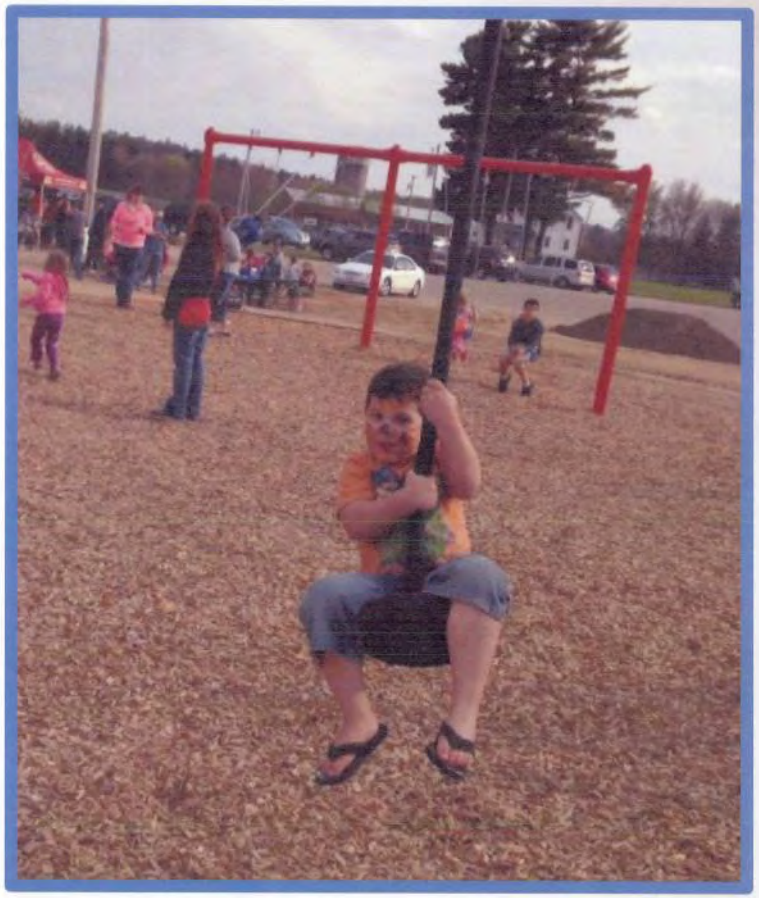


Exhibit C

Climbing Forest

72" BOULDER W/ NET CLIMBER

Exhibit C

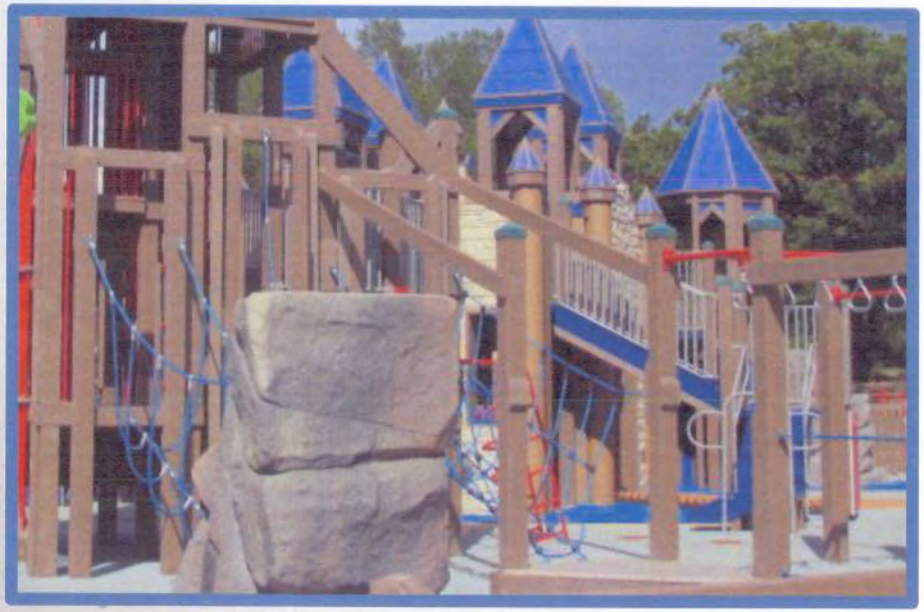


Exhibit C

CLIMBING BOULDER

Exhibit C

Gravitational Spinner

Exhibit C

Rock Wall

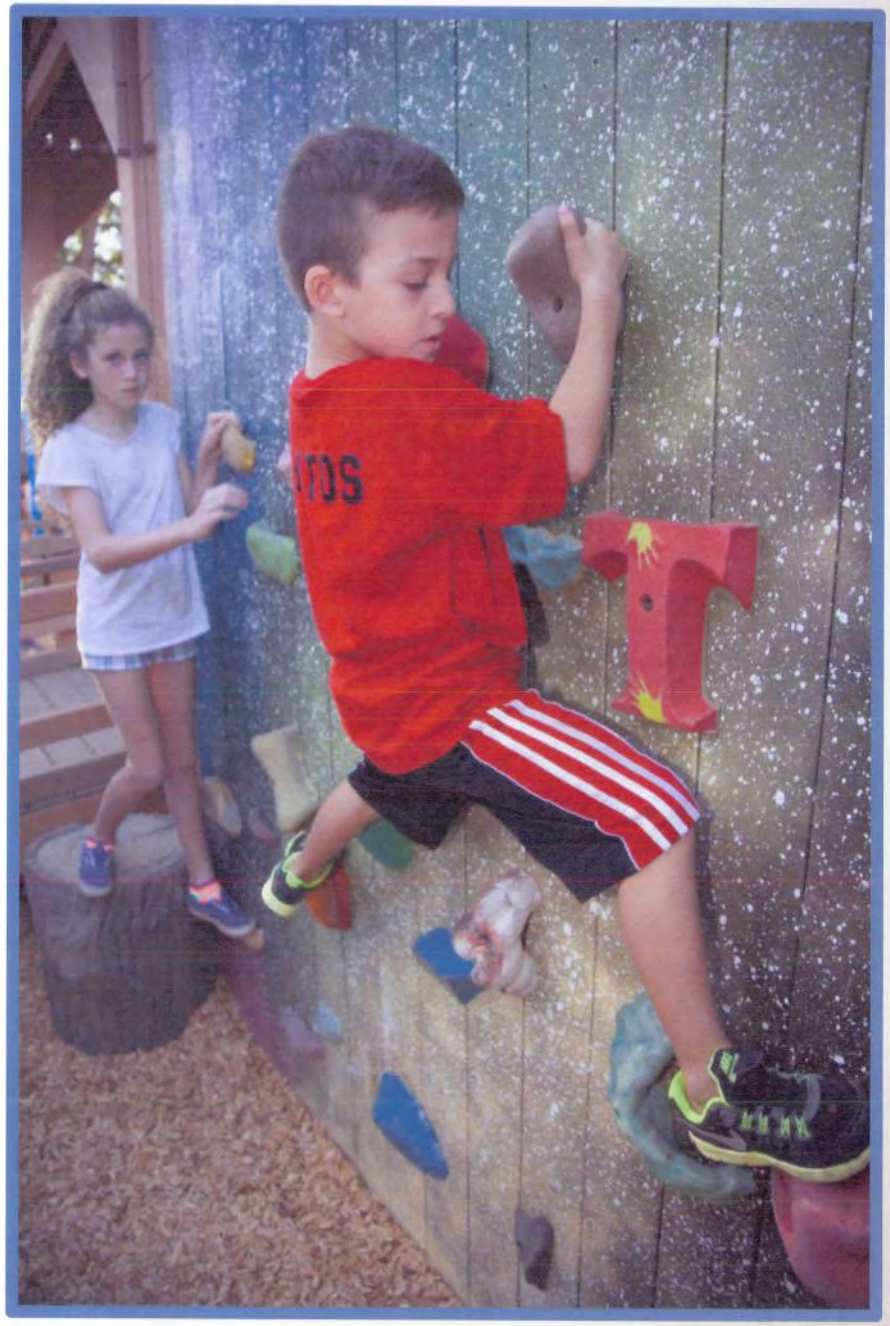


Exhibit C

Cable Bridge

Vertical Cable Climbing Wall

Cargo Net and Coil Climber

Exhibit C

Exhibit C

3-Wheel Twister

Exhibit C

Bouncy Bridge

Exhibit C

Satellite Horizontal Ladder

Exhibit C

Monkey Bars, Rings, Fire Pole, Cable Brdg. and Bouncy Bridge

Exhibit C

Tot Bouncy Bridge, Spring Rider, Tot Tunnel and Slides

Exhibit C

Sculptural Climbing Turtle, Sandbox and Mosaic Wall

Exhibit C

Blocks,
Mushroom Steppers,
Arch Rock Climb

Exhibit C

Tot Double Slide

Exhibit C

TOT SEE-SAW

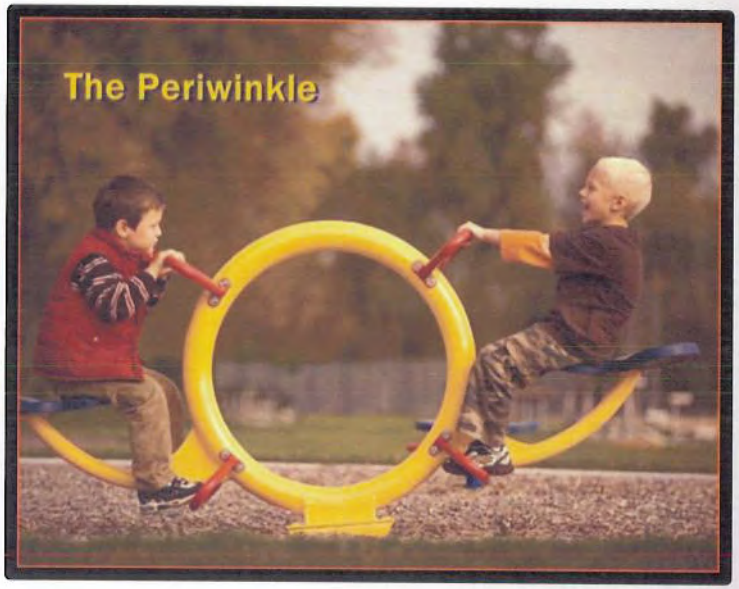


Exhibit C

MUSICAL INSTRUMENTS
(options)

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 5/19/15 **AGENDA ITEM**: 7G

TITLE

Consider action to adopt an ordinance of the City Council of the City of Rowlett, Texas, approving a Settlement Agreement between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division regarding the company's 2014 and 2015 annual Rate Review Mechanism filings.

STAFF REPRESENTATIVE

Wendy Badgett, Interim Director of Finance

SUMMARY

The City of Rowlett is a member of the Atmos Cities Steering Committee, which is made up of cities in the Atmos Mid-Tex district. A service that this group pays for is to receive expert legal and financial assistance in evaluating proposed rate increases by Atmos Energy Corp. As part of that service, the cities in this group have historically contested proposed rate increases through various mechanisms. As a result, we have been able to reduce those increases saving our citizens money. The purpose of this item is to approve a negotiated settlement agreement resolving both the 2014 and the 2015 Rate Review Mechanism and implement the rate change.

BACKGROUND INFORMATION

The Atmos Cities Steering Committee (ACSC) was previously the Lone Star Gas Steering Committee (GSSC). The name was formally changed to ACSC to unify the various gas issues that were developing and needed to be addressed by cities served by Atmos Gas. The GSSC was formed in 1996 and the City of Rowlett was one of the original members who joined. The City, along with other similarly-situated cities served by Atmos Energy Mid-Tex Division (Atmos Mid-Tex or Company), is a member of the ACSC.

In 2003, TXU Gas filed a statewide rate case, which became known at the Railroad Commission of Texas (RRC) as Gas Utilities Docket (GUD) No. 9400. That same year, the Texas Legislature passed legislation referred to as the Gas Reliability Infrastructure Program (GRIP), which authorized annual piecemeal rate reviews that Texas courts have concluded significantly restrict city jurisdiction, participation, and input. Shortly after GUD No. 9400 was decided in 2004, Atmos Energy purchased TXU Gas and created what is known as Atmos Energy Corp., Mid-Tex Division. The City of Rowlett is within the Atmos Mid-Tex Division. Atmos Mid-Tex filed four GRIP cases before filing a traditional rate case in September, 2007. As part of Cities' Settlement Agreement with Atmos of the 2007 rate case, ACSC and Atmos created a substitute process for annual piecemeal GRIP cases. That substitute process was called a Rate Review Mechanism (RRM) and was intended as an expedited but comprehensive rate review that included a number of fixed values and constraints. The RRM was intended as a three-year experiment. The RRM was in

effect each year 2008 through 2011. In 2012, it was extended for a fourth year with some slight modifications to the original formulas.

On June 6, 2013, the Rowlett City Council adopted an ordinance approving and adopting a rate schedule RRM to be in force for a period of time. This provided time to review the most recent rate increase proposed by Atmos Energy. On or about July 15, 2013, Atmos Mid-Tex filed with the City an application to increase natural gas rates pursuant to the RRM tariff renewed by the City in 2013 as a continuation and refinement of the previous RRM rate review process. On October 15, 2013, the City Council adopted an ordinance approving a negotiated resolution between the Atmos Steering Committee and Atmos Energy Corp., Mid-Tex Division regarding the 2013 annual RRM.

Under RRM, the City was able to work with ACSC each year when Atmos requested a rate increase to analyze the schedules and evidence offered by Atmos, allowing for a negotiated resolution between ACSC and Atmos Energy Corp. and for the City to act as a consumer advocate to keep natural gas rates reasonable. City Council action was taken in each of the years that RRM was in effect to approve the resolution between ACSC and Atmos Energy Corp. in each annual RRM filing.

DISCUSSION

The City, along with other similarly-situated cities served by Atmos Energy Mid-Tex Division, is a member of the Atmos Cities Steering Committee. In February 2014, Atmos Mid-Tex filed its second annual filing under the RRM tariff, seeking an increase of $45.7 million. Although ACSC attempted to reach a settlement with Atmos Mid-Tex as it had in past years, the wide differences between the Company and ACSC's consultants' recommendations made a compromise impossible. On the recommendation of the ACSC Executive Committee and ACSC's legal counsel, the City of Rowlett adopted a resolution on May 20, 2014, denying the requested rate increase.

Atmos Mid-Tex appealed the City's denial to the Railroad Commission of Texas (Commission), and revised its requested increase to $43.8 million. A hearing was held on the Company's appeal on September 3, 2014. On April 28, 2015, the Commission's Hearings Examiner issued his Proposal for Decision (PFD) in the Company's appeal of the City's denial of the 2014 RRM rate increase. This PFD was not favorable to ACSC, but did recommend a reduction of approximately $860,000 to the Atmos Mid Tex's adjusted 2014 filing.

While the parties were waiting for the PFD from the Hearings Examiner in the appeal of the 2014 RRM filing, on February 27, 2015, Atmos Mid-Tex filed with the City another rate increase request under the RRM Tariff, seeking additional revenues in the amount of $28.762 million (total system) or $24.0 million (affected cities). The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its 2015 request to increase rates. The Ordinance and attached Settlement Agreement and tariffs are the result of negotiation between the Mid-Tex Executive Committee and the Company to resolve issues raised by ACSC during the review and evaluation of Atmos Mid-Tex's filing. The recommended Settlement Agreement also requires

Atmos to abate its appeal of the City's rejection of the 2014 RRM rate increase pending approval by all ACSC cities of the Settlement Agreement. The Agreement requires Atmos to give the City the benefit of the adjustments to the 2014 rate increase recommended by the PFD.

The Ordinance and Settlement tariffs approve rates that will increase the revenues by $65.7 million for the Mid-Tex Rate Division, effective for bills rendered on or after June 1, 2015. The monthly residential customer charge will be $18.60. The consumption charge will change from $0.08819 per Ccf to $0.09931 per Ccf. The monthly bill impact for the typical residential customer consuming 60 Ccf will be an increase of $1.14 (about a 1.59 percent increase in the base bill). The typical commercial customer will see an increase of $2.69 or 0.96 percent.

The ACSC Executive Committee and its designated legal counsel and consultants recommend that all Cities adopt the Ordinance approving the negotiated Settlement Agreement resolving both the 2014 and the 2015 RRM filings, and implementing the rate change.

RRM Background:

The RRM tariff was originally approved by ACSC Cities as part of the settlement agreement to resolve the Atmos Mid-Tex 2007 system-wide rate filing at the Railroad Commission. In early 2013, the City adopted a renewed RRM tariff for an additional five years.

This is the third RRM filing under the renewed tariff. The RRM tariff and the process implementing that tariff were created collaboratively by ACSC and Atmos Mid-Tex as an alternative to the legislatively-authorized GRIP surcharge process. ACSC has opposed GRIP because it constitutes piecemeal ratemaking, does not allow any review of the reasonableness of Atmos' expenditures, and does not allow participation by cities or recovery of cities' rate case expenses. In contrast, the RRM process has allowed for a more comprehensive rate review and annual adjustment as a substitute for GRIP filings. ACSC's consultants have calculated that had Atmos filed its 2015 case under the GRIP provisions, it would have received additional revenues from ratepayers of approximately $10 million.

Purpose of the Ordinance:

Rates cannot change without the adoption of rate ordinances by cities. The purpose of the Ordinance is to approve the Settlement Agreement and the resulting rate change under the RRM tariff (Attachment 1) that reflect the settlement and negotiated rate changes pursuant to the RRM process and to ratify the recommendation of the ACSC Executive Committee.

As a result of the negotiations, the Executive Committee was able to reduce the Company's requested $28.8 million rate increase for Mid-Tex cities to $21,962,784. When added to the settlement of the 2014 RRM filing and the adjustments recommended by the PFD, the Company will receive total additional annual revenues of $65.7 million. Because the 2014 rates have been in effect since June 1, 2014, the increase to currently-billed rates is $21 million. Approval of the Ordinance will result in rates that implement an increase in Atmos Mid-Tex's revenues effective June 1, 2015.

Why Approve the Settlement Agreement:

While it is annoying and disconcerting to annually consider rate adjustments from Atmos Mid-Tex, the Texas legislature has granted gas utilities the right, through the GRIP process, to an annual increase based on increases in invested capital. GRIP is piecemeal ratemaking and ignores increases in revenues and declines in O&M expenses that may be associated with plant additions. ACSC found it preferable to negotiate with Atmos to substitute an expedited comprehensive review process that includes consideration of revenues and expenses as well as invested capital for the GRIP process.

Compelling reasons for approving the Settlement include:

1. While the 2015 RRM system-wide filing exceeded $28 million, a comparable GRIP filing would have been in excess of $38 million. ACSC has negotiated a reduction to the 2015 filing of approximately $6 million. Therefore, the 2015 RRM result is approximately $16 million better for ratepayers within municipal limits than ratepayers within Environs.
2. ACSC counsel is convinced that the Proposal for Decision ("PFD") by Railroad Commission Examiners in the 2014 RRM appeal will not improve if we file Exceptions and Replies to Exceptions. Counsel recommends action to avoid the PFD becoming a final order that would serve as precedent in future rate proceedings.
3. The token benefit to ratepayers authorized in the PFD to the 2014 appeal has been incorporated into the Settlement Agreement.
4. Atmos will file its formal withdrawal of its 2014 appeal only after all ACSC members approve the Settlement Agreement.
5. The alternative to approval of the Settlement Agreement would be another contested case hearing on appeal of the 2015 filing, implementation of interim rates on June 1, 2015 at the full value of the Company's request (or $6 million higher than proposed by the Settlement) and continuation of the 2014 appeal with resulting rate case expenses borne by ratepayers.

Explanation of "Be It Ordained" Sections:

1. This section approves all findings in the Ordinance.
2. This section finds the Settlement Agreement (attached to the Ordinance) to be a comprehensive settlement of gas utility rate issues arising from Atmos Mid-Tex's 2014 and 2015 RRM filings, and that such settlement is in the public interest and consistent with the City's statutory authority.
3. This section finds the existing Atmos Mid-Tex rates to be unreasonable, and approves the new tariffed rates providing for additional revenues over currently-billed rates of $21 million and adopts the attached new rate tariffs.
4. This section establishes the baseline for pensions and other post-employment benefits for future rate cases.
5. This section renews the Atmos Mid-Tex RRM Tariff for an additional period of time, commencing with the filing to be made on March 1, 2016, and continuing until the RRM Tariff is suspended by ordinance of the City.

6. This section requires the Company to reimburse Cities for reasonable ratemaking costs associated with reviewing and processing the RRM filing.
7. This section repeals any resolution or ordinance that is inconsistent with this Ordinance.
8. This section finds that the meeting was conducted in compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.
9. This section is a savings clause, which provides that if any section(s) is later found to be unconstitutional or invalid, that finding shall not affect, impair or invalidate the remaining provisions of this Ordinance. This section further directs that the remaining provisions of the Ordinance are to be interpreted as if the offending section or clause never existed.
10. This section provides for an effective date upon passage which, according to the Cities' ordinance that adopted the RRM process, is June 1, 2015.
11. This paragraph directs that a copy of the signed Ordinance be sent to a representative of the Company and legal counsel for the Steering Committee.

FINANCIAL/BUDGET IMPLICATIONS

N/A

RECOMMENDED ACTION

Approve an ordinance of the City Council of the City of Rowlett, Texas, approving a Settlement Agreement between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division regarding the company's 2014 and 2015 annual Rate Review Mechanism filings as presented.

ORDINANCE

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE ("ACSC") AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2014 AND 2015 RATE REVIEW MECHANISM FILINGS; APPROVING A SETTLEMENT AGREEMENT WITH ATTACHED RATE TARIFFS AND PROOF OF REVENUES; 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; 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 Rowlett, 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 and charges 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 current 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 initial RRM Tariff was in effect for four (4) years; and

WHEREAS, ACSC Cities and Atmos Mid-Tex entered into another settlement agreement and revised the RRM Tariff; and

WHEREAS, Atmos Mid-Tex appealed the ACSC Cities' actions rejecting its 2014 RRM filing to the Railroad Commission of Texas ("Commission"), pursuant to the provisions of the RRM Tariff; and

WHEREAS, Atmos Mid-Tex and ACSC litigated the appeal of the 2014 RRM filing at the Commission; and

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

WHEREAS, Atmos Mid-Tex has agreed to withdraw its appeal of the ACSC's rejection of its 2014 RRM Tariff rate increase; and

WHEREAS, the Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve the attached Settlement Agreement (Attachment 1 to this Ordinance), as well as the tariffs attached thereto, resolving both the 2014 and the 2015 RRM Tariff filings, which together will increase the Company's revenues by $65.7 million over the amount allowed under City-approved rates set in 2013; and

WHEREAS, the attached tariffs implementing new rates are consistent with the negotiated Settlement Agreement and are just, reasonable, and in the public interest; and

WHEREAS, the RRM Tariff should be renewed for a period of time commencing in 2016 and continuing until the RRM Tariff is suspended by ordinance of the City; and

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

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

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

Section 2. That the City Council finds that the Settlement Agreement (Exhibit A to this Ordinance) 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 2014 and 2015 RRM filings, is in the public interest, and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

Section 3. That the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable. The new tariffs attached hereto and incorporated herein as Exhibit C, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional $65.7 million in revenue over the amount allowed under currently approved rates, or $21 million over currently-billed rates, as shown in the Proof of Revenues attached hereto and incorporated herein as Exhibit B; such tariffs are hereby adopted.

Section 4. That the ratemaking treatment for pensions and other post-employment benefits in Atmos' next RRM filing shall be as set forth on Exhibit D, attached hereto and incorporated herein.

Section 5. That in an effort to streamline the regulatory review process, the Atmos Mid-Tex RRM Tariff is renewed for a period commencing with the Company's March 1, 2016 RRM filing for calendar year 2015, effective June 1, 2016, and continuing thereafter until such time as the City adopts an ordinance suspending operation of the RRM Tariff.

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

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

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

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

Section 10. That consistent with the City Ordinance that established the RRM process, this Ordinance shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after June 1, 2015.

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

ATTACHMENTS

Exhibit A – Settlement Agreement between Atmos Energy Corp., Mid-Tex Division and Atmos Cities Steering Committee effective for bills rendered on or after June 1, 2015

Exhibit B – Atmos Energy Corp., Mid-Tex Division Proof of Revenues and Proposed Tariff Structure, Test Year Ending December 31, 2014

Exhibit C – Atmos Energy Corp., Mid-Tex Division new tariffs

Exhibit D – Atmos Energy Corp., Mid-Tex Division Pensions and Retiree Medical Benefits for Cities Approval, Test Year Ending December 31, 2014

Attachment 1 – Memorandum to ACSC Members from attorneys from Lloyd Gosselink Rochelle & Townsend, P.C. dated May 8, 2015, regarding the Atmos Energy Corporation-Mid Tex Division Settlement Agreement

SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY CORP., MID-TEX DIVISION AND ATMOS CITIES STEERING COMMITTEE

WHEREAS, this agreement ("Settlement Agreement") is entered into by Atmos Energy Corp's Mid-Tex Division and Atmos Cities Steering Committee ("ACSC") whose members include the Cities of Abilene, Addison, Allen, Alvarado, Angus, Anna, Argyle, Arlington, Aubrey, Bedford, Bellmead, Benbrook, Beverly Hills, Blossom, Blue Ridge, Bowie, Boyd, Bridgeport, Brownwood, Buffalo, Burkburnett, Burleson, Caddo Mills, Canton, Carrollton, Cedar Hill, Celeste, Celina, Centerville, Cisco, Clarksville, Cleburne, Clyde, College Station, Colleyville, Colorado City, Comanche, Commerce, Coolidge, Coppell, Copperas Cove, Corinth, Corral City, Crandall, Crowley, Dalworthington Gardens, Denison, DeSoto, Duncanville, Eastland, Edgecliff Village, Emory, Ennis, Euless, Everman, Fairview, Farmers Branch, Farmersville, Fate, Flower Mound, Forest Hill, Fort Worth, Frisco, Frost, Gainesville, Garland, Garrett, Grand Prairie, Grapevine, Gunter, Haltom City, Harker Heights, Haskell, Haslet, Hewitt, Highland Park, Highland Village, Honey Grove, Hurst, Hutto, Iowa Park, Irving, Justin, Kaufman, Keene, Keller, Kemp, Kennedale, Kerens, Kerrville, Killeen, Krum, Lake Worth, Lakeside, Lancaster, Lewisville, Lincoln Park, Little Elm, Lorena, Madisonville, Malakoff, Mansfield, McKinney, Melissa, Mesquite, Midlothian, Murphy, Newark, Nocona, North Richland Hills, Northlake, Oakleaf, Ovilla, Palestine, Pantego, Paris, Parker, Pecan Hill, Petrolia, Plano, Ponder, Pottsboro, Prosper, Quitman, Red Oak, Reno (Parker County), Richardson, Richland, Richland Hills, Roanoke, Robinson, Rockwall, Roscoe, Rowlett, Royse City, Sachse, Saginaw, Sansom Park, Seagoville, Sherman, Snyder, Southlake, Springtown, Stamford, Stephenville, Sulphur Springs, Sweetwater, Temple, Terrell, The Colony, Trophy Club, Tyler, University Park, Venus, Vernon, Waco, Watauga, Waxahachie, Westlake, White Settlement, Whitesboro, Wichita Falls, Woodway, and Wylie.

WHEREAS, on February 28, 2014, Atmos filed with the ACSC Cities an application, hereinafter referred to as the 2014 RRM filing, to adjust rates pursuant to Rider RRM - Rate Review Mechanism, which were subsequently consolidated into GUD No. 10359 at the Railroad Commission of Texas; and

WHEREAS, on February 27, 2015, Atmos filed with the ACSC Cities an application, hereinafter referred to as the 2015 RRM filing, to adjust rates pursuant to Rider RRM - Rate Review Mechanism; and

WHEREAS, the Settlement Agreement resolves all issues between Atmos and ACSC ("the Signatories") regarding the 2014 RRM filing, which is currently pending before the Commission, and the 2015 RRM filing, which is currently pending before the ACSC Cities, in a manner that the Signatories believe is consistent with the public interest, and the Signatories represent diverse interests; and

WHEREAS, the Signatories believe that the resolution of the issues raised in the 2014 RRM filing and the 2015 RRM filing can best be accomplished by each ACSC City approving this Settlement Agreement and the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories, through their undersigned representatives, agree to the

following Settlement Terms as a means of fully resolving all issues between Atmos and the ACSC Cities involving the 2014 RRM filing and 2015 RRM filing:

Settlement Terms

1. Upon the execution of this Settlement Agreement, the ACSC Cities will approve an ordinance or resolution to approve the Settlement Agreement and implement the rates, terms and conditions reflected in the tariffs attached to the Settlement Agreement as Exhibit A. (Attachment A to the Ordinance ratifying the Agreement). Said tariffs should allow Atmos to recover annually an additional $65.7 million in revenue over the amount allowed under currently approved rates by implementation of rates shown in the proof of revenues attached as Exhibit B. (Attachment B to the Ordinance ratifying this Agreement). The uniform implementation of gas rates, terms and conditions established by the Settlement Agreement shall be effective for bills rendered on or after June 1, 2015. Consistent with the City's authority under Section 103.001 of the Texas Utilities Code, the Settlement Agreement represents a comprehensive settlement of gas utility rate issues affecting the rates, operations and services offered by Atmos within the municipal limits of the ACSC Cities arising from Atmos' 2014 RRM filing and 2015 RRM filing. No refunds of charges billed to customers by Atmos under the RRM in past periods shall be owed or owing.

2. In an effort to streamline the regulatory review process, Atmos and the ACSC Cities have agreed to renew the Rate Review Mechanism ("Rider RRM") for a period commencing with the Company's March 1, 2016 filing under this mechanism for the calendar year 2015, effective June 1, 2016, and continuing thereafter until such time as either the ACSC Cities issue an ordinance stating a desire to discontinue the operation of the tariff or Atmos files a Statement of Intent. Atmos and the ACSC Cities further agree that the RRM tariff shall remain in effect until such time as new, final rates are established for Atmos. Upon approval of this Settlement Agreement by the ACSC Cities, Atmos shall file an updated RRM Tariff with each city reflecting the provisions of this agreement.

3. Atmos and the ACSC Cities agree that rate base as of December 31, 2014 in the amount of $1,955,948,256 is just and reasonable and shall be recovered in rates.

4. Atmos and the ACSC Cities agree that a pension and other postemployment benefits balance as of December 31, 2014 in the amount of $18,284,949 is just and reasonable and shall be used as the beginning balance for purposes of determining pension and other postemployment benefits to be recovered in the next RRM filing (Attachment D to the Ordinance ratifying the Agreement).

5. With regard to the treatment of Atmos' Rule 8.209 regulatory asset under the RRM, Atmos and the ACSC Cities agree to the following with respect to any pending and future RRM filings:

    a. the capital investment in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209;

b. the classification of projects included in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209 and shall serve as a basis for classification of projects in future RRM filings;

c. the treatment of blanket replacement projects, system upgrades, relocations, and transmission line replacements in the Rule 8.209 regulatory asset in the 2014 RRM filing and 2015 RRM filing is reasonable and consistent with the requirements of Rule 8.209 and shall be included in future RRM filings.

d. the incurred expenses included in the Rule 8.209 regulatory asset in the 2014 RRM and the 2015 RRM are reasonable and consistent with the requirements of Rule 8.209 and shall be included in future RRM filings;

e. interest on the Rule 8.209 regulatory asset account shall be calculated using the pre-tax cost of capital most recently approved by the Commission. The use of the pre-tax cost of capital is consistent with Rule 8.209. A return on Rule 8.209 capital investment is only earned once the investment is included in rate base. No change in the Company's calculation of the interest component in its Rule 8.209 regulatory asset accounts is warranted through the period ended May 31, 2015. Beginning June 1, 2015, interest expense shall be calculated monthly using simple interest (*i.e.* 11.49% divided by 12, or approximately 0.96% per month) applied to the total value of the Rule 8.209 asset investment (exclusive of interest) until such time the Rule 8.209 regulatory asset is approved for inclusion in the Company’s rate base.

f. While Atmos and the ACSC Cities agree to apply the treatments and methodologies set forth in this paragraph, subsections (a) – (e) in all future RRM filings, the regulatory authority retains its right to disallow any capital investment that is not shown to be prudently incurred, and any expense not shown to be reasonable and necessary, in future RRM filings.

g. Atmos and the ACSC Cities acknowledge that their agreement regarding the treatment and methodologies applicable to Rule 8.209 capital investments under the RRM tariff shall not prejudice the right of either party to argue for different treatments or methodologies in a future statement of intent proceeding.

6. Revenues approved pursuant to Paragraph 1 of the Settlement Agreement include reimbursement of rate case expenses owed to the ACSC Cities in connection with the 2014 RRM filing.

7. The Signatories agree that each ACSC city shall approve this Settlement Agreement and adopt an ordinance or resolution to implement for the ACSC Cities the rates, terms, and conditions reflected in the tariffs attached to the Settlement Agreement as Exhibit A. Atmos and ACSC further agree that at such time as all of the ACSC Cities have passed an ordinance or resolution consistent with the Settlement and Atmos has received such ordinance or resolution, Atmos shall withdraw its appeal of the currently pending RRM filing before the Railroad Commission of Texas in connection with the 2014 RRM filing.

8. Atmos and the ACSC Cities further agree that the express terms of the Rider RRM are supplemental to the filing, notice, regulatory review, or appellate procedural process of the ratemaking provisions of Chapter 104 of the Texas Utilities Code. If the statute requires a mandatory action on behalf of the municipal regulatory authority or Atmos, the parties will follow the provisions of such statute. If the statute allows discretion on behalf of the municipal regulatory authority, the ACSC Cities agree that they shall exercise such discretion in such a way as to implement the provisions of the RRM tariff. If Atmos appeals an action or inaction of an ACSC City regarding an RRM filing to the Railroad Commission, the ACSC Cities agree that they will not oppose the implementation of interim rates or advocate the imposition of a bond by Atmos consistent with the RRM tariff. Atmos agrees that it will make no filings on behalf of its Mid-Tex Division under the provisions of Section 104.301 of the Texas Utilities code while the Rider RRM is in place. In the event that a regulatory authority fails to act or enters an adverse decision regarding the proposed annual RRM adjustment, the Railroad Commission of Texas shall have exclusive appellate jurisdiction, pursuant to the provisions of the Texas Utilities Code, to review the action or inaction of the regulatory authority exercising exclusive original jurisdiction over the RRM request. In addition, the Signatories agree that this Settlement Agreement shall not be construed as a waiver of the ACSC Cities' right to initiate a show cause proceeding or the Company's right to file a Statement of Intent under the provisions of the Texas Utilities Code.

9. The Signatories agree that the terms of the Settlement Agreement are interdependent and indivisible, and that if any ACSC city enters an order that is inconsistent with this Settlement Agreement, then any Signatory may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of that Signatory's entry into the Settlement Agreement or its subsequent withdrawal. If any ACSC city rejects this Settlement Agreement, then this Settlement Agreement shall be void *ab initio* and counsel for the ACSC Cities shall thereafter only take such actions as are in accordance with the Texas Disciplinary Rules of Professional Conduct.

10. The Signatories agree that all negotiations, discussions and conferences related to the Settlement Agreement are privileged, inadmissible, and not relevant to prove any issues associated with Atmos' 2014 RRM filing and 2015 RRM filing.

11. The Signatories agree that neither this Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the ACSC Cities of an ordinance or resolution implementing this Settlement Agreement.

12. The Signatories agree that this Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes, and, except to the extent the Settlement Agreement governs a Signatory's rights and obligations for future periods, this Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding.

13. The Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this 7 day of May, 2015.

ATMOS ENERGY CORP., MID-TEX DIVISION

By: John A. Paris

John A. Paris
President, Mid-Tex Division

Agreed to this 7th day of May 2015.

ATTORNEY FOR ATMOS CITIES STEERING COMMITTEE, WHOSE MEMBERS INCLUDE THE CITIES OF ABILENE, ADDISON, ALLEN, ALVARADO, ANGUS, ANNA, ARGYLE, ARLINGTON, AUBREY, BEDFORD, BELLMEAD, BENBROOK, BEVERLY HILLS, BLOSSOM, BLUE RIDGE, BOWIE, BOYD, BRIDGEPORT, BROWNWOOD, BUFFALO, BURKBURNETT, BURLESON, CADDO MILLS, CANTON, CARROLLTON, CEDAR HILL, CELESTE, CELINA, CENTERVILLE, CISCO, CLARKSVILLE, CLEBURNE, CLYDE, COLLEGE STATION, COLLEYVILLE, COLORADO CITY, COMANCHE, COMMERCE, COOLIDGE, COPPELL, COPPERAS COVE, CORINTH, CORRAL CITY, CRANDALL, CROWLEY, DALWORTHINGTON GARDENS, DENISON, DESOTO, DUNCANVILLE, EASTLAND, EDGECLIFF VILLAGE, EMORY, ENNIS, EULESS, EVERMAN, FAIRVIEW, FARMERS BRANCH, FARMERSVILLE, FATE, FLOWER MOUND, FOREST HILL, FORT WORTH, FRISCO, FROST, GAINESVILLE, GARLAND, GARRETT, GRAND PRAIRIE, GRAPEVINE, GUNTER, HALTOM CITY, HARKER HEIGHTS, HASKELL, HASLET, HEWITT, HIGHLAND PARK, HIGHLAND VILLAGE, HONEY GROVE, HURST, HUTTO, IOWA PARK, IRVING, JUSTIN, KAUFMAN, KEENE, KELLER, KEMP, KENNEDALE, KERENS, KERRVILLE, KILLEEN, KRUM, LAKE WORTH, LAKESIDE, LANCASTER, LEWISVILLE, LINCOLN PARK, LITTLE ELM, LORENA, MADISONVILLE, MALAKOFF, MANSFIELD, MCKINNEY, MELISSA, MESQUITE, MIDLOTHIAN, MURPHY, NEWARK, NOCONA, NORTH RICHLAND HILLS, NORTHLAKE, OAKLEAF, OVILLA, PALESTINE, PANTEGO, PARIS, PARKER, PECAN HILL, PETROLIA, PLANO, PONDER, POTTSBORO, PROSPER, QUITMAN, RED OAK, RENO (PARKER COUNTY), RICHARDSON, RICHLAND, RICHLAND HILLS, ROANOKE, ROBINSON, ROCKWALL, ROSCOE, ROWLETT, ROYSE CITY, SACHSE, SAGINAW, SANSOM PARK, SEAGOVILLE, SHERMAN, SNYDER, SOUTHLAKE, SPRINGTOWN, STAMFORD, STEPHENVILLE, SULPHUR SPRINGS, SWEETWATER, TEMPLE, TERRELL, THE COLONY, TROPHY CLUB, TYLER, UNIVERSITY PARK, VENUS, VERNON, WACO, WATAUGA, WAXAHACHIE, WESTLAKE, WHITE SETTLEMENT, WHITESBORO, WICHITA FALLS, WOODWAY, AND WYLIE.

By: Geoffrey Gay

Geoffrey Gay*

* Subject to approval by ACSC City Councils

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RRC Tariff No:

RATE SCHEDULE:	**C – COMMERCIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 06/01/2015**	**PAGE:**

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	$ 40.00 per month
Rider CEE Surcharge	$ 0.00 per month[1]
Total Customer Charge	$ 40.00 per month
Commodity Charge – All Ccf	$ 0.08020 per Ccf

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

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

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

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

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

Agreement
An Agreement for Gas Service may be required.

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

1 Reference Rider CEE - Conservation And Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2014.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RRC Tariff No:

RATE SCHEDULE:	**I – INDUSTRIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 06/01/2015**	**PAGE:**

Application
Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 3,500 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 3,500 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	$ 700.00 per month
First 0 MMBtu to 1,500 MMBtu	$ 0.2937 per MMBtu
Next 3,500 MMBtu	$ 0.2151 per MMBtu
All MMBtu over 5,000 MMBtu	$ 0.0461 per MMBtu

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

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

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

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

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

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

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RRC Tariff No:

RATE SCHEDULE:	**I – INDUSTRIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 06/01/2015**	**PAGE:**

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.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RRC Tariff No:

RATE SCHEDULE:	**R – RESIDENTIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 06/01/2015**	**PAGE:**

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	$ 18.60 per month
Rider CEE Surcharge	$ 0.02 per month[1]
Total Customer Charge	$ 18.62 per month
Commodity Charge – All Ccf	$0.09931 per Ccf

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

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

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

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

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

Agreement
An Agreement for Gas Service may be required.

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

[1]Reference Rider CEE - Conservation And Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2014.

RATE SCHEDULE:	**T – TRANSPORTATION**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 06/01/2015**	**PAGE:**

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	$ 700.00 per month
First 0 MMBtu to 1,500 MMBtu	$ 0.2937 per MMBtu
Next 3,500 MMBtu	$ 0.2151 per MMBtu
All MMBtu over 5,000 MMBtu	$ 0.0461 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.

RATE SCHEDULE:	**T – TRANSPORTATION**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 06/01/2015**	**PAGE:**

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 EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2015**	**PAGE:**

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 ith rate schedule or classification expressed in cents per Ccf

R_i = Commodity Charge rate of temperature sensitive sales for the ith schedule or classification.

HSF_i = heat sensitive factor for the ith 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 ith 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 EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2015**	**PAGE:**

Base Use/Heat Use Factors

	Residential		Commercial	
Weather Station	Base use Ccf	Heat use Ccf/HDD	Base use Ccf	Heat use Ccf/HDD
Abilene	10.22	0.1404	98.80	0.6372
Austin	11.59	0.1443	213.62	0.7922
Dallas	14.12	0.2000	208.11	0.9085
Waco	9.74	0.1387	130.27	0.6351
Wichita Falls	11.79	0.1476	122.35	0.5772

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 a 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
PROOF OF REVENUES AND PROPOSED TARIFF STRUCTURE
TEST YEAR ENDING DECEMBER 31, 2014

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Proposed Change In Rates:		$21,066,527	Schedule A			
2	Proposed Change In Rates without Revenue Related Taxes:		$19,757,254	Ln 1 divided by factor on WP_F-5.1			
3							
4							
5							
6		Revenue Requirements	Allocations				
7	Residential	$ 338,431,486	77.95%	Per GUD 10170 Final Order			
8	Commercial	$ 84,223,622	19.40%	Per GUD 10170 Final Order			
9	Industrial and Transportation	$ 11,490,316	2.65%	Per GUD 10170 Final Order			
10	Net Revenue Requirements GUD No. 10170	$ 434,145,424					
11							
12							
17							
18	Rate Class	Current	Proposed Change	Proposed Rates	Proposed Change In Revenues	Proposed Revenues	Proposed Rates with Rate Case Expenses
19							
20	Residential Base Charge	$ 18.20	$ 0.36	$ 18.56	$ 6,351,350	$ 327,447,398	$ 18.60
21	Residential Consumption Charge	$ 0.08819	$ 0.01112	$ 0.09931	$ 9,049,383	$ 80,817,829	$ 0.09931
22	Commercial Base Charge	$ 38.50	$ 1.37	$ 39.87	$ 2,000,584	$ 58,221,364	$ 40.00
23	Commercial Consumption Charge	$ 0.07681	$ 0.00339	$ 0.08020	$ 1,834,968	$ 43,411,339	$ 0.08020
24	I&T Base Charge	$ 675.00	$ 22.35	$ 697.35	$ 220,192	$ 6,870,292	$ 700.00
25	I&T Consumption Charge Tier 1 MMBTU	$ 0.2807	$ 0.0130	$ 0.2937	$ 142,055	$ 3,209,350	$ 0.2937
26	I&T Consumption Charge Tier 2 MMBTU	$ 0.2056	$ 0.0095	$ 0.2151	$ 117,051	$ 2,650,282	$ 0.2151
27	I&T Consumption Charge Tier 3 MMBTU	$ 0.0441	$ 0.0020	$ 0.0461	$ 42,703	$ 984,314	$ 0.0461
28					$ 19,758,287	$ 523,612,169	
29							

Data Sources:
GUD10170_FINAL.xlsm

Exhibit A

ATMOS ENERGY CORP., MID-TEX DIVISION
PROOF OF REVENUES AND PROPOSED TARIFF STRUCTURE
TEST YEAR ENDING DECEMBER 31, 2014

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Proposed Change In Rates:		$21,066,527	Schedule A			
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6		Revenue Requirements	Allocations				
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8	Commercial	$ 84,223,622	19.40%	Per GUD 10170 Final Order			
9	Industrial and Transportation	$ 11,490,316	2.65%	Per GUD 10170 Final Order			
10	Net Revenue Requirements GUD No. 10170	$ 434,145,424					
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	Rate Class	Current	Proposed Change	Proposed Rates	Proposed Change In Revenues	Proposed Revenues	Proposed Rates with Rate Case Expenses
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20	Residential Base Charge	$ 18.20	$ 0.36	$ 18.56	$ 6,351,350	$ 327,447,398	$ 18.60
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28					$ 19,758,287	$ 523,612,169	
29							

Data Sources:
GUD10170_FINAL.xlsm

ATTACHMENT 2

[redacted]

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RRC Tariff No:

RATE SCHEDULE:	**C – COMMERCIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 06/01/2015**	**PAGE:**

Application
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Total Customer Charge	$ 40.00 per month
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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, 2014.

RATE SCHEDULE:	**I – INDUSTRIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 06/01/2015**	**PAGE:**

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Replacement Index
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RATE SCHEDULE:	**I – INDUSTRIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 06/01/2015**	**PAGE:**

Agreement
An Agreement for Gas Service may be required.

Notice
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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.

RATE SCHEDULE:	**R – RESIDENTIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 06/01/2015**	**PAGE:**

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

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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, 2014.

RATE SCHEDULE:	**T – TRANSPORTATION**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 06/01/2015**	**PAGE:**

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	$ 700.00 per month
First 0 MMBtu to 1,500 MMBtu	$ 0.2937 per MMBtu
Next 3,500 MMBtu	$ 0.2151 per MMBtu
All MMBtu over 5,000 MMBtu	$ 0.0461 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.

RATE SCHEDULE:	**T – TRANSPORTATION**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 06/01/2015**	**PAGE:**

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.

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 ith rate schedule or classification expressed in cents per Ccf

R_i = Commodity Charge rate of temperature sensitive sales for the ith schedule or classification.

HSF_i = heat sensitive factor for the ith 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 ith 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.

RIDER:	**WNA – WEATHER NORMALIZATION ADJUSTMENT**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2015**	**PAGE:**

Base Use/Heat Use Factors

	Residential		Commercial	
Weather Station	Base use Ccf	Heat use Ccf/HDD	Base use Ccf	Heat use Ccf/HDD
Abilene	10.22	0.1404	98.80	0.6372
Austin	11.59	0.1443	213.62	0.7922
Dallas	14.12	0.2000	208.11	0.9085
Waco	9.74	0.1387	130.27	0.6351
Wichita Falls	11.79	0.1476	122.35	0.5772

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 a Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

File Date: February 27, 2015

[redacted]

ATMOS ENERGY CORP., MID-TEX DIVISION
PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL
TEST YEAR ENDING DECEMBER 31, 2014

		Shared Services		Mid-Tex Direct			
Line No.	Description	Pension Account Plan ("PAP")	Post-Retirement Medical Plan ("FAS 106")	Pension Account Plan ("PAP")	Supplemental Executive Benefit Plan ("SERP")	Post-Retirement Medical Plan ("FAS 106")	Adjustment Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Fiscal Year 2014 Towers Watson Report (excluding Removed Cost Centers)	$ 6,388,826	$ 4,542,023	$ 9,481,670	$ 165,758	$ 8,736,645	
2	Allocation to Mid-Tex	46.26%	46.26%	71.70%	100.00%	71.70%	
3	FY14 Towers Watson Benefit Costs (excluding Removed Cost Centers) Allocated to MTX (Ln 1 x Ln 2)	$ 2,955,304	$ 2,101,021	$ 6,798,531	$ 165,758	$ 6,264,334	
4	O&M and Capital Allocation Factor	100.00%	100.00%	100.00%	100.00%	100.00%	
5	FY14 Towers Watson Benefit Costs To Approve (excluding Removed Cost Centers) (Ln 3 x Ln 4)	$ 2,955,304	$ 2,101,021	$ 6,798,531	$ 165,758	$ 6,264,334	$ 18,284,949
6							
7							
8	**Summary of Costs to Approve:**						
9							
10	Total Pension Account Plan ("PAP")	$ 2,955,304		$ 6,798,531			$ 9,753,835
11	Total Post-Retirement Medical Plan ("FAS 106")		$ 2,101,021			$ 6,264,334	8,365,356
12	Total Supplemental Executive Retirement Plan ("SERP")				$ 165,758		165,758
13	Total (Ln 10 + Ln 11 + Ln 12)	$ 2,955,304	$ 2,101,021	$ 6,798,531	$ 165,758	$ 6,264,334	$ 18,284,949
14							
15							
16	O&M Expense Factor	95.82%	95.82%	43.03%	21.00%	43.03%	
17							
18	Expense Portion (Ln 13 x Ln 16)	$ 2,831,859	$ 2,013,260	$ 2,925,600	$ 34,809	$ 2,695,721	$ 10,501,250
19							
20	Capital Factor	4.18%	4.18%	56.97%	79.00%	56.97%	
21							
22	Capital Portion (Ln 13 x Ln 20)	$ 123,445	$ 87,761	$ 3,872,930	$ 130,949	$ 3,568,614	$ 7,783,699
23							
24	Total (Ln 18 + Ln 22)	$ 2,955,304	$ 2,101,021	$ 6,798,531	$ 165,758	$ 6,264,334	$ 18,284,949

ATTACHMENT 4

Attachment 1

Lloyd Gosselink
ATTORNEYS AT LAW

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Austin, Texas 78701
512.322.5800 p
512.472.0532 f
lglawfirm.com

M E M O R A N D U M

TO: ACSC Members

FROM: Geoffrey M. Gay

DATE: May 8, 2015

RE: Settlement Agreement with Atmos Mid-Tex

CONFIDENTIAL/ATTORNEY-CLIENT COMMUNICATION

Attached please find a Rate Ordinance that approves a Settlement Agreement between Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corporation, Mid-Tex Division ("Atmos" or "Company") that resolves the 2015 RRM proceeding pending with Cities for a rate increase that is approximately $15 million less than what the Company would be entitled to receive under the GRIP statute. Additionally, the Settlement Agreement resolves the 2014 RRM case that Atmos appealed to the Railroad Commission. Settlement of both cases was authorized by the ACSC Executive Committee. The Settlement produces a result that is better than what would be the expected result of continued litigation at the Commission.

The attached package includes a Rate Ordinance (provided in Word) that approves the Settlement Agreement and a Model Staff Report supporting the Ordinance. Also provided are the Attachments to the Rate Ordinance, which include: the Settlement Agreement, a proof of revenues, the new tariffs, and a spreadsheet establishing a baseline for pensions for the next RRM filing.

Your city should adopt the Ordinance with attachments. As an alternative to the Ordinance, you may adopt a resolution approving the Settlement Agreement, if that is your preference. A package containing a model resolution will be sent under separate cover.

Rowlett TEXAS

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/2015 **AGENDA ITEM**: 7H

TITLE

Consider action to approve a resolution accepting the bid and awarding a contract for the purchase of five 2016 Ford Explorer Police Interceptor patrol motor vehicles, emergency vehicle equipment and installation of equipment to Sam Pack's Five Star Ford in the amount of $232,294.98 for the Police Department through the Interlocal Cooperative Purchasing Agreement with Texas Smartbuy.

STAFF REPRESENTATIVE

Mike Brodnax, Chief of Police
Steve Ferrie, Patrol Lieutenant

SUMMARY

The City approved the purchase of new patrol vehicles, emergency vehicle equipment and installation of equipment in the FY2015 budget. The purpose of this item is to award the bid to Sam Pack's Five Star Ford for those vehicles, equipment and installation.

BACKGROUND INFORMATION

During the FY2014-2015 budget process, City Council allocated $250,000 toward the purchase of patrol vehicles, emergency vehicle equipment and installation of equipment for the police patrol fleet.

DISCUSSION

This agenda item is to approve a resolution awarding a contract for the purchase of five 2016 Ford Explorer Police Interceptor patrol motor vehicles, emergency equipment and installation of equipment to Sam Pack's Five Star Ford for the police patrol fleet. The ability of the Rowlett Police Department's Patrol Division to serve the citizens efficiently depends heavily on transportation with dependable and properly-equipped patrol vehicles.

The Rowlett Police Department has utilized Dodge Charger sedans as patrol vehicles since 2007. Since that time, Chevy and Ford have introduced new police vehicles in the sedan and SUV categories and staff has reviewed and evaluated those vehicles. Staff took into account the amount of equipment officers are required to carry with them while on patrol, the cabin and trunk space used to store the equipment and the current environments that officers are required to respond to. Staff recognized that officers are required to carry various equipment such as patrol equipment beat bags, officer patrol bags, automated external defibrillators, SWAT equipment, weapons and the addition of the required equipment equates to less storage and comfort in the vehicle cabin. Staff was also cognizant about the fact that Rowlett officers are receiving more calls for service that require the ability to patrol wooded and grass areas around the lake, which necessitates a vehicle with a high ground clearance and the ability to go off road. Since the patrol vehicle is the officer's office for extended periods of time, staff believed comfort, storage capacity,

vehicle versatility, price and performance were important considerations and determined the SUV type vehicle was a more appropriate patrol vehicle.

In 2014, Chevy and Ford released the specifications for the 2015 Ford Explorer and Chevy Tahoe. Staff reviewed the interior and exterior specifications of the 2015 Chevy Tahoe and 2015 Ford Explorer Police Interceptor and compared them to the existing Dodge Chargers that were purchased in 2013. Staff requested quotes from Chevy and Ford and in an effort to make an "apples to apples" comparison, requested Chevy and Ford to provide quotes for the vehicles with available safety and powertrain options that both offered (see chart below). Early on, staff recognized that Ford offered some powertrain equipment (Ecoboost and all-wheel drive) that Chevy did not. Chevy did not offer an Ecoboost type option and only offered a police Tahoe with four-wheel drive as an option. Safety and comfort were also considerations, so staff specified the vehicles with reverse sensing, rear camera and auxiliary air conditioning. The quotes obtained did not include all options that staff were interested in, but was a starting point to compare similar type vehicles with identical safety options, similar powertrain options and auxiliary air conditioning to determine if Chevy Tahoes and Ford Explorers were comparable in price for similar options.

As a result of the research, staff determined that the Ford Explorer Police Interceptor, solid black in color, was the best fit for the Rowlett Police Department. The determination was based on comfort, storage capacity, vehicle versatility, price and performance (see chart below for vehicle comparison).

	2015 Ford Explorer	**2015 Chevy Tahoe**
Front Head Room	9.14+	9.86+
Ease of Entry and Exit	8.43+	8.71+
Front Leg Room	7.57+	8.64+
Overall Comfort Rating	8.00+	8.79+
Ground Clearance	8.3"	9.1"
Cargo Volume	58.7 cu ft (rear)	57.7 cu ft (rear)
Cylinders	6	8
Mileage	15/20	16/22
All-Wheel Drive Option	Standard	Option
Rear View Camera Option	Option	Standard
Reverse Sensing Option	Option	Standard
Aux Air Conditioning Option	Option	Standard
0-60 MPH	6.55 seconds	7.85 seconds
0-80 MPH	10.45 seconds	13.25 seconds
0-100 MPH	16.13 seconds	20.47 seconds
Top Speed	132 MPH	121 MPH
60 MPH to 0 Stopping Distance	131.5 ft	135.6 ft
Warranty	3/36,000 BtB 5/100,000 Powertrain	3/36,000 BtB 5/100,000 Powertrain

*Average from Michigan State Police 2015 Model Year Police Vehicle Evaluation Program (2015 model vehicles)

+Michigan State Police Evaluation Officers individually and independently compared and scored the test vehicles on various comfort factors. Each factor was graded on a 1 to 10 scale, with 1 representing "totally unacceptable," 5 representing "average," and 10 representing "superior."

See detailed quote from Sam Pack's Five Star Ford in Exhibit A (total price for vehicle, equipment and build).

FINANCIAL/BUDGET IMPLICATIONS

Budget Account Number	Account or Project Title	Budget Amount	Proposed Amount
1014001 6709	Motor Vehicles	$250,000.00	$232,294.98
Total		**$250,000.00**	**$232,294.98**

RECOMMENDED ACTION

Move to approve a resolution accepting the bid and awarding a contract for the purchase of five patrol vehicles, emergency vehicle equipment and installation of equipment to Sam Pack's Five Star Ford in the amount of $232,294.98 for the Police Department through the Interlocal Cooperative Purchasing Agreement with Texas Smartbuy.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS, AWARDING A CONTRACT FOR THE PURCHASE OF FIVE PATROL MOTOR VEHICLES, EMERGENCY VEHICLE EQUIPMENT AND INSTALLATION OF EQUIPMENT TO SAM PACK'S FIVE STAR FORD IN THE AMOUNT OF $232,294.98 FOR THE POLICE DEPARTMENT THROUGH THE INTERLOCAL COOPERATIVE PURCHASING AGREEMENT WITH TEXAS SMARTBUY; AUTHORIZING THE ISSUANCE OF PURCHASE ORDERS PURSUANT TO APPROVAL; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, it is necessary to procure five patrol motor vehicles, emergency vehicle equipment and installation of equipment for the Police Department; and

WHEREAS, the City of Rowlett has entered into an Interlocal Cooperative Purchasing Agreement with Texas Smartbuy for products and services; and

WHEREAS, Texas Smartbuy has taken sealed bids for the Ford Explorer Police Interceptor, emergency vehicle equipment and installation of equipment and has contracts in place for said equipment; and

WHEREAS, the City Council of the City of Rowlett, Texas desires to award a contract pursuant to such bids to Sam Pack's Five Star Ford.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS:

Section 1: That the City Council of the City of Rowlett does hereby approve the purchase of five patrol motor vehicles, emergency vehicle equipment and

installation of equipment in the amount of $232,294.98 from Sam Pack's Five Star Ford through the Interlocal Purchasing Agreement with Texas Smartbuy.

Section 2: That the City Council does hereby authorize the City Manager or his designee to issue purchase orders to conform to this resolution in accordance with the quotation attached hereto and incorporated herein by reference as Exhibit A.

Section 3: This resolution shall become effective immediately upon its passage.

ATTACHMENTS

Exhibit A – Quote from Sam Pack's Five Star Ford (total price for vehicle, equipment and installation of equipment).

EXHIBIT A

Sam Pack's Five Star Ford
1635 S. IH 35E Carrollton Texas, 75006
(888) 8 FLEET 9 (888-835-3389) - FAX 972-245-5278 - bidtx@spford.com

CUSTOMIZED PRODUCT PRICING SUMMARY BASED ON CONTRACT

Cars and Light Trucks

Team Members -- Kevin Moore - Ruben Santana - Grace Torres - Jorge Guerra - Alan Rosner

Contract Name:Tarrant County - 2012-151

End User: City of Rowlett **Sam Pack's Rep:** Alan Rosner

Contact: Steve Ferrie **Date:** 3/25/2015

Contact TN/Email sferrie@rowlett.com Phone #

Product Description: 2016 Ford Police Interceptor - Utility Exterior Color / Interior BLACK

A. Bid Series: **466BLE** **Base Price:** **$ 24,783.00**

B. Published Options (Itemize Each Below)

Code	Description	Bid Price	Code	Description	Bid Price
44P	Automatic Transmission	Included		Dark Car Option	$ 20.00
	Air Conditioning	Included		SP Ford DC Discount	$ (20.00)
	Power Group	Included		Rear A/C	$ 610.00
	Speed Control	Included		Rear A/C Credit	$ (610.00)
	Tilt Wheel	Included		LED Cutouts	$ 125.00
	All Wheel Drive	Included		Inop Rear Locks	$ 35.00
	Auxillary Climate Control	Included		Keyed Alike 1435X	$ 50.00
	Front Cloth/Rear Vinyl Seats	Included		Eco-Boost Engine	$ 3,295.00
	Backup Camera	$ 245.00			
	Backup Sensor	$ 275.00		TINT front two windows - 35%	$ 75.00
	4 Programmable Switches			Texas Police Chiefs Special	$ (75.00)
	SYNC Bluetooth System	$ 295.00		Free Window Tint	
				Total of B. - Published Options	**$ 4,320.00**

C. Ford Factory Published Options

Code	Description	Bid Price	Code	Description	Bid Price
51R	LED Spotlamp -Driver Side Only	$ 395.00			
				Total of C. - Dealer Published Options	**$ 395.00**

D. Fleet Quote

Code	Description	Bid Price	Code	Description	Bid Price
	Federal Package - SPF100	$ 5,856.82		50/50 Cage	**$375.00**
	Includes: Federal Valor Lightbar	$ 725.00		Vertex Hideaway - front& Rear	**$117.00**
	Federal SmartSiren Platinum 3000+Spkr			TAL65 rear window	**$464.00**
	Armrest/Cupholder - Havis SP100 Console			Vertex Hideaway - Rear	**$117.00**
	Isolation Setina Prisoner Cage - 2nd Row			Window LED - x6	**$665.00**
	Setina Prisoner Barrier - 3rd Row			Opticom & Rumbler	**$1,593.00**
	Professional Installation	$ 1,210.00		Install - Customer supplied computer-Printer-JetPack	**$90.00**
	Brake kill toggle - Lights out	$194.00		Install - Customer supplied L3 Camera	**$270.00**
	Texas Police Chiefs Discount	-$288.00		45 degree red/blue x2	**$145.00**
	Mirror Beams	$257.00		Push Bumper - Lighted - 4 lights/	**$639.00**
	headlight flashers	Included		Customer to supply new equipment	**-**
	Wildfire Utility Box	$1,960.00		Install simple Graphics	**No Charge**
	Stalker Radar	$2,350.00		Swaping all Whelen to Federal (LED)	**$268.00**
				Total of D. - Off Menu Options	**$ 17,007.82**

F.	**Delivery Charges**	**0 Miles @ $2.45/mile**	**$ -**
G.	**Option Discounts**		**$ (46.83)**
H.	**Total of A + B + C + D + E = F**		**$ 46,459.00**
I.	**Floor Plan Assistance**		**$0.00**
J.	**Lot Insurance Coverages**		**$0.00**
K.	**Quantity Ordered** 5	**X F =**	**$ 232,294.98**
L.	**Administrative Fee**		**$ -**
M.	**Non-Equip Charges & Credits**		
N.	**TOTAL PURCHASE PRICE INCLUDING ADMIN FEE**		**$232,294.98**

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/15 **AGENDA ITEM**: 8A

TITLE

Consider and take action on an ordinance canvassing returns and declaring results of May 9, 2015, bond election; providing an effective date; and containing provisions necessary and incidental thereto.

STAFF REPRESENTATIVE

Laura Hallmark, City Secretary

SUMMARY

The canvass is the official tabulation of the election results and is done by the City Council under the Texas Election Code and the Rowlett City Charter. The canvass is made no earlier than the third day nor later than the eleventh day after Election Day. This ensures the tabulation of all provisional and absentee ballots. The results are considered unofficial until the canvass.

BACKGROUND INFORMATION

The City has been planning for a bond election since 2012. In August, 2014, the Council established the Community Investment Program Task Force (CIPTF) for the purpose of providing a recommendation to the City Council for the proposed May 2015 bond election.

At their meeting of February 17, 2015, the City Council ordered a Special Election to be held on Saturday, May 9, 2015, for the purpose of considering three propositions for the following: Proposition 1 – Streets – $18,932,340, Proposition 2 – Parks – $4,206,110, and Proposition 3 – Public Safety – $2,631,050. This $25.8 million package was proposed without a tax increase, which was made possible by the City's freed up debt capacity due to retired debt.

This election was held in conjunction with the City's Special Local Option Election, 26 other entities and conducted in a joint election contract with the Dallas County Elections Department.

DISCUSSION

As stated above, results of the election are not considered to be official until they have been canvassed. Listed below are the results of Early Voting and Election Day:

BOND PROPOSITION #1 – STREETS

NAME	EARLY VOTING	ELECTION DAY	TOTAL VOTES	% OF VOTES
FOR	1001	1151	2152	87.84%
AGAINST	123	175	298	12.16%

BOND PROPOSITION #2 – PARKS

NAME	EARLY VOTING	ELECTION DAY	TOTAL VOTES	% OF VOTES
FOR	929	1055	1984	81.18%
AGAINST	190	270	460	18.82%

BOND PROPOSITION #3 – TRAINING FACILITY

NAME	EARLY VOTING	ELECTION DAY	TOTAL VOTES	% OF VOTES
FOR	892	986	1878	76.90%
AGAINST	228	336	564	23.10%

All items passed with the required majority vote. These results will become official with the passage of this resolution.

FINANCIAL/BUDGET IMPLICATIONS

The City of Rowlett contracted with Dallas County Elections Department for the conduct of our municipal election. Expenses are set once the number of entities and their respective election items, polling locations, poll workers, and associated forms and equipment have been finalized. The City anticipated the possibility of an election in May this year to authorize the sale of general obligation bonds. As a result, the City budgeted funds in the amount of $42,700.00. As of this date, total election costs have been projected as $31,368.42, which includes: Dallas County Elections – $15,514.42, $15,333.00 – *Dallas Morning News* (notice publication), and $494.00 – *Rowlett Lakeshore Times* (notice publication).

RECOMMENDED ACTION

Staff recommends Council approve the ordinance canvassing the results of the Bond Election held on Saturday, May 9, 2015.

ORDINANCE

ORDINANCE BY THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS, CANVASSING RETURNS AND DECLARING RESULTS OF MAY 9, 2015, BOND ELECTION; PROVIDING AN EFFECTIVE DATE; AND CONTAINING PROVISIONS NECESSARY AND INCIDENTAL THERETO.

WHEREAS, the City Council duly authorized an election to be held within the City of Rowlett, Texas (the "City") on May 9, 2015 (the "Election"), for the purpose of submitting to the resident qualified electors of the City the propositions hereinafter set forth;

WHEREAS, this City Council has investigated all matters pertaining to said Election; and

WHEREAS, the Election officers who held said Election have duly made the return of the results thereof, and said returns have been duly delivered to this City Council;

WHEREAS, the City Council finds and declares that the meeting at which this Ordinance is considered is open to the public as required by law, and that the public notice of the time, place and purpose of the meeting was given as required by Vernon's Ann. Texas Government Code, Section 551.041, as amended; Now, Therefore,

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

Section 1. It is officially found and determined that said Election was duly ordered, that proper notice thereof was duly given, that proper Election officers were duly appointed prior to said Election, that said Election was duly and lawfully held, that due returns of the result of said Election have been made and delivered, and that this City Council has duly canvassed said returns, all in accordance with law and the Ordinance calling said Election.

Section 2. It is officially found and determined that the following votes were cast at said Election on the submitted propositions by the resident qualified electors of the City who voted at said Election:

PROPOSITION 1
THE ISSUANCE OF $18,932,340 TAX BONDS FOR STREET AND ROAD IMPROVEMENTS

2,152 VOTES FOR
298 VOTES AGAINST

PROPOSITION 2
THE ISSUANCE OF $4,206,110 TAX BONDS FOR PARKS AND RECREATIONAL FACILITIES

1,984 VOTES FOR
460 VOTES AGAINST

PROPOSITION 3
THE ISSUANCE OF $2,631,050 TAX BONDS FOR PUBLIC SAFETY TRAINING FACILITY AND COMMUNICATIONS EQUIPMENT AND LINE

1,878 VOTES FOR
564 VOTES AGAINST

Section 3. As a result of said Election, and in conformity with law, this City Council is authorized to issue the bonds on behalf of the City in the manner and to the extent set forth in the proceedings calling said Election, and as and to the extent authorized by said Election.

Section 4. In accordance with the provisions of V.T.C.A., Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

ATTACHMENT

Attachment 1 – Election Results

Mayor ~ Todd Gottel
Mayor Pro Tem ~ Michael Gallops
Deputy Mayor Pro Tem ~ Carl Pankratz

City Council ~
Rick Sheffield
Tammy Dana-Bashian
Debby Bobbitt
Robbert van Bloemendaal

City Manager ~ Brian Funderburk

Rowlett TEXAS

A unique community where families enjoy life and feel at home

SPECIAL ELECTION MAY 9, 2015
UNOFFICIAL RESULTS

BOND PROPOSITION #1 – STREETS

NAME	EARLY VOTING	ELECTION DAY	TOTAL VOTES	% OF VOTES
FOR	1001	1151	2152	87.84%
AGAINST	123	175	298	12.16%

BOND PROPOSITION #2 – PARKS

NAME	EARLY VOTING	ELECTION DAY	TOTAL VOTES	% OF VOTES
FOR	929	1055	1984	81.18%
AGAINST	190	270	460	18.82%

BOND PROPOSITION #3 – TRAINING FACILITY

NAME	EARLY VOTING	ELECTION DAY	TOTAL VOTES	% OF VOTES
FOR	892	986	1878	76.90%
AGAINST	228	336	564	23.10%

LOCAL OPTION

NAME	EARLY VOTING	ELECTION DAY	TOTAL VOTES	% OF VOTES
FOR	808	921	1729	70.26%
AGAINST	320	412	732	29.74%

Unofficial results posted at __8:00____ p.m.

Laura Hallmark

Laura Hallmark, City Secretary

City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

AGENDA DATE: 05/19/15 **AGENDA ITEM**: 8B

TITLE

Consider a resolution canvassing returns and declaring results of the May 9, 2015, local option election.

STAFF REPRESENTATIVE

Laura Hallmark, City Secretary

SUMMARY

The canvass is the official tabulation of the election results and is done by the City Council under the Texas Election Code and the Rowlett City Charter. The canvass is made no earlier than the third day nor later than the eleventh day after Election Day. This ensures the tabulation of all provisional and absentee ballots. The results are considered unofficial until the canvass.

BACKGROUND INFORMATION

The Rowlett FIR$T Committee, utilizing the services of Texas Petition Strategies, Inc., issued an application to the City Secretary's Office for a Local Option Election Petition to Legalize for the issuance of a petition on the following issue: "*The legal sale of all alcoholic beverages for off-premise consumption only*." (Attachment 1). The City Secretary's Office issued said petitions on Monday, October 20, 2014. On December 9, 2014, Texas Petition Strategies, Inc. returned 649 pages of the petition for verification and staff verified that the petition contained the requisite 4,466 signatures.

At their meeting of January 20, 2015, the City Council ordered a Special Election to be held on Saturday, May 9, 2015, for the purpose of considering "the legal sale of all alcoholic beverages for off-premise consumption only." This election was held in conjunction with the City's Special Bond Election, 26 other entities and conducted in a joint election contract with the Dallas County Elections Department.

DISCUSSION

As stated above, results of the election are not considered to be official until they have been canvassed. Listed below are the results of Early Voting and Election Day:

LOCAL OPTION

NAME	EARLY VOTING	ELECTION DAY	TOTAL VOTES	% OF VOTES
FOR	808	921	1729	70.26%
AGAINST	320	412	732	29.74%

The item passed with the required majority vote. These results will become official with the passage of this resolution.

FINANCIAL/BUDGET IMPLICATIONS

The City of Rowlett contracted with Dallas County Elections Department for the conduct of our municipal election. Expenses are set once the number of entities and their respective election items, polling locations, poll workers, and associated forms and equipment have been finalized. The City anticipated the possibility of an election in May this year to authorize the sale of general obligation bonds. As a result, the City budgeted funds in the amount of $42,700. As of this date, total election costs have been projected as $31,368.42, which includes: Dallas County Elections – $15,514.42, $15,333.00 – *Dallas Morning News* (notice publication), and $494.00 – *Rowlett Lakeshore Times* (notice publication).

RECOMMENDED ACTION

Staff recommends Council approve the resolution canvassing the results of the Special Local Option Election held on Saturday, May 9, 2015.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS, CANVASSING THE RETURNS AND DECLARING THE RESULTS OF THE SPECIAL ELECTION HELD SATURDAY, MAY 9, 2015; AND PROVIDING AN EFFECTIVE DATE.

BE IT REMEMBERED THAT on this the 19th day of May 2015, at a meeting of the City Council of the City of Rowlett, Texas, a quorum being present, the meeting was called to order and the following business was transacted.

WHEREAS, upon motion it was unanimously ordered that the City Council consider the official returns of a special election held in the City on May 9, 2015, to vote for or against a local option proposition to determine whether or not to permit the legal sale of alcoholic beverages for off-premise consumption only within the City of Rowlett.

WHEREAS, said official returns were opened, examined, canvassed and the results declared as follows:

CANVASS OF RETURNS AND DECLARATION OF RESULTS

WHEREAS, heretofore, the City Council of the City of Rowlett, Texas, held a special election in the City on May 9, 2015, to vote for or against a local option proposition to determine whether or not to permit the legal sale of alcoholic beverages for off-premise consumption only within the City of Rowlett.

WHEREAS, immediately after said election the Presiding Judge and other officials holding said election made their returns of the results thereof to the City Council as follows, and said returns being made according to law, and duly authenticated, and it being shown that written notice of said election was posted for the time and in the manner provided by law, and all other

proceedings pertaining to said election having been shown to have been done and performed at and within the manner provided by law, and all papers pertaining thereto having been returned and filed with the City Council and no protest or objection being made to or regarding any matter pertaining to said election.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS:

Section 1: That after examining said returns and opening and canvassing the votes of said election, and that all provisional votes having been accounted, and that the results of said election are as follows:

That the following number of votes were cast for or against a local option proposition to determine whether or not to permit the legal sale of alcoholic beverages for off-premise consumption only within the City of Rowlett.

NAME	EARLY VOTING	ELECTION DAY	TOTAL VOTES	% OF VOTES
FOR	808	921	1729	70.26%
AGAINST	320	412	732	29.74%

It appearing that a majority of all votes cast for the proposition were FOR, the Proposition is declared to have PASSED.

Section 2: It is further ordered that this canvass and declaration of results of said election be entered in the Minutes of the City Council and that the City Secretary shall record in the office of the City Secretary, under the seal of the City, showing the approval by the qualified voters of the City of Rowlett, Texas.

Section 3: This resolution shall take effect immediately from and after its passage.

ATTACHMENT

Attachment 1 – Election Results

Mayor ~ Todd Gottel
Mayor Pro Tem ~ Michael Gallops
Deputy Mayor Pro Tem ~ Carl Pankratz

City Council ~
Rick Sheffield
Tammy Dana-Bashian
Debby Bobbitt
Robbert van Bloemendaal

City Manager ~ Brian Funderburk

Rowlett TEXAS

A unique community where families enjoy life and feel at home

SPECIAL ELECTION MAY 9, 2015
UNOFFICIAL RESULTS

BOND PROPOSITION #1 – STREETS

NAME	EARLY VOTING	ELECTION DAY	TOTAL VOTES	% OF VOTES
FOR	1001	1151	2152	87.84%
AGAINST	123	175	298	12.16%

BOND PROPOSITION #2 – PARKS

NAME	EARLY VOTING	ELECTION DAY	TOTAL VOTES	% OF VOTES
FOR	929	1055	1984	81.18%
AGAINST	190	270	460	18.82%

BOND PROPOSITION #3 – TRAINING FACILITY

NAME	EARLY VOTING	ELECTION DAY	TOTAL VOTES	% OF VOTES
FOR	892	986	1878	76.90%
AGAINST	228	336	564	23.10%

LOCAL OPTION

NAME	EARLY VOTING	ELECTION DAY	TOTAL VOTES	% OF VOTES
FOR	808	921	1729	70.26%
AGAINST	320	412	732	29.74%

Unofficial results posted at __8:00____ p.m.

Laura Hallmark

Laura Hallmark, City Secretary