



**GREATER TEXOMA UTILITY AUTHORITY
BOARD MEETING
AUGUST 18, 2025**

**GTUA BOARD ROOM
5100 AIRPORT DRIVE
DENISON, TEXAS 75020**



**AGENDA
GREATER TEXOMA UTILITY AUTHORITY
BOARD OF DIRECTORS MEETING
GTUA BOARD ROOM
5100 AIRPORT DRIVE
DENISON, TEXAS 75020
Monday, August 18, 2025, 12:00 p.m.**

Notice is hereby given that a meeting of the Board of Directors of the Greater Texoma Utility Authority will be held on the 18th day of August 2025, at 12:00 p.m. in the Administrative Offices of the Greater Texoma Utility Authority, 5100 Airport Drive, Denison TX, 75020, at which time the following items may be discussed, considered, and acted upon, including the expenditure of funds.

Agenda:

- I. Call to Order.
- II. Pledge of Allegiance.
- III. Consent Agenda
 - * Items marked with an asterisk (*) are considered routine by the Board of Directors and will be enacted in one motion without discussion unless a Board Member or a Citizen requests a specific item to be discussed and voted on separately.
- IV. *Consider and act upon approval of Minutes July 21, 2025, Meeting
- V. *Consider and act upon approval of accrued liabilities for July 2025.
- VI. *Consider and act upon Change Order No. 4 with Urban Infraconstruction, LLC. for the City of Bells WWTP Rehab Project
- VII. Citizens to be Heard.
- VIII. Receive Quarterly Investment Report.
- IX. Consider and act upon Budget Amendment For FY 2024-2025.
- X. Consider and act upon an Engagement Letter for Independent Audit Services for Fiscal Year 2024-2025.
- XI. Consider all matters incident and related to the Greater Texoma Utility Authority Contract Revenue Bonds, Taxable Series 2025 (North Kaufman Water Supply Corporation Project), including the adoption of a resolution approving the execution of a Contract of Indemnification with the North

Kaufman Water Supply Corporation and approving the execution of a Financing Agreement with the Texas Water Development Board in connection therewith.

- XII. Consider all matters incident and related to the approval and execution of a Water Facilities Funding Agreement by and between the Greater Texoma Utility Authority and the North Kaufman Water Supply Corporation in connection with the North Texas Municipal Water District South Transmission Pipeline Project, including the adoption of a resolution pertaining thereto.
- XIII. Consider all matters incident and related to the Greater Texoma Utility Authority Contract Revenue Bonds, Series 2025 (Becker-Jiba Special Utility District Project), including the adoption of a resolution approving the execution of a Contract of Indemnification with the Becker-Jiba Special Utility District and approving the execution of a Financing Agreement with the Texas Water Development Board in connection therewith.
- XIV. Consider all matters incident and related to the approval and execution of a Water Facilities Funding Agreement by and between the Greater Texoma Utility Authority and the Becker-Jiba Special Utility District in connection with the North Texas Municipal Water District South Transmission Pipeline Project, including the adoption of a resolution pertaining thereto.
- XV. Consider all matters incident and related to the Greater Texoma Utility Authority Contract Revenue Bonds, Series 2025 (College Mound Special Utility District Project), including the adoption of a resolution approving the execution of a Contract of Indemnification with the College Mound Special Utility District and approving the execution of a Financing Agreement with the Texas Water Development Board in connection therewith.
- XVI. Consider all matters incident and related to the approval and execution of a Water Facilities Funding Agreement by and between the Greater Texoma Utility Authority and the College Mound Special Utility District in connection with the North Texas Municipal Water District South Transmission Pipeline Project, including the adoption of a resolution pertaining thereto.
- XVII. Consider all matters incident and related to the Greater Texoma Utility Authority Contract Revenue Bonds, Series 2025 (Gastonia-Scurry Special Utility District Project), including the adoption of a resolution approving the execution of a Contract of Indemnification with the Gastonia-Scurry Special Utility District and approving the execution of a Financing Agreement with the Texas Water Development Board in connection therewith.
- XVIII. Consider all matters incident and related to the approval and execution of a Water Facilities Funding Agreement by and between the Greater Texoma Utility Authority and the Gastonia-Scurry Special Utility District in connection with the North Texas Municipal Water District South Transmission Pipeline Project, including the adoption of a resolution pertaining thereto.
- XIX. Consider and Act upon a resolution by the Board of Directors of the Greater Texoma Utility Authority requesting financial assistance from the Texas Water Development Board, authorizing the filing of an application for assistance, and making certain findings in connection therewith (Lake Kiowa SUD Water System Improvements Project).
- XX. Discussion and possible action on an updated GTUA Personnel Handbook.
- XXI. Receive General Manager's Report: The General Manager will update the Board on operational and other activities of the Authority.
- XXII. Adjourn.

¹The Board may vote and/or act upon each of the items listed in this agenda.

²At any time during the meeting or work session and in compliance with the Texas Open Meetings Act, Chapter 551, Government Code, Vernon's Texas Codes, Annotated, the Greater Texoma Utility Authority Board may meet in executive session on any of the above agenda items or other lawful items for consultation concerning attorney-client matters (§551.071); deliberation regarding real property (§551.072); deliberation regarding prospective gifts (§551.073); personnel matters (§551.074); and deliberation regarding security devices (§551.076). Any subject discussed in executive session may be subject to action during an open meeting.

³PERSONS WITH DISABILITIES WHO PLAN TO ATTEND THIS MEETING, AND WHO MAY NEED ASSISTANCE, ARE REQUESTED TO CONTACT VELMA STARKS AT (903) 786-4433 TWO (2) WORKING DAYS PRIOR TO THE MEETING, SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.

AGENDA ITEM IV

**MINUTES OF THE BOARD OF DIRECTORS
GREATER TEXOMA UTILITY AUTHORITY**

MONDAY, JULY 21, 2025

**AT THE ADMINISTRATIVE OFFICES
5100 AIRPORT DRIVE
DENISON TX 75020**

Members Present: Donald Johnston, Brad Morgan, Scott Blackerby, Stanley Thomas, Ken Brawley, Josh Wells, and Henry Koehler

Members Absent: Matt Brown and Kristofor Spiegel

Staff: Paul Sigle, Nichole Murphy, Stacy Patrick, Debi Atkins, Tasha Hamilton, and Velma Starks

General Counsel: Mike Wynne, Wynne, Smith, and Young

I. Call to Order

Board President Brad Morgan called the meeting to order at 12:00 p.m.

II. Pledge of Allegiance

Board President Brad Morgan led the group in the Pledge of Allegiance.

III. Administer Oath of Office.

Oath of Office was administered to Josh Wells by Velma Starks, Notary Public.

IV. Consent Agenda

Items marked with an asterisk () are considered routine by the Board of Directors and are enacted in one motion without discussion unless a Board Member or a Citizen requests a specific item to be discussed and voted on separately.

V. * Consider and act upon approval of Minutes of June 16, 2025, Meeting.

VI. * Consider and act upon approval of accrued liabilities for June 2025.

Discussion was held.

VII. *Receive Monthly Financial Information.

VIII. *Consider and act upon Change Order No. 3 with Hayes Construction, LLC. for the City of Bells Watermains Installation Project.

Board Member Scott Blackerby made the motion to approve the Consent Agenda. Board Member Stanley Thomas seconded the motion. Motion passed unanimously.

IX. Citizens to be Heard.

No citizens wished to be heard.

X. Consider and act upon appointments to the Budget and Finance Committee for fiscal year 2025-2026.

Josh Wells, Stanley Thomas, and Brad Morgan were appointed to the Budget and Finance Committee. Board Member Ken Brawley made a motion to accept the appointees to the Budget and Finance Committee. Board Member Donald Johnston seconded the motion. Motion passed unanimously.

XI. Consider and act upon the award of contract for the City of Sherman Water Treatment Plant Doors Replacement Project.

General Manager Paul Sigle provided background information for the Board. Discussion was held. Board Member Ken Brawley made a motion to authorize the award of the contract to Tex-Oma Builders Supply Co. contingent upon the City of Sherman City Council approval. Board Member Henry Koehler seconded the motion. Motion passed unanimously.

XII. Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the Contract with Triad Services Group, LLC. for the City of Sherman Concentrate Discharge System-Force Main Project as complete.

General Manager Paul Sigle provided background information for the Board. Board Member Donald Johnston made a motion to accept the contract with Triad Services Group, LLC as complete. Board Member Scott Blackerby seconded the motion. Motion passed unanimously.

XIII. Review and discussion on an updated GTUA Personnel Handbook.

General Manager Paul Sigle provided background information for the Board. General Manager Paul Sigle provided a presentation of the draft handbook. Additions and revisions include a Weapons Policy, a Work-from-Home Policy, and sections addressing the use of Authority vehicles, the Drug-Free Workplace policy, harassment and discrimination, and other personnel related topics. Discussion was held. Board will provide feedback and possible changes by August 18, 2025, meeting.

XIV. Executive Session

Pursuant to Government Code, Sections 551,074, the Board of Directors may adjourn into closed Executive Session to discuss the following:

A. Personnel Matters

- (ii) Consider evaluation and duties of administrative and operational personnel

Board Member Ken Brawley made a motion to convene into Executive Session at 12:30 p.m. Board Member Stanley Thomas seconded the motion. Motion passed unanimously.

XV. Regular Session

Board reconvened into Regular Session at 12:36 p.m.
No action taken.

XVI. Receive General Manager's Report: The General Manager will update the Board on operational and other activities of the Authority.

- Interlocal agreement between GTUA and NTMWD
- STP Bond Closing Nov. 18, 2025
- STP entities will be obtaining bond issues through GTUA for individual infrastructure to connect to new STP pipeline
- Estimated cost between 22 and 23 million for each entity

XVII. Adjourn

Board Member Ken Brawley made the motion to adjourn. Board Member Henry Koehler seconded the motion. Board President Brad Morgan declared the meeting adjourned at 12:39 p.m.

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Recording Secretary

Secretary-Treasurer

AGENDA ITEM V

RESOLUTION NO. _____

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE
GREATER TEXOMA UTILITY AUTHORITY AUTHORIZING
PAYMENT OF ACCRUED LIABILITIES FOR THE MONTH OF JULY**

The following liabilities are hereby presented for payment:

	CURRENT	PRIOR MONTH	PRIOR YEAR	% COMPLETE
GENERAL:				
Valero Fleet Plus (Fuel - Operations Vehicles)	1,903.81			
<u>Insurance</u>				
TWCA Risk Management (Liability insurance)	14,115.56			
TWCA Risk Management (Workers' compensation insurance)	764.00			
<u>Leases/Rental Fees</u>				
North Texas Regional Airport (Lease - administrative offices)	2,631.96			
Wells Fargo Finance Center (Lease - Konica, June & July)	1,037.02			
<u>Meetings and Conferences</u>				
American Express (TWA Conference)	216.75			
Cackle & Oink (BOD Lunch)	268.80			
<u>Miscellaneous</u>				
Awards Unlimited (Name plate for Josh Wells)	12.95			
<u>Professional Services</u>				
Final Details (Cleaning Service)	585.00			
Gonzalez Landscape (Lawn Care from 10/24-06/25)	1,312.47			
Orkin (Pest Control)	152.72			
<u>Repair & Maintenance - Administrative and Operations Vehicles</u>				
Grayson County Tax Assessor (Registration for 2019 F150 for 2025)	7.50			
Owens Auto & Tire (Tire Repair)	20.75			
<u>Supplies</u>				
American Express (General Office Supplies, GoDaddy renewals)	337.92			
<u>Utilities</u>				
ATMOS Energy (Gas)	141.48			
City of Denison (Water)	341.88			

	CURRENT	PRIOR MONTH	PRIOR YEAR	% COMPLETE
City of Sherman (Trash services)	89.00			
Shell Energy (Electric)	489.39			
Sparklight (Internet)	125.93			
Zulty Inc.(phone lines - local & long distance)	354.27			
Dave Tomlinson (Reimbursement for cell phone expenses)	25.00			
Eric Kyukendall (Reimbursement for cell phone expenses)	25.00			
Nichole Murphy (Reimbursement for cell phone expences)	25.00			
Paul Sigle (Reimbursment for cell phone expense & internet charge)	8.34			
Richard McCool (Reimbursement for cell phone expense)	25.00			
Stacy Patrick (Reimbursement for cell phone expenses)	25.00			
Steve White (Reimbursement for cell phone expenses)	25.00			
Wayne Eller (Reimbursement for cell phone expenses)	25.00			
TOTAL:	\$ 25,092.50	\$ 17,572.80	\$ 11,221.35	
SOLID WASTE:				
<u>Insurance</u>				
TWCA Risk Management Fund (General Liabilities)	1,581.20			
<u>Utilities</u>				
Grayson-Collin Electric	279.82			
Starr Water Supply	34.17			
TOTAL:	\$ 1,895.19	\$ 280.40	\$ 278.07	
WASTEWATER:				
<u>Construction Contracts</u>				
Blackrock Construction (Sherman 2024A - Progress Park Sewer Industrial Sewer Outfall pay app #2. 23% completed)	1,254,393.65			23%
Kiewit (Sherman 2024 - WWTP MBR Pay App # 22 Project 92% complete)	6,828,042.07			92%
Hawk Builders (Sherman 2020 - Sherman Lab Building Remodel and addition 36% complete pay app #5)	78,976.35			36%
Lynn Vessels (Sherman 2024 - Crossroads Wastewater Main Extensions. 23% complete. Pay App #1)	309,964.16			23%
<u>Engineering Fees</u>				
Antero Group (Bells 2022 - Bells WW Engineering reviewed final documents, record drawing production and final site visit)	20,789.36			
Birkhoff & Hendricks (Sherman 2022 - Engineering services for the Shepherd Dr. Sewer Ext. from 5/26/25-6/29/25)	5,940.00			
Brockette (Sherman 2019 - Crossroads WW Main Extension (FM1417 to 1200' North of West Travis) for May 2025)	450.00			
Brockette (Sherman 2019 - Crossroads WW Main Extension (FM1417 to 1200' North of West Travis) for June 2025)	225.00			
Freese & Nichols (Sherman 2024A - Progress Park Sewer engineering services through 4/30/25)	6,097.50			
Freese & Nichols (Sherman 2024A - Progress Park Sewer engineering services through 5/31/25)	11,185.00			
Freese & Nichols (Sherman 2021 - Eastside Lift Station & Regional Sewer engineering services through 6/30/25)	3,144.27			
Freese & Nichols (Raw Water Supply Master Plan & Regional Water System Feasibility Study through 3/31/25)	79,051.13			
Geotex (Sherman 2022 - Post Oak Sanitary Sewer Line testing as of 6/30/25)	506.25			
Kimley Horn (Whitewright 2023 - WWTP Improvements through the period of 1/31/25)	78,750.00			

	CURRENT	PRIOR MONTH	PRIOR YEAR	% COMPLETE
Kimley Horn (Whitewright 2023 - WWTP Improvements through the period of 2/28/25)	40,950.00			
Kimley Horn (Whitewright 2023 - WWTP Improvements through the period of 3/31/25)	53,550.00			
Kimley Horn (Whitewright 2023 - WWTP Improvements through the period of 4/30/25)	6,300.00			
Kimley Horn (Sherman 2024A - Progress Park Sewer engineering services through 4/30/25)	6,097.50			
Kimley Horn (Sherman 2024A - Progress Park Sewer engineering services through May 2025)	11,185.00			
Kimley Horn (Sherman 2024A - Progress Park Sewer engineering services through June 2025)	6,245.00			
Mead & Hunt Inc. (Sherman 2022 - Blalock Sewer Line Improvements for 6/30/25)	111,473.27			
Parkhill (Sherman 2021 - Sherman emergency power generation for May 2025 engineering services)	4,000.00			
Plummer (Sherman 2024 - Industrial WW Support / WWT and Water Reuse Master Plan through 5/23/25. Proj 83 % complete)	411,126.97			
Plummer (Pottsboro 2022 - WWTP PH2 Construction phase. Services through 6/27/25)	5,393.25			
Plummer (Sherman 2024A - SSWTP - MBR Solid Thickening Improvements / Design through 6/7/25)	92,130.75			
Plummer (Sherman 2024A - South WWTP PH2 conceptual design for services through 7/7/25)	54,369.20			
Plummer (Sherman 2024 - Industrial WW Support / WWT and Water Reuse Master Plan through 5/31/25-6/27/25)	433,500.39			
Wade Trim (Sherman 2021 - Sherman US 82 Sewer Replacement project. Engineering services through 5/30/25)	8,242.15			
Wade Trim (Sherman 2021 - Sherman US 82 Sewer Replacement project. Engineering services through 6/27/25)	25,467.95			
Insurance				
TWCA Risk Management (Pottsboro 2022 - 7/1/25-7/1/26 Auto Liability, General Liability, Excess Liability, Errors & Omissions, Commercial Property	455.80			
TWCA Risk Management (Bells 2022 - 7/1/25-7/1/26 Auto Liability, General Liability, Excess Liability, Errors & Omissions, Commercial Property	227.90			
TOTAL:	\$ 9,948,229.87	\$ 12,455,223.10	\$ 6,954,175.25	
WATER:				
Construction Costs				
Archer Western (Sherman 2021 - Lake Texoma Pump Station Expansion. 34% complete Pay App #8)	472,543.84			34%
Archer Western (Sherman 2022 - Lake Texoma Pump Station Expansion. 34% complete Pay App #8)	180,693.54			
Archer Western (Sherman 2023A - Lake Texoma Pump Station Expansion. 34% complete Pay App #8)	1,417,517.68			
Bel Air Village SFR LLC (Sherman 2023 - Utilities - PH 2 Bel Air London Lane & Beach Blvd #18A)	257,599.06			95%
Drake General (Bear Creek 2024 - Pump Station #1 pay app #2. Project 4% complete)	154,422.50			4%
Elliott Electric (Sherman 2023 - Lake Texoma Pump Station Motor Control Center materials storage. Pay App #5)	4,800.00			
Garney (Sherman 2023 - CMAR 36" NW/SW water main transmission line Pay App #24. Proj. is 87% complete)	1,452,498.92			87%
H&H Electric (Gober 23 - Pump Station electrical improvements. Pay App #1)	7,600.00			
Haynie (Gainesville 2022 - Foundry Road Water Line Improvements. Pay App #5. Project 86% complete)	32,929.16			86%
Kitching & Co. (Sherman 2024 - Miscellaneous water line improvements 2025 Pay App #3)	167,316.79			59%
Landmark Structures (Van Alstyne 2021 - Elevated Storage Tank 87% complete. Pay App #17)	17,100.00			87%
Red River Const. (CGMA - Pump Station Rehab Pay App #20. Project 98% complete)	350,985.75			98%
Red River Const. (Sherman 2023A - WTP Flocculation & Sedimentation pay app #11 Proj. 89% completed)	27,157.61			89%
Red River Const. (Sherman 2023A - WTP - Las and Rapid Mix improvements Pay App #12. Proj 69% complete)	137,948.18			69%
Red River Const. (Sherman 2023A - WTP Sedimentation & Filter Improvements Pay App #6. 62% complete)	128,543.07			62%
Smith Pump Co. (Sherman 2024 - Lake Texoma Pump Station Procurement - tested pumps, Flow service, Factory testing etc.INV)	454,000.00			46%
THI (Krum 2017 - Krum 2017 - Masch Branch Water Well 9 Final)	57,308.95			100%
Triad (Sherman 2023 - WTP Concentrate Discharge Force Main Pay App #6 Final)	45,696.66			100%
Veolia (Sherman 2023A - WTP Rehab Equipment)	53,259.31			

	CURRENT	PRIOR MONTH	PRIOR YEAR	% COMPLETE
<u>Engineering Fees</u>				
City of Princeton (Princeton 2022 - reimbursement for S. Elevated Storage Tank Water Coordination services through 7/31/22)	2,195.00			
City of Princeton (Princeton 2022 - reimbursement for S. Elevated Storage Tank Water Coordination services through 8/31/22)	3,225.00			
City of Princeton (Princeton 2022 - reimbursement for S. Elevated Storage Tank Water Coordination services through 9/30/22)	2,864.16			
City of Princeton (Princeton 2022 - reimbursement for S. Elevated Storage Tank Water Coordination services through 8/31/24)	737.50			
City of Princeton (Princeton 2022 - reimbursement for S. Elevated Storage Tank Water Coordination services through 9/30/24)	1,650.00			
City of Princeton (Princeton 2022 - reimbursement for South Elevated Storage Tank CPS services through 7/31/2022)	6,670.00			
City of Princeton (Princeton 2022 - reimbursement for South Elevated Storage Tank CPS services through 8/31/22)	8,137.50			
City of Princeton (Princeton 2022 - reimbursement for South Elevated Storage Tank CPS services through 9/30/22)	460.00			
City of Princeton (Princeton 2022 - reimbursement for South Elevated Storage Tank CPS services through 8/31/24)	162.50			
City of Princeton (Princeton 2022 - reimbursement for South Elevated Storage Tank CPS services through 9/30/24)	2,075.00			
City of Princeton (Princeton 2022 - reimbursement for South Elevated Storage Tank CPS services through 10/31/24)	335.00			
City of Princeton (Princeton 2022 - reimbursement for South Elevated Storage Tank CPS services through 11/30/24)	312.50			
Dunaway (Arledge Ridge - Capital Improvements USDA Rural Development engineering services for the period ending 2/21/25)	30,000.00			
Freese & Nichols (Sherman 2022 - Lead & Copper PH III complete services through 5/31/25)	40,569.07			
Freese & Nichols (Sherman 2022 - Lead & Copper PH III complete services through 6/30/25)	34,061.15			
Freese & Nichols (Sherman 2022 - Lake Texoma Pump Station Expansion for the period ending 5/31/25)	22,397.25			
Freese & Nichols (Sherman 2023 - Lake Texoma Pump Station Expansion for the period ending 6/30/25)	19,982.49			
Freese & Nichols (Sherman 2022 - Northwest & Southwest Transmission Pipeline engineering services through 06/30/25)	44,288.34			
Freese & Nichols (CGMA - Regional Water Study System Master Plan)	27,322.21			
Garver (Sherman 2023 - WTP Expansion project. Professional Engineering Services through 5/2/25. 96% complete)	225,447.03			
Garver (Sherman 2023 - WTP Expansion project. Professional Engineering Services through 5/30/25. 96% complete)	18,644.00			
Garver (Sherman 2024A - Sherman Stephen Pump Station and Ground Storage Tank Rehab services through 6/27/25)	1,286.77			
Geotext (Sherman 2023 - WTP Concentrate Discharge Channel testing from 6/24/25-6/30/25)	580.25			
Geotext (Sherman 2024 - Miscellaneous Waterline Improvements)	1,046.63			
Hayter Engineering (Sherman 2023 - 1442-U Legacy Surface Water Line & SW Booster Pump Station)	3,812.80			
Kimley Horn (Gainesville 2022 - Foundry Water Line Improvements. Engineering testing services through 6/30/25)	6,090.00			
Pape-Dawson (Sherman 2023 - WTP Concentrate Discharge & Outfall Design services through 5/23/25)	1,727.90			
Pape-Dawson (Sherman 2022 - Sherman Program Management services through 6/27/25)	208,652.31			
<u>Groundwater</u>				
American Express (NTGCD - Laptop for KC and cables, TWA, GoDaddy)	1,270.89			
American Express (RRGCD - Laptop for KC and cables, TWA, SOAH)	1,533.16			
Allen Burks (NTGCD - cell phone reimbursement)	12.50			
Allen Burks (RRGCD - cell phone reimbursement)	12.50			
Bank of Texas Visa (NTGCD - BOD Chick-Fil-A, Grayson Cty Posting, well monitoring supplies)	1,119.15			
Bank of Texas Visa (RRGCD - Grayson Cty Posting, well monitoring supplies)	123.05			
Kelly Carr (NTGCD - cell phone reimbursement)	12.50			
Kelly Carr (RRGCD - cell phone reimbursement)	12.50			
Kenneth Elliott (NTGCD - cell phone reimbursement)	12.50			
Kenneth Elliott (RRGCD - cell phone reimbursement)	12.50			
Paul Sigle (NTGCD - cell phone reimbursement)	8.33			
Paul Sigle (RRGCD - cell phone reimbursement)	8.33			
Valero Fleet Plus (NTGCD - Fuel)	144.96			
Valero Fleet Plus (RRGCD - Fuel)	50.77			
Zulty, Inc. (NTGCD - 800 line, local & long distance)	354.26			
Zulty, Inc. (RRGCD - 800 line, local & long distance)	354.26			
<u>Legal</u>				

	CURRENT	PRIOR MONTH	PRIOR YEAR	% COMPLETE
Terrill & Waldrop (GTUA - Consultation regarding storage rights in LK Texoma & TCEQ Certificate of Adjudication 02-4900)	4,900.00			
<u>Insurance</u>				
TWCA Risk Management Fund (CGMA - 7/1/25-7/1/26 Auto Liability, General Liability, Excess Liability, Errors & Omissions, Commercial Property)	14,474.09			
TWCA Risk Management Fund (Sherman 2022 - 7/1/25-7/1/26 Auto Liability, General Liability, Excess Liability, Errors & Omissions, Commercial Property)	113.95			
TWCA Risk Management Fund (Henrietta 2022 - 7/1/25-7/1/26 Auto Liability, General Liability, Excess Liability, Errors & Omissions, Commercial Property)	911.60			
TWCA Risk Management Fund (Gober 2023 - 7/1/25-7/1/26 Auto Liability, General Liability, Excess Liability, Errors & Omissions, Commercial Property)	227.90			
TWCA Risk Management Fund (Van Alstyne 2021 - 7/1/25-7/1/26 Auto Liability, General Liability, Excess Liability, Errors & Omissions, Commercial Property)	227.90			
TWCA Risk Management Fund (Gainesville 2022 - 7/1/25-7/1/26 Auto Liability, General Liability, Excess Liability, Errors & Omissions, Commercial Property)	227.90			
TWCA Risk Management Fund (White Shed WSC - 7/1/25-7/1/26 Auto Liability, General Liability, Excess Liability, Errors & Omissions, Commercial Property)	227.90			
TWCA Risk Management Fund (North West Grayson WCID - 7/1/25-7/1/26 Auto Liability, General Liability, Excess Liability, Errors & Omissions, Commercial Property)	455.80			
TWCA Risk Management Fund (Bear Creek 2024 - 7/1/25-7/1/26 Auto Liability, General Liability, Excess Liability, Errors & Omissions, Commercial Property)	5,697.50			
<u>Miscellaneous</u>				
FAO, USACE Tulsa District (Lake Tex WIF 10 - O&M and RR & R costs of water storage space in Texoma Lake for 7/4/25-7/3/26 DACW56-10-WS0005)	31,091.62			
Gonzalez Landscape (Sherman 2012 - Pump Station mowing, from 10/24 - 06/25)	1,800.00			
Preston Trail Land Survey (Sherman 2022 OM - Utility & Access Easements survey for the City of Sherman)	1,000.00			
<u>Paying Agent Fees</u>				
Bank of Texas Trust (Princeton 2018 - GTUAPRINCE18 9/1/25)	300.00			
Bank of Texas Trust (Princeton 2019 - GTUAPRINCE19 9/1/25)	300.00			
Bank of Texas Trust (Princeton 2019 - GTUAPRINCE22 9/1/25)	300.00			
<u>CGMA Equipment</u>				
Landmark Equipment (Purchased Bad Boy Rouge 61 Mower Serial Number)	12,000.00			
<u>CGMA Repair & Maintenance</u>				
Autoworks (CGMA - Inspection due to collision damage. remove and replace shaft and bolts 2023 F250)	492.22			
Electric Actuator Service (CGMA - Electric Actuator; pedestal; city of Anna , labor, misc)	12,371.00			
Environmental Monitoring Lab (CGMA - Nitrate Nitrogen, Nitrite Nitrogen Water tests, multiple test sites along water lines)	1,128.00			
Kemp Lawn Maintenance (CGMA - Bloomdale Pump Station)	420.00			
LCRE Lab (CGMA - DBP2 and Nitrate / Nitrite water test)	232.00			
Texas Excavation Safety System, Inc. (CGMA - Message Fees)	277.15			
Tree Solutions of Texas (CGMA - Tree thinning)	7,900.00			

	CURRENT	PRIOR MONTH	PRIOR YEAR	% COMPLETE
<u>Supplies</u>				
Bank of Texas Visa (CGMA - Field supplies, office supplies, auto parts)	354.27			
Lowes (CGMA - Miscellaneous maintenance supplies)	159.46			
Tractor Supply (CGMA - Mower maintenance supplies)	244.84			
USA Bluebook (CGMA - Miscellaneous supplies)	117.80			
<u>CGMA Utilities</u>				
A1 Little John (CGMA - Bloomdale P.S. - Portable toilet rental for four months)	521.76			
AT & T Mobility (CGMA - Emergency back up lines)	1,575.67			
AT & T U-Verse (CGMA - Bloomdale Pump Station, Internet)	53.76			
North Texas Municipal Water District (Water Usage)	540,866.00			
Shell Energy (Bloomdale Pump Station)	28,586.23			
Frontier Waste - McKinney (CGMA - Bloomdale Pump Station trash collection)	108.61			
Valero (CGMA - Fuel for 2023 F250)	321.28			
TOTAL:	<u>\$ 6,809,681.75</u>	<u>\$ 8,522,427.68</u>	<u>\$ 6,696,726.57</u>	
GRAND TOTAL:	<u>\$ 16,784,899.31</u>	<u>\$ 20,995,504.04</u>	<u>\$ 13,662,401.24</u>	

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GREATER TEXOMA UTILITY AUTHORITY THAT the Secretary-Treasurer is hereby authorized to make payments in the amounts listed above.

On motion of _____ and

seconded by _____, the foregoing

Resolution was passed and approved on this, the _____ day of _____, _____ by the following vote:

AYE:

NAY:

At a regular meeting of the Board of Directors of the Greater Texoma Utility Authority.

President

ATTEST:

Secretary/Treasurer

AGENDA ITEM VI

CHANGE ORDER No.4

ENGINEER'S Project No.: 3525-006-01
PROJECT: **GTUA/City of Bells**
CONTRACTOR: Urban Infraconstruction

ORIGINAL CONTRACT Amount: **\$ 1,420,500.00** CONTRACT Date: January 24, 2024

TO: Urban Infraconstruction, LLC
CONTRACTOR

You are directed to make the changes noted below in the subject Contract:

GTUA/City of Bells
Owner

By: _____

Dated: 07/28/2025

NATURE OF CHANGES:

- 1) Bid Item No. 5 for furnishing and installing additional 4,000 psi Class A concrete (for slabs on grade and grade beams), including excavation, forms, concrete, rebar, placement, and curing, as directed by OWNER, with all materials and labor, complete in place has a remaining balance of \$28,500. The remaining unit price bid item will be credited back to the OWNER's account.
- 2) Conduct and provide a system power study per NFPA 70E recommendations. Contractors pricing for this work is \$11,438.25 per the Contractor's letter dated June 25, 2025.

A summary of the changes is attached.

These changes result in the following adjustment of Contract Price and Contract Time:

Original Contract Price:	\$ <u>1,420,500.00</u>
Change Order No. 4:	\$ <u>-17,061.75</u>
Credit:	\$ <u>17,061.75</u>
Previous Change Order Price:	\$ <u>120,485.37</u>
New Contract Price:	\$ <u>1,523,923.62</u>
Percent Change:	<u>6.8%</u>
Final Completion Contract Date:	<u>April 29, 2025</u>
Change Order No. 4 (Days):	<u>0 Days</u>
Final Completion Contract Date:	<u>April 29, 2025</u>

The Above Changes are Recommended for Approval:

Plummer Associates, Inc.

Engineer

By: Paula Monaco

Digitally signed by Paula Monaco
DN: cn=US, email=plummonaco@plummer.com,
c=US, o=Plummer Associates, Inc., cn=Paula
Monaco
Date: 2025.07.23 16:13:32-0500

Dated: July 23, 2025

Urban Infraconstruction LLC.

Contractor

By:

Dated: July 28, 2025

The Above Changes are Accepted by:

City of Bellis, Texas

City/Entity

By:

(Joe Paul Smith)

Dated:

July 25, 2025

AGENDA ITEM VIII



Greater Texoma Utility Authority
QUARTERLY INVESTMENT REPORT

For the Quarter Ended

June 30, 2025

**Prepared by
Valley View Consulting, L.L.C.**

The investment portfolio of the Greater Texoma Utility Authority is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

Digitally signed by Paul Sigle
DN: O=GTUA, CN=Paul Sigle, E=paul@gtua.org
Reason: I am approving this document with my
legally binding signature
Location:
Date: 2025.08.11 15:03:41-05'00'
Foxit PDF Editor Version: 2023.2.0

Paul Sigle
General Manager

Signer ID: ZWYEEN3D12...

Debi Atkins
Finance Officer

Disclaimer: These reports were compiled using information provided by the Authority. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Summary

Quarter End Results by Investment Category:

Asset Type	March 31, 2025			June 30, 2025		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Demand Accounts	1.02%	\$ 1,685,236	\$ 1,685,236	0.99%	\$ 1,569,927	\$ 1,569,927
NOW/MMA/MMF/ICS	4.47%	41,173,968	41,173,968	4.42%	40,244,100	40,244,100
Local Government Pools	4.34%	214,236,268	214,236,268	4.28%	142,089,188	142,089,188
CDs/Securities	4.72%	204,832,906	204,832,906	4.50%	204,285,173	204,285,173
Totals	4.51%	\$ 461,928,378	\$ 461,928,378	4.40%	\$ 388,188,389	\$ 388,188,389

Quarter End Average Yield (1)

Total Portfolio	4.40%
Rolling Three Month Treasury	4.37%
Rolling Six Month Treasury	4.27%
TexPool	4.30%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio	4.57%
Rolling Three Month Treasury	4.42%
Rolling Six Month Treasury	4.42%
TexPool	4.40%

Interest Revenue (3)

Quarterly Interest Income	\$ 4,660,823	Approximate
Year-to-date Interest Income	\$ 16,958,650	Approximate

Bank Fee Offset

Quarterly Bank Fees Offset	\$ 3,091
Year-to-date Bank Fees Offset	\$ 13,463

(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

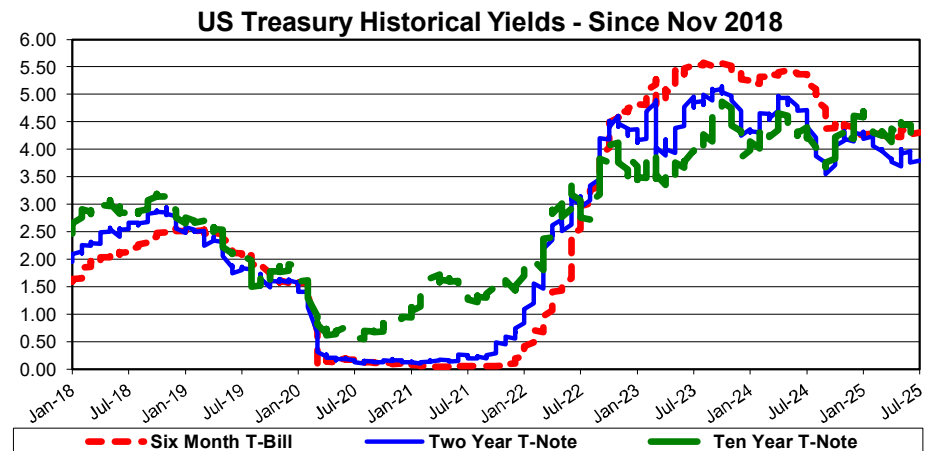
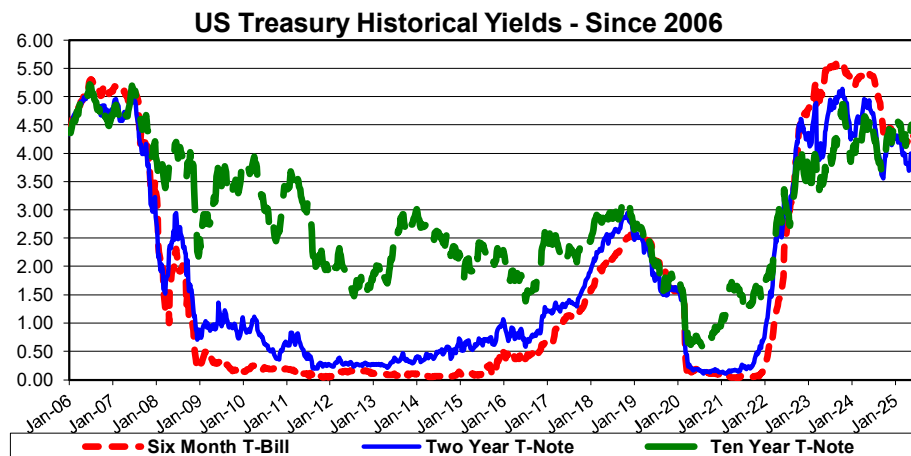
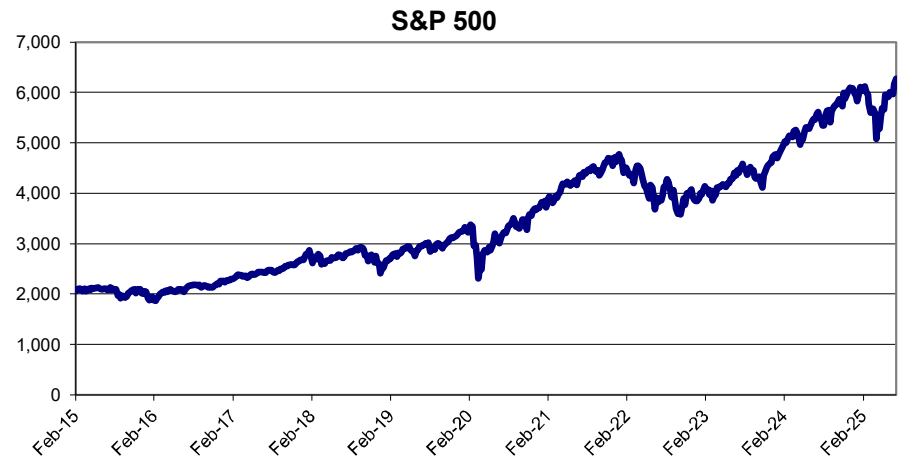
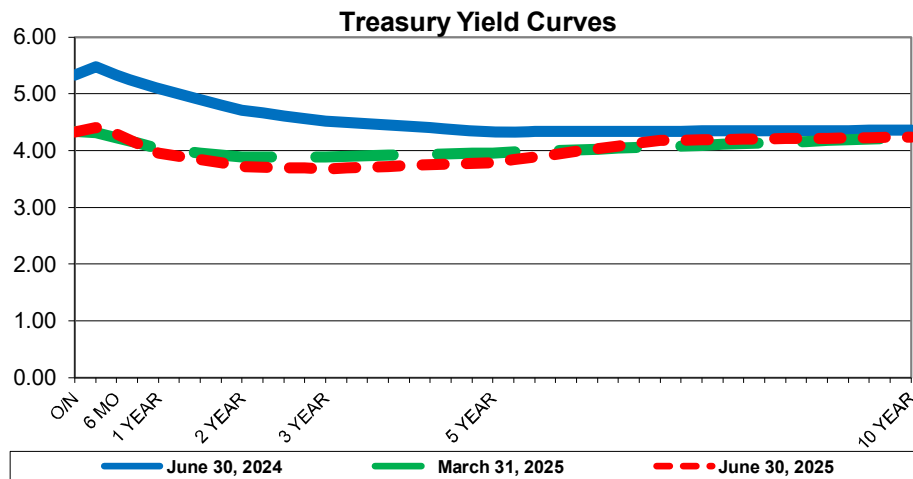
(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(3) Beginning with the March 31, 2024 report, interest revenue includes compound interest received on certificates of deposit.

Economic Overview

6/30/2025

The Federal Open Market Committee (FOMC) kept the Fed Funds target range at 4.25% - 4.50% (Effective Fed Funds trade +/-4.33%). Expectations for additional rate cuts are volatile with current estimates for two 0.25% cuts projected late 2025. June Non-Farm Payroll added +147k new jobs, prior months' revisions increased the Three Month Rolling Average to +150k (from the previous +135k). First Quarter 2025 final estimate GDP declined slightly to -0.5%. An Import surge increased the trade deficit. The S&P 500 Stock Index reached a new high (+/-6,175) from February's previous high (over 6,115). The yield curve still bottoms out in the 2-3 year maturity section. Crude Oil remains below \$70 per barrel. Inflation continues above the FOMC 2% target (Core PCE +/-2.7% and Core CPI +/-2.8%). Uncertainty abounds throughout global economic outlooks, tariff negotiations and violent political disruptions.



Investment Holdings
June 30, 2025



Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/ Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
BOT DDA		0.986%	07/01/25	06/30/25	\$ 1,569,927	\$ 1,569,927	1.00	\$ 1,569,927	1	0.99%
BOT Escrow MMF		4.240%	07/01/25	06/30/25	6,628,987	6,628,987	1.00	6,628,987	1	4.24%
Invesco Govt & Agy Inst MMF	AAAm	4.290%	07/01/25	06/30/25	2,540	2,540	1.00	2,540	1	4.29%
Veritex Bank MMA Escrow		4.420%	07/01/25	06/30/25	140,937	140,937	1.00	140,937	1	4.42%
NexBank ICS		4.450%	07/01/25	06/30/25	31,442,656	31,442,656	1.00	31,442,656	1	4.45%
NexBank ICS Escrow		4.450%	07/01/25	06/30/25	2,028,980	2,028,980	1.00	2,028,980	1	4.45%
TexPool	AAAm	4.297%	07/01/25	06/30/25	12,731	12,731	1.00	12,731	1	4.30%
TexSTAR	AAAm	4.284%	07/01/25	06/30/25	142,076,457	142,076,457	1.00	142,076,457	1	4.28%
East West Bank CD		5.260%	07/10/25	07/10/24	262,767	262,767	100.00	262,767	10	5.40%
East West Bank CD		5.200%	07/10/25	07/10/24	1,817,894	1,817,894	100.00	1,817,894	10	5.34%
East West Bank CD		4.250%	07/14/25	01/14/25	509,877	509,877	100.00	509,877	14	4.34%
East West Bank CD		4.950%	07/18/25	07/18/24	524,161	524,161	100.00	524,161	18	5.07%
East West Bank CD		4.950%	07/18/25	07/18/24	733,826	733,826	100.00	733,826	18	5.07%
Bank OZK CD		4.950%	07/18/25	07/18/24	524,161	524,161	100.00	524,161	18	5.07%
Bank OZK CD		4.310%	08/08/25	11/08/24	1,542,204	1,542,204	100.00	1,542,204	39	4.70%
American Nat'l B&T CDARS		4.490%	08/12/25	11/12/24	6,369,451	6,369,451	100.00	6,369,451	43	4.59%
East West Bank CD		4.490%	08/13/25	11/13/24	5,183,423	5,183,423	100.00	5,183,423	44	4.59%
Credit Union of Texas		5.000%	08/14/25	09/01/24	10,873,717	10,873,717	100.00	10,873,717	45	5.13%
East West Bank CD		4.470%	08/19/25	05/19/25	15,079,194	15,079,194	100.00	15,079,194	50	4.57%
East West Bank CD		4.860%	08/21/25	08/16/24	521,305	521,305	100.00	521,305	52	5.18%
East West Bank CD		4.410%	08/28/25	08/28/24	211,708	211,708	100.00	211,708	59	4.51%
Bank OZK CD		4.410%	09/02/25	08/30/24	726,275	726,275	100.00	726,275	64	4.51%
East West Bank CD		4.410%	09/02/25	08/30/24	1,193,166	1,193,166	100.00	1,193,166	64	4.51%
East West Bank CD		4.470%	09/15/25	11/14/24	2,235,797	2,235,797	100.00	2,235,797	77	4.57%
East West Bank CD		4.320%	09/11/25	09/11/24	1,091,436	1,091,436	100.00	1,091,436	73	4.32%
East West Bank CD		5.230%	09/16/25	09/16/24	310,181	310,181	100.00	310,181	78	5.32%
East West Bank CD		4.250%	09/22/25	03/21/25	1,011,947	1,011,947	100.00	1,011,947	84	4.34%
Bank OZK CD		4.220%	10/10/25	01/10/25	1,762,705	1,762,705	100.00	1,762,705	102	4.31%
East West Bank CD		4.220%	11/10/25	11/08/24	924,787	924,787	100.00	924,787	133	4.31%
East West Bank CD		4.450%	11/12/25	11/12/24	16,408,136	16,408,136	100.00	16,408,136	135	4.55%
Bank OZK CD		4.220%	11/12/25	11/11/24	1,027,184	1,027,184	100.00	1,027,184	135	4.31%
Bank OZK CD		4.220%	11/12/25	11/11/24	1,540,776	1,540,776	100.00	1,540,776	135	4.31%
Bank OZK CD		4.450%	11/13/25	11/13/24	12,965,808	12,965,808	100.00	12,965,808	136	4.55%
East West Bank CD		4.450%	11/14/25	11/14/24	6,818,979	6,818,979	100.00	6,818,979	137	4.55%
Bank OZK CD		4.450%	11/14/25	11/14/24	2,235,537	2,235,537	100.00	2,235,537	137	4.55%
Bank OZK CD		4.450%	11/17/25	11/15/24	1,984,636	1,984,636	100.00	1,984,636	140	4.55%
East West Bank CD		4.360%	11/19/25	05/19/25	15,077,240	15,077,240	100.00	15,077,240	142	4.46%
East West Bank CD		4.110%	12/12/25	03/12/25	1,012,577	1,012,577	100.00	1,012,577	165	4.20%
East West Bank CD		4.190%	12/17/25	12/17/24	1,022,754	1,022,754	100.00	1,022,754	170	4.28%

Investment Holdings
June 30, 2025



Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/ Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
East West Bank CD		4.190%	12/22/25	12/20/24	1,225,332	1,225,332	100.00	1,225,332	175	4.28%
East West Bank CD		4.360%	12/24/25	06/24/25	1,201,004	1,201,004	100.00	1,201,004	177	4.46%
East West Bank CD		4.360%	12/24/25	06/24/25	12,010,038	12,010,038	100.00	12,010,038	177	4.46%
East West Bank CD		4.360%	12/24/25	06/24/25	5,574,801	5,574,801	100.00	5,574,801	177	4.46%
East West Bank CD		4.200%	01/12/26	01/10/25	1,019,988	1,019,988	100.00	1,019,988	196	4.29%
East West Bank CD		4.220%	03/03/26	03/03/25	1,166,065	1,166,065	100.00	1,166,065	246	4.31%
East West Bank CD		4.220%	03/03/26	03/03/25	304,191	304,191	100.00	304,191	246	4.31%
WallisBank CDARS		4.220%	03/12/26	03/13/25	12,153,579	12,153,579	100.00	12,153,579	255	4.31%
BOK Financial CDARS		4.631%	03/12/26	03/14/24	1,061,981	1,061,981	100.00	1,061,981	255	4.74%
BOK Financial CDARS		4.631%	03/19/26	03/21/24	742,727	742,727	100.00	742,727	262	4.74%
BOK Financial CDARS		4.631%	03/19/26	03/21/24	1,591,557	1,591,557	100.00	1,591,557	262	4.74%
WallisBank CDARS		4.220%	03/19/26	03/20/25	11,543,635	11,543,635	100.00	11,543,635	262	4.31%
East West Bank CD		4.105%	03/23/26	03/21/25	1,011,537	1,011,537	100.00	1,011,537	266	4.19%
East West Bank CD		4.105%	03/23/26	03/21/25	758,653	758,653	100.00	758,653	266	4.19%
East West Bank CD		4.190%	03/23/26	03/21/25	1,213,844	1,213,844	100.00	1,213,844	266	4.19%
BOK Financial CDARS		4.631%	03/26/26	03/28/24	1,060,096	1,060,096	100.00	1,060,096	269	4.74%
BOK Financial CDARS		4.631%	03/26/26	03/28/24	1,060,097	1,060,097	100.00	1,060,097	269	4.74%
BOK Financial CDARS		4.631%	04/02/26	04/04/24	2,912,691	2,912,691	100.00	2,912,691	276	4.74%
BOK Financial CDARS		4.631%	04/09/26	04/11/24	52,911	52,911	100.00	52,911	283	4.74%
East West Bank CD		3.886%	04/13/26	04/11/25	738,337	738,337	100.00	738,337	287	3.96%
East West Bank CD		3.886%	04/13/26	04/11/25	1,004,633	1,004,633	100.00	1,004,633	287	3.96%
Texas Bank & Trust CD		4.070%	05/06/26	05/06/25	4,664,000	4,664,000	100.00	4,664,000	310	4.13%
East West Bank CD		4.070%	05/12/26	05/12/25	600,000	600,000	100.00	600,000	316	4.17%
East West Bank CD		4.200%	05/19/26	05/19/25	703,472	703,472	100.00	703,472	323	4.29%
East West Bank CD		4.150%	06/24/26	06/24/25	8,629,627	8,629,627	100.00	8,629,627	359	4.24%
East West Bank CD		4.150%	06/24/26	06/24/25	750,597	750,597	100.00	750,597	359	4.24%
East West Bank CD		4.240%	06/24/26	06/24/25	528,420	528,420	100.00	528,420	359	4.24%
East West Bank CD		4.150%	06/24/26	06/24/25	1,801,433	1,801,433	100.00	1,801,433	359	4.24%
BOK Financial CDARS		4.210%	06/25/26	06/26/25	12,006,923	12,006,923	100.00	12,006,923	360	4.30%
UBank CD		4.760%	10/08/26	10/08/24	1,689,395	1,689,395	100.00	1,689,395	465	4.85%

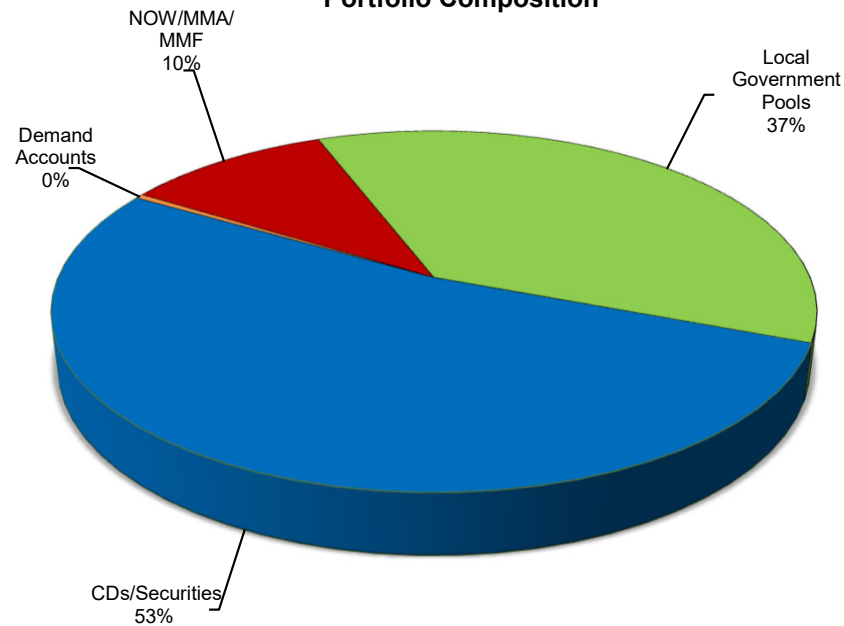
\$ 388,188,389	\$ 388,188,389	\$ 388,188,389	93	4.40%
			(1)	(2)

(1) **Weighted average life** - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

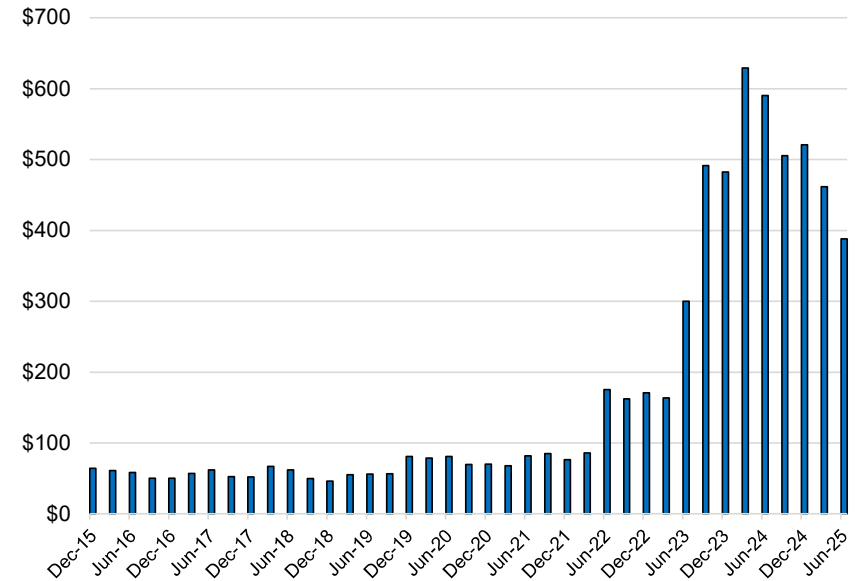
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts, pools, and money market funds.

(3) **Earnings Credit** - The Authority's depository accounts provide an earnings credit on balances which is used to offset bank fees. The reported rate is estimated based on fees offset and average balances.

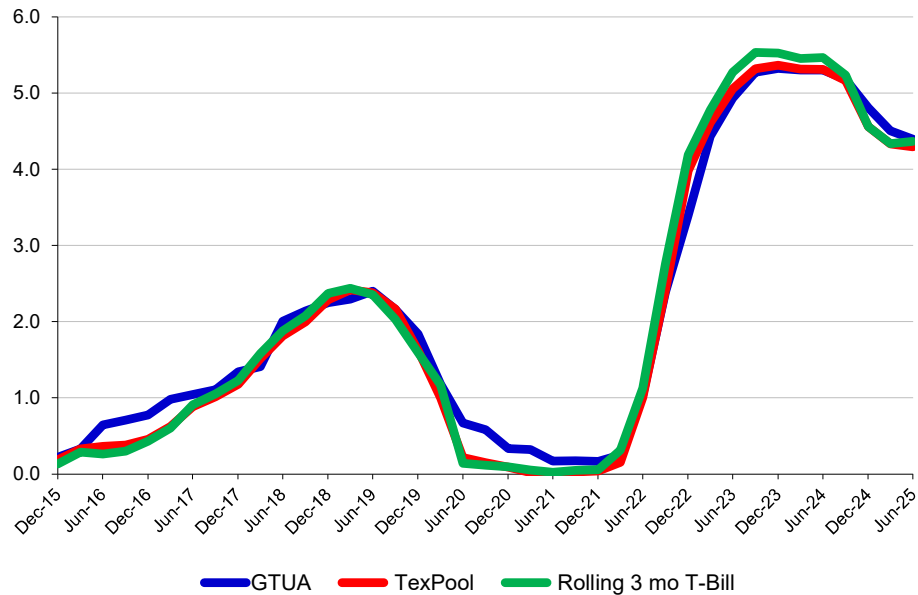
Portfolio Composition



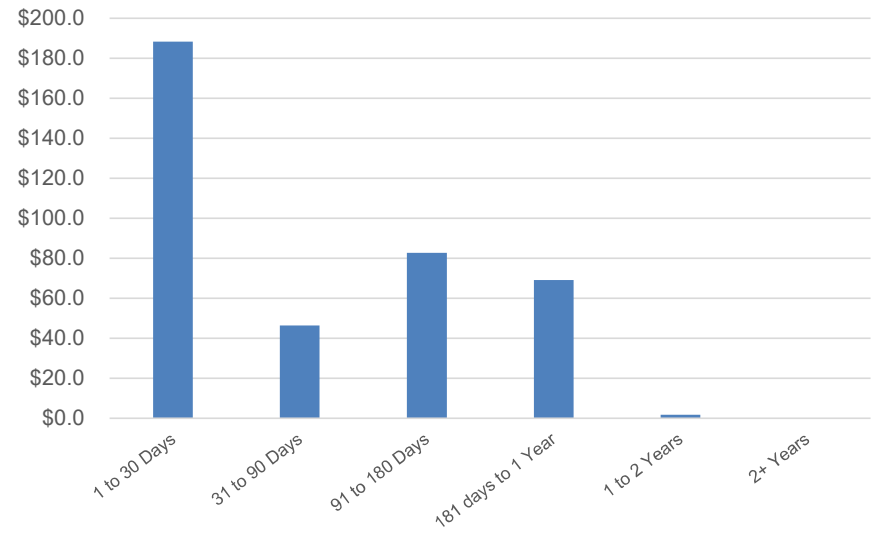
Total Portfolio (Millions)



Total Portfolio Performance (Yield)



Distribution by Maturity (Millions)



Book & Market Value Comparison



Issuer/Description	Yield	Maturity Date	Book Value 03/31/25	Increases	Decreases	Book Value 06/30/25	Market Value 03/31/25	Change in Market Value	Market Value 06/30/25
BOT DDA	0.99%	07/01/25	\$ 1,685,236	\$ —	\$ (115,309)	\$ 1,569,927	\$ 1,685,236	\$ (115,309)	\$ 1,569,927
BOT Escrow MMF	4.24%	07/01/25	9,784,576	—	(3,155,588)	6,628,987	9,784,576	(3,155,588)	6,628,987
Invesco Govt & Agy Inst MMF	4.29%	07/01/25	2,513	27	—	2,540	2,513	27	2,540
Veritex Bank MMA Escrow	4.42%	07/01/25	139,426	1,511	—	140,937	139,426	1,511	140,937
NexBank ICS	4.45%	07/01/25	29,208,828	2,233,828	—	31,442,656	29,208,828	2,233,828	31,442,656
NexBank ICS Escrow	4.45%	07/01/25	2,038,625	—	(9,645)	2,028,980	2,038,625	(9,645)	2,028,980
TexPool	4.30%	07/01/25	12,596	136	—	12,731	12,596	136	12,731
TexSTAR	4.28%	07/01/25	214,223,672	—	(72,147,215)	142,076,457	214,223,672	(72,147,215)	142,076,457
East West Bank CD	5.45%	04/10/25	1,035,145	—	(1,035,145)	—	1,035,145	(1,035,145)	—
East West Bank CD	5.45%	04/10/25	760,769	—	(760,769)	—	760,769	(760,769)	—
Origin Bank CD	4.63%	04/15/25	9,668,839	—	(9,668,839)	—	9,668,839	(9,668,839)	—
East West Bank CD	5.39%	04/30/25	4,959,994	—	(4,959,994)	—	4,959,994	(4,959,994)	—
East West Bank CD	5.39%	04/30/25	629,707	—	(629,707)	—	629,707	(629,707)	—
Bank OZK CD	4.63%	05/12/25	6,298,605	—	(6,298,605)	—	6,298,605	(6,298,605)	—
East West Bank CD	4.42%	05/12/25	410,028	—	(410,028)	—	410,028	(410,028)	—
Bank OZK CD	4.63%	05/13/25	6,770,075	—	(6,770,075)	—	6,770,075	(6,770,075)	—
Origin Bank CD	4.56%	05/15/25	7,466,192	—	(7,466,192)	—	7,466,192	(7,466,192)	—
Origin Bank CD	4.56%	06/13/25	5,999,852	—	(5,999,852)	—	5,999,852	(5,999,852)	—
Origin Bank CD	4.52%	06/13/25	10,587,545	—	(10,587,545)	—	10,587,545	(10,587,545)	—
East West Bank CD	5.39%	06/18/25	12,505,701	—	(12,505,701)	—	12,505,701	(12,505,701)	—
Cornerstone Bank CDARS	5.48%	06/20/25	9,704,737	—	(9,704,737)	—	9,704,737	(9,704,737)	—
East West Bank CD	5.39%	06/24/25	780,932	—	(780,932)	—	780,932	(780,932)	—
East West Bank CD	5.39%	06/24/25	1,249,491	—	(1,249,491)	—	1,249,491	(1,249,491)	—
East West Bank CD	5.39%	06/24/25	549,776	—	(549,776)	—	549,776	(549,776)	—
East West Bank CD	5.39%	06/24/25	2,915,480	—	(2,915,480)	—	2,915,480	(2,915,480)	—
East West Bank CD	5.40%	07/10/25	259,658	3,110	—	262,767	259,658	3,110	262,767
East West Bank CD	5.34%	07/10/25	1,794,480	23,414	—	1,817,894	1,794,480	23,414	1,817,894
East West Bank CD	4.34%	07/14/25	504,503	5,374	—	509,877	504,503	5,374	509,877
East West Bank CD	5.07%	07/18/25	517,733	6,429	—	524,161	517,733	6,429	524,161
East West Bank CD	5.07%	07/18/25	724,826	9,000	—	733,826	724,826	9,000	733,826
Bank OZK CD	5.07%	07/18/25	517,733	6,429	—	524,161	517,733	6,429	524,161
Bank OZK CD	4.70%	08/08/25	1,525,722	16,482	—	1,542,204	1,525,722	16,482	1,542,204
American Nat'l B&T CDARS	4.59%	08/12/25	6,297,777	71,674	—	6,369,451	6,297,777	71,674	6,369,451
East West Bank CD	4.59%	08/13/25	5,125,095	58,328	—	5,183,423	5,125,095	58,328	5,183,423
Credit Union of Texas	5.13%	08/14/25	10,739,018	134,698	—	10,873,717	10,739,018	134,698	10,873,717
East West Bank CD	4.57%	08/19/25	—	15,079,194	—	15,079,194	—	15,079,194	15,079,194
East West Bank CD	5.18%	08/21/25	515,039	6,266	—	521,305	515,039	6,266	521,305
East West Bank CD	4.51%	08/28/25	209,394	2,315	—	211,708	209,394	2,315	211,708
Bank OZK CD	4.51%	09/02/25	718,334	7,941	—	726,275	718,334	7,941	726,275
East West Bank CD	4.51%	09/02/25	1,180,120	13,046	—	1,193,166	1,180,120	13,046	1,193,166
East West Bank CD	4.57%	09/15/25	2,210,749	25,048	—	2,235,797	2,210,749	25,048	2,235,797
East West Bank CD	4.32%	09/11/25	1,079,994	11,442	—	1,091,436	1,079,994	11,442	1,091,436
East West Bank CD	5.32%	09/16/25	307,188	2,993	—	310,181	307,188	2,993	310,181
East West Bank CD	4.34%	09/22/25	1,001,282	10,665	—	1,011,947	1,001,282	10,665	1,011,947

Book & Market Value Comparison



Issuer/Description	Yield	Maturity Date	Book Value 03/31/25	Increases	Decreases	Book Value 06/30/25	Market Value 03/31/25	Change in Market Value	Market Value 06/30/25
Bank OZK CD	4.31%	10/10/25	1,744,258	18,447	—	1,762,705	1,744,258	18,447	1,762,705
East West Bank CD	4.31%	11/10/25	915,108	9,678	—	924,787	915,108	9,678	924,787
East West Bank CD	4.55%	11/12/25	16,225,134	183,002	—	16,408,136	16,225,134	183,002	16,408,136
Bank OZK CD	4.31%	11/12/25	1,016,435	10,750	—	1,027,184	1,016,435	10,750	1,027,184
Bank OZK CD	4.31%	11/12/25	1,524,652	16,125	—	1,540,776	1,524,652	16,125	1,540,776
Bank OZK CD	4.55%	11/13/25	12,821,199	144,609	—	12,965,808	12,821,199	144,609	12,965,808
East West Bank CD	4.55%	11/14/25	6,742,926	76,053	—	6,818,979	6,742,926	76,053	6,818,979
Bank OZK CD	4.55%	11/14/25	2,210,604	24,933	—	2,235,537	2,210,604	24,933	2,235,537
Bank OZK CD	4.55%	11/17/25	1,962,501	22,135	—	1,984,636	1,962,501	22,135	1,984,636
East West Bank CD	4.46%	11/19/25	—	15,077,240	—	15,077,240	—	15,077,240	15,077,240
East West Bank CD	4.20%	12/12/25	1,002,254	10,322	—	1,012,577	1,002,254	10,322	1,012,577
East West Bank CD	4.28%	12/17/25	1,012,126	10,628	—	1,022,754	1,012,126	10,628	1,022,754
East West Bank CD	4.28%	12/22/25	1,212,599	12,733	—	1,225,332	1,212,599	12,733	1,225,332
East West Bank CD	4.46%	12/24/25	—	1,201,004	—	1,201,004	—	1,201,004	1,201,004
East West Bank CD	4.46%	12/24/25	—	12,010,038	—	12,010,038	—	12,010,038	12,010,038
East West Bank CD	4.46%	12/24/25	—	5,574,801	—	5,574,801	—	5,574,801	5,574,801
East West Bank CD	4.29%	01/12/26	1,009,364	10,624	—	1,019,988	1,009,364	10,624	1,019,988
East West Bank CD	4.31%	03/03/26	1,153,862	12,203	—	1,166,065	1,153,862	12,203	1,166,065
East West Bank CD	4.31%	03/03/26	301,007	3,183	—	304,191	301,007	3,183	304,191
WallisBank CDARS	4.31%	03/12/26	12,026,388	127,191	—	12,153,579	12,026,388	127,191	12,153,579
BOK Financial CDARS	4.74%	03/12/26	1,049,791	12,190	—	1,061,981	1,049,791	12,190	1,061,981
BOK Financial CDARS	4.74%	03/19/26	734,201	8,526	—	742,727	734,201	8,526	742,727
BOK Financial CDARS	4.74%	03/19/26	1,573,288	18,269	—	1,591,557	1,573,288	18,269	1,591,557
WallisBank CDARS	4.74%	03/19/26	11,422,834	120,801	—	11,543,635	11,422,834	120,801	11,543,635
East West Bank CD	4.31%	03/19/26	1,001,238	10,299	—	1,011,537	1,001,238	10,299	1,011,537
East West Bank CD	4.19%	03/23/26	750,928	7,724	—	758,653	750,928	7,724	758,653
East West Bank CD	4.19%	03/23/26	1,201,485	12,359	—	1,213,844	1,201,485	12,359	1,213,844
BOK Financial CDARS	4.74%	03/26/26	1,047,928	12,169	—	1,060,096	1,047,928	12,169	1,060,096
BOK Financial CDARS	4.74%	03/26/26	1,047,928	12,169	—	1,060,097	1,047,928	12,169	1,060,097
BOK Financial CDARS	4.74%	04/02/26	2,879,255	33,437	—	2,912,691	2,879,255	33,437	2,912,691
BOK Financial CDARS	4.74%	04/09/26	52,304	607	—	52,911	52,304	607	52,911
East West Bank CD	3.96%	04/13/26	—	738,337	—	738,337	—	738,337	738,337
East West Bank CD	3.96%	04/13/26	—	1,004,633	—	1,004,633	—	1,004,633	1,004,633
Texas Bank & Trust CD	4.13%	05/06/26	—	4,664,000	—	4,664,000	—	4,664,000	4,664,000
East West Bank CD	4.17%	05/12/26	—	600,000	—	600,000	—	600,000	600,000
East West Bank CD	4.29%	05/19/26	—	703,472	—	703,472	—	703,472	703,472
East West Bank CD	4.24%	06/24/26	—	8,629,627	—	8,629,627	—	8,629,627	8,629,627
East West Bank CD	4.24%	06/24/26	—	750,597	—	750,597	—	750,597	750,597
East West Bank CD	4.24%	06/24/26	—	528,420	—	528,420	—	528,420	528,420
East West Bank CD	4.24%	06/24/26	—	1,801,433	—	1,801,433	—	1,801,433	1,801,433
BOK Financial CDARS	4.30%	06/25/26	—	12,006,923	—	12,006,923	—	12,006,923	12,006,923
UBank CD	4.85%	10/08/26	1,669,796	19,598	—	1,689,395	1,669,796	19,598	1,689,395
TOTAL / AVERAGE	4.40%		\$ 461,928,378	\$ 83,980,637	\$(157,720,627)	\$ 388,188,389	\$ 461,928,378	\$ (73,739,990)	\$ 388,188,389

Allocation by Fund Book & Market Value

June 30, 2025

	Maturity	Investment			Bond I&S	Revenue	Reserve	Arbitrage Liability
		Total	General	Construction				
BOT DDA	07/01/25	\$ 1,569,927	\$ 1,569,927	\$ —	\$ —	\$ —	\$ —	\$ —
BOT Escrow MMF	07/01/25	6,628,987	—	6,628,987	—	—	—	—
Invesco Govt & Agy Inst MMF	07/01/25	2,540	2,540	—	—	—	—	—
Veritex Bank MMA Escrow	07/01/25	140,937	—	140,937	—	—	—	—
NexBank ICS	07/01/25	31,442,656	—	17,215,462	13,858,944	368,251	—	—
NexBank ICS Escrow	07/01/25	2,028,980	—	2,028,980	—	—	—	—
TexPool	07/01/25	12,731	12,731	—	—	—	—	—
TexSTAR	07/01/25	142,076,457	37,233	105,308,553	12,072,047	23,550,654	1,107,970	—
Credit Union of Texas CD	07/10/25	262,767	—	—	—	—	262,767	—
East West Bank CD	07/10/25	1,817,894	—	1,817,894	—	—	—	—
East West Bank CD	07/14/25	509,877	—	509,877	—	—	—	—
East West Bank CD	07/18/25	524,161	—	524,161	—	—	—	—
East West Bank CD	07/18/25	733,826	—	733,826	—	—	—	—
East West Bank CD	07/18/25	524,161	—	524,161	—	—	—	—
East West Bank CD	08/08/25	1,542,204	—	1,542,204	—	—	—	—
Bank OZK CD	08/12/25	6,369,451	—	6,369,451	—	—	—	—
Bank OZK CD	08/13/25	5,183,423	—	5,183,423	—	—	—	—
American Nat'l B&T CDARS	08/14/25	10,873,717	—	10,873,717	—	—	—	—
East West Bank CD	08/19/25	15,079,194	—	15,079,194	—	—	—	—
Credit Union of Texas	08/21/25	521,305	—	521,305	—	—	—	—
East West Bank CD	08/28/25	211,708	—	—	—	—	211,708	—
East West Bank CD	09/02/25	726,275	—	726,275	—	—	—	—
East West Bank CD	09/02/25	1,193,166	—	1,193,166	—	—	—	—
Bank OZK CD	09/15/25	2,235,797	—	2,235,797	—	—	—	—
East West Bank CD	09/11/25	1,091,436	—	—	—	—	1,091,436	—
East West Bank CD	09/16/25	310,181	—	310,181	—	—	—	—
East West Bank CD	09/22/25	1,011,947	—	1,011,947	—	—	—	—
East West Bank CD	10/10/25	1,762,705	—	1,762,705	—	—	—	—
East West Bank CD	11/10/25	924,787	—	924,787	—	—	—	—
Bank OZK CD	11/12/25	16,408,136	—	16,408,136	—	—	—	—
East West Bank CD	11/12/25	1,027,184	—	1,027,184	—	—	—	—
East West Bank CD	11/12/25	1,540,776	—	1,540,776	—	—	—	—
Bank OZK CD	11/13/25	12,965,808	—	12,965,808	—	—	—	—
Bank OZK CD	11/14/25	6,818,979	—	—	—	—	6,818,979	—
Bank OZK CD	11/14/25	2,235,537	—	2,235,537	—	—	—	—
Bank OZK CD	11/17/25	1,984,636	—	—	—	—	1,984,636	—
East West Bank CD	11/19/25	15,077,240	—	15,077,240	—	—	—	—

Allocation by Fund Book & Market Value

June 30, 2025

	Maturity	Investment	General	Construction	Bond I&S	Revenue	Reserve	Arbitrage
		Total						Liability
East West Bank CD	12/12/25	1,012,577	—	1,012,577	—	—	—	—
East West Bank CD	12/17/25	1,022,754	—	1,022,754	—	—	—	—
East West Bank CD	12/22/25	1,225,332	—	1,225,332	—	—	—	—
East West Bank CD	12/24/25	1,201,004	—	1,201,004	—	—	—	—
East West Bank CD	12/24/25	12,010,038	—	12,010,038	—	—	—	—
East West Bank CD	12/24/25	5,574,801	—	5,574,801	—	—	—	—
East West Bank CD	01/12/26	1,019,988	—	1,019,988	—	—	—	—
East West Bank CD	03/03/26	1,166,065	—	1,166,065	—	—	—	—
East West Bank CD	03/03/26	304,191	—	304,191	—	—	—	—
WallisBank CDARS	03/12/26	12,153,579	—	—	—	—	12,153,579	—
BOK Financial CDARS	03/12/26	1,061,981	—	—	—	—	1,061,981	—
BOK Financial CDARS	03/19/26	742,727	—	—	—	—	742,727	—
BOK Financial CDARS	03/19/26	1,591,557	—	—	—	—	1,591,557	—
WallisBank CDARS	03/19/26	11,543,635	—	—	—	—	2,141,347	9,402,287
East West Bank CD	03/23/26	1,011,537	—	1,011,537	—	—	—	—
East West Bank CD	03/23/26	758,653	—	758,653	—	—	—	—
East West Bank CD	03/23/26	1,213,844	—	1,213,844	—	—	—	—
BOK Financial CDARS	03/26/26	1,060,096	—	—	—	—	1,060,096	—
BOK Financial CDARS	03/26/26	1,060,097	—	—	—	—	1,060,097	—
BOK Financial CDARS	04/02/26	2,912,691	—	—	—	—	2,912,691	—
BOK Financial CDARS	04/09/26	52,911	—	—	—	—	52,911	—
East West Bank CD	04/13/26	738,337	—	738,337	—	—	—	—
East West Bank CD	04/13/26	1,004,633	—	1,004,633	—	—	—	—
Texas Bank & Trust CD	05/06/26	4,664,000	—	—	—	—	4,664,000	—
East West Bank CD	05/12/26	600,000	—	600,000	—	—	—	—
East West Bank CD	05/19/26	703,472	—	703,472	—	—	—	—
East West Bank CD	06/24/26	8,629,627	—	—	—	—	8,629,627	—
East West Bank CD	06/24/26	750,597	—	750,597	—	—	—	—
East West Bank CD	06/24/26	528,420	—	528,420	—	—	—	—
East West Bank CD	06/24/26	1,801,433	—	1,801,433	—	—	—	—
BOK Financial CDARS	06/25/26	12,006,923	—	—	—	—	12,006,923	—
UBank CD	10/08/26	1,689,395	—	—	—	—	—	1,689,395
Totals		\$ 388,188,389	\$ 1,622,431	\$ 266,069,347	\$ 25,930,990	\$ 23,918,905	\$ 59,555,033	\$ 11,091,682

Allocation by Fund Book & Market Value

March 31, 2025

		Investment						Arbitrage
	Maturity	Total	General	Construction	Bond I&S	Revenue	Reserve	Liability
BOT DDA	04/01/25	\$ 1,685,236	\$ 1,685,236	\$ —	\$ —	\$ —	\$ —	\$ —
BOT Escrow MMF	04/01/25	9,784,576	—	9,784,576	—	—	—	—
Invesco Govt & Agy Inst MMF	04/01/25	2,513	2,513	—	—	—	—	—
Veritex Bank MMA Escrow	04/01/25	139,426	—	139,426	—	—	—	—
NexBank ICS	04/01/25	29,208,828	—	17,029,041	11,815,576	364,212	—	—
NexBank ICS Escrow	04/01/25	2,038,625	—	2,038,625	—	—	—	—
TexPool	04/01/25	12,596	12,596	—	—	—	—	—
TexSTAR	04/01/25	214,223,672	37,333	182,373,318	10,562,792	20,924,876	325,353	—
East West Bank CD	04/10/25	1,035,145	—	1,035,145	—	—	—	—
East West Bank CD	04/10/25	760,769	—	760,769	—	—	—	—
Origin Bank CD	04/15/25	9,668,839	—	9,668,839	—	—	—	—
East West Bank CD	04/30/25	4,959,994	—	—	—	—	4,959,994	—
East West Bank CD	04/30/25	629,707	—	629,707	—	—	—	—
Bank OZK CD	05/12/25	6,298,605	—	6,298,605	—	—	—	—
East West Bank CD	05/12/25	410,028	—	410,028	—	—	—	—
Bank OZK CD	05/13/25	6,770,075	—	6,770,075	—	—	—	—
Origin Bank CD	05/15/25	7,466,192	—	7,466,192	—	—	—	—
Origin Bank CD	06/13/25	5,999,852	—	5,999,852	—	—	—	—
Origin Bank CD	06/13/25	10,587,545	—	—	—	—	10,587,545	—
East West Bank CD	06/18/25	12,505,701	—	12,505,701	—	—	—	—
Cornerstone Bank CDARS	06/20/25	9,704,737	—	—	—	—	9,704,737	—
East West Bank CD	06/24/25	780,932	—	780,932	—	—	—	—
East West Bank CD	06/24/25	1,249,491	—	1,249,491	—	—	—	—
East West Bank CD	06/24/25	549,776	—	549,776	—	—	—	—
East West Bank CD	06/24/25	2,915,480	—	2,915,480	—	—	—	—
Credit Union of Texas CD	07/10/25	259,658	—	—	—	—	259,658	—
East West Bank CD	07/10/25	1,794,480	—	1,794,480	—	—	—	—
East West Bank CD	07/14/25	504,503	—	504,503	—	—	—	—
East West Bank CD	07/18/25	517,733	—	517,733	—	—	—	—
East West Bank CD	07/18/25	724,826	—	724,826	—	—	—	—
East West Bank CD	07/18/25	517,733	—	517,733	—	—	—	—
East West Bank CD	08/08/25	1,525,722	—	1,525,722	—	—	—	—
Bank OZK CD	08/12/25	6,297,777	—	6,297,777	—	—	—	—
Bank OZK CD	08/13/25	5,125,095	—	5,125,095	—	—	—	—
American Nat'l B&T CDARS	08/14/25	10,739,018	—	10,739,018	—	—	—	—
Credit Union of Texas	08/21/25	515,039	—	515,039	—	—	—	—
East West Bank CD	08/28/25	209,394	—	—	—	—	209,394	—
East West Bank CD	09/02/25	718,334	—	718,334	—	—	—	—

Allocation by Fund Book & Market Value

March 31, 2025

		Investment						Arbitrage
	Maturity	Total	General	Construction	Bond I&S	Revenue	Reserve	Liability
East West Bank CD	09/02/25	1,180,120	—	1,180,120	—	—	—	—
Bank OZK CD	09/15/25	2,210,749	—	2,210,749	—	—	—	—
East West Bank CD	09/11/25	1,079,994	—	—	—	—	1,079,994	—
East West Bank CD	09/16/25	307,188	—	307,188	—	—	—	—
East West Bank CD	09/22/25	1,001,282	—	1,001,282	—	—	—	—
East West Bank CD	10/10/25	1,744,258	—	1,744,258	—	—	—	—
East West Bank CD	11/10/25	915,108	—	915,108	—	—	—	—
Bank OZK CD	11/12/25	16,225,134	—	16,225,134	—	—	—	—
East West Bank CD	11/12/25	1,016,435	—	1,016,435	—	—	—	—
East West Bank CD	11/12/25	1,524,652	—	1,524,652	—	—	—	—
Bank OZK CD	11/13/25	12,821,199	—	12,821,199	—	—	—	—
Bank OZK CD	11/14/25	6,742,926	—	—	—	—	6,742,926	—
Bank OZK CD	11/14/25	2,210,604	—	2,210,604	—	—	—	—
Bank OZK CD	11/17/25	1,962,501	—	—	—	—	1,962,501	—
East West Bank CD	12/12/25	1,002,254	—	1,002,254	—	—	—	—
East West Bank CD	12/17/25	1,012,126	—	1,012,126	—	—	—	—
East West Bank CD	12/22/25	1,212,599	—	1,212,599	—	—	—	—
East West Bank CD	01/12/26	1,009,364	—	1,009,364	—	—	—	—
East West Bank CD	03/03/26	1,153,862	—	1,153,862	—	—	—	—
East West Bank CD	03/03/26	301,007	—	301,007	—	—	—	—
WallisBank CDARS	03/12/26	12,026,388	—	—	—	—	12,026,388	—
BOK Financial CDARS	03/12/26	1,049,791	—	—	—	—	1,049,791	—
BOK Financial CDARS	03/19/26	734,201	—	—	—	—	734,201	—
BOK Financial CDARS	03/19/26	1,573,288	—	—	—	—	1,573,288	—
WallisBank CDARS	03/19/26	11,422,834	—	—	—	—	2,118,938	9,303,896
East West Bank CD	03/23/26	1,001,238	—	1,001,238	—	—	—	—
East West Bank CD	03/23/26	750,928	—	750,928	—	—	—	—
East West Bank CD	03/23/26	1,201,485	—	1,201,485	—	—	—	—
BOK Financial CDARS	03/26/26	1,047,928	—	—	—	—	1,047,928	—
BOK Financial CDARS	03/26/26	1,047,928	—	—	—	—	1,047,928	—
BOK Financial CDARS	04/02/26	2,879,255	—	—	—	—	2,879,255	—
BOK Financial CDARS	04/09/26	52,304	—	—	—	—	52,304	—
UBank CD	10/08/26	1,669,796	—	—	—	—	—	1,669,796
Totals		\$ 461,928,378	\$ 1,737,678	\$ 347,187,432	\$ 22,378,368	\$ 21,289,087	\$ 58,362,121	\$ 10,973,692

AGENDA ITEM IX



GREATER TEXOMA UTILITY AUTHORITY

AGENDA COMMUNICATION

DATE: August 14, 2025

SUBJECT: AGENDA ITEM NO. IX

PREPARED BY: Debi Atkins, Finance Officer
SUBMITTED BY: Paul M. Sigle, General Manager

CONSIDER AND ACT UPON BUDGET AMENDMENT FOR FY 2024-2025

ISSUE

Amendment to budget for FY 2024-25

BACKGROUND

In previous years, the Board of Directors has been willing to consider amendments to the Authority's annual budget during the course of the fiscal year to adjust for circumstances that impact revenue and expenses. In many cases, projects that were planned on a specific schedule may be delayed and therefore the funds may not be able to be expended as originally planned. Also, there are typically several adjustments to account for actual bond issuance amounts that we attempted to predict well in advance of a defined project scope and interest rate.

OPTIONS/ALTERNATIVES

The Board always has the option of taking no action on an amended budget and allow the year to be completed with actual expenses and revenues not being as close to Budget.

The alternative recommended by staff is to amend the budget to more accurately reflect expenditures and revenues as they occurred during the course of the year, which results in a more favorable reflection on expenses and revenues in the audit.

CONSIDERATIONS

The proposed budget amendment was reviewed by the Authority's budget committee on August 13, 2025. There is a summary page on the attached budget which reflects the changes.

STAFF RECOMMENDATIONS

The staff recommends the Board consider authorizing a budget amendment for FY 2024-25.

ATTACHMENTS

Proposed Amended Budget

GREATER TEXOMA UTILITY AUTHORITY

AMENDED BUDGET

FISCAL YEAR 2024-2025

BUDGET ADJUSTMENT SUMMARY
2024-2025

General Fund

Additional CGMA employee not hired until August
Database Admin not hired
Interest Earnings increased

Construction Changes

New Money – Bartley Woods moved to 25-26
 Bear Creek reduced amount
 Sherman reduced amount
-Existing Money Outlay Costs reduced:
 All Construction cost reduced

Combined Bond Changes –

Arledge Ridge correct Debt Service Payments
Bartley Woods did not close
Increase Depreciation
Corrected Interest income and Interest expense

Making Changes In Net Assets increasing by \$5,269,823

CGMA and SOLID WASTE

Change line item closer to actual

GREATER TEXOMA UTILITY AUTHORITY
AMENDED
CONSTRUCTION BUDGET
2024-25

	ARLEDGE RIDGE BONDS	BEAR CREEK BONDS	BELLS BONDS	CGMA BONDS	DORCHESTER BONDS	GAINESVILLE BONDS	GOBER BONDS	HENRIETTA BONDS
CONSTRUCTION FUNDS								
Beg Balance	2,621,492	0.00	5,000,000	4,000,000	4,500,000	2,455,000	585,000	9,535,000
Grant Funds								
New Money/Contribution	0	33,550,000	0	4,000,000	0	2,455,000	585,000	0
Total Funds Available	2,621,492	33,550,000	5,000,000	4,000,000	4,500,000	2,455,000	585,000	9,535,000
Outlay Costs	5,000	900,000	1,000,000	1,700,000	150,000	1,000,000	12,000	0
Remaining Funds Available	2,616,492	32,650,000	4,000,000	2,300,000	4,350,000	1,455,000	573,000	9,535,000

LAKE KIOWA BONDS	NW/G BONDS	PARADISE BONDS	POTTSBORO BONDS	PRINCETON BONDS	SHERMAN BONDS	VALLEY VIEW BONDS	VAN ALSTYNE BONDS	WHITESHED BONDS	WHITE- WRIGHT BONDS	TOTAL MEMO ONLY
625,000	1,700,000	43,000	2,120,000	1,500,000	407,985,000	330,000	2,504,000	3,459,075	7,981,000	465,348,065
<u>625,000</u>	<u>0</u> 1,700,000	<u>43,000</u>	<u>2,120,000</u>	<u>0</u> 1,500,000	<u>67,390,000</u> 475,375,000	<u>330,000</u>	<u>2,504,000</u>	<u>3,459,075</u>	<u>0</u> 7,981,000	<u>0</u> 100,940,000 566,288,065
<u>100,000</u> <u>525,000</u>	<u>500,000</u> 1,200,000	<u>43,000</u> 0	<u>200,000</u> 1,920,000	<u>125,000</u> 1,375,000	<u>240,000,000</u> 235,375,000	<u>0</u> 330,000	<u>450,000</u> 2,054,000	<u>0</u> 3,459,075	<u>525,000</u> 7,456,000	<u>246,710,000</u> 319,578,065

GREATER TEXOMA UTILITY AUTHORITY
AMENDED
COMBINED BOND BUDGET
2024-25

	ANNA/MELISSA	ARLEDGE RIDGE	BARTLEY WOODS	BEARCREEK SUD	BELLS	BOLIVAR WSC	*CGMA	DORCHESTER	ECTOR	G'VILLE	GOBER
	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS
OPERATING REVENUE											
Charges for Bonds	507,495	209,879	0	1,803,434	440,677	99,207	1,141,945	287,481	38,040	706,423	59,540
Charges for Reserve	0	0	0	0	0	0	0	0	0	0	0
Charges for Admin	950	0	0	22,353	900	0	17,850	1,250	0	0	0
Total Operating Revenue	508,445	209,879	0	1,825,788	441,577	99,207	1,159,795	288,731	38,040	706,423	59,540
OPERATING EXPENSES											
Operating Expenses	0	0	0	0	0	0	0	0	0	0	0
General And Admin	1,489	2,663	3,773	37,792	6,774	347	18,348	4,265	583	5,382	1,151
Maint & Repair	0	0	0	0	0	0	0	0	0	0	0
Deprec	431,633	0	0	312,574	100,464	79,554	831,233	23,213	30,363	496,414	27,748
Total Operating Exp	433,122	2,663	3,773	350,366	107,238	79,901	849,582	27,478	30,946	501,796	28,899
OPERATING INCOME (LOSS)	75,323	207,215	(3,773)	1,475,422	334,338	19,306	310,213	261,253	7,095	204,627	30,641
NON OPERATING REVENUES (EXPENSES)											
Invest Inc	20,000	30,000	0	25,000	118,000	2,000	140,000	126,000	1,500	69,000	18,000
Bond Prem	0	0	0	0	0	0	0	0	0	0	0
Interest Exp	(63,104)	(174,879)	0	(1,503,821)	(288,177)	(9,207)	(1,745,941)	(181,790)	(18,972)	(156,423)	(24,540)
Bond Issuance Costs	0	0	0	(931,317)	0	0	0	0	0	0	0
Amort of Loss on Early Retire of Debt	0	0	0	0	0	0	0	0	0	0	0
Amort Underwriters Disc	0	0	0	0	0	0	0	0	0	0	0
Gain (Loss) on Sale of Assets	0	0	0	0	0	0	0	0	0	0	0
Total Nonoperating Revenues (Expenses)	(43,104)	(144,879)	0	(2,410,138)	(170,177)	(7,207)	(1,605,941)	(55,790)	(17,472)	(87,423)	(6,540)
CHANGE IN NET ASSETS	32,218	62,337	(3,773)	(934,717)	164,162	12,099	(1,295,728)	205,463	(10,377)	117,204	24,101

* This is also included in the CGMA Operations budget

	MUSTANG	HENRIETTA	KAUFMAN	KRUM	LAKE KIOWA	LAKE TEX	MELISSA	NWG	PARADISE	POTTSBORO	PRINCETON
	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS
OPERATING REVENUE											
Charges for Bonds	277,110	546,800	93,895	318,341	607,185	1,388,395	201,755	261,772	43,058	789,223	1,508,218
Charges for Reserve	0	0	0	0	16,192	0	0	0	0	19,354	0
Charges for Admin	0	0	0	1,800	0	66,000	0	0	0	0	0
Total Operating Revenue	277,110	546,800	93,895	320,141	623,378	1,454,395	201,755	261,772	43,058	808,577	1,508,218
OPERATING EXPENSES											
Operating Expenses	0	0	0	0	0	0	0	0	0	0	0
General And Admin	4,416	9,202	2,090	4,324	7,921	7,206	832	2,594	740	12,624	26,107
Maint & Repair	0	0	0	0	0	61,000	0	0	0	0	0
Deprec	275,248	0	123,510	267,567	509,496	0	132,639	105,535	58,417	88,705	1,420,153
Total Operating Exp	279,664	9,202	125,600	271,991	517,417	68,206	133,471	108,129	59,157	101,328	1,446,260
OPERATING INCOME (LOSS)	(2,554)	537,598	(31,706)	48,150	105,961	1,386,189	68,284	153,643	(16,099)	707,249	61,958
NON OPERATING REVENUES (EXPENSES)											
Invest Inc	5,000	240,000	2,000	11,000	31,000	27,500	3,000	56,000	3,000	139,000	105,000
Bond Prem	0	0	0	0	0	0	0	0	0	0	63,332
Interest Exp	(105,682)	(396,800)	(3,895)	(103,911)	(164,989)	(183,423)	(41,988)	(106,772)	(18,058)	(339,949)	(810,302)
Bond Issuance Costs	0	0	0	0	0	0	0	0	0	0	0
Amort of Loss on Early Retire of Debt	0	0	0	0	0	0	0	0	0	0	(4,175)
Amort Underwriters Disc	0	0	0	0	0	0	0	0	0	0	0
Gain (Loss) on Sale of Assets	0	0	0	0	0	0	0	0	0	0	0
Total Nonoperating Revenues (Expenses)	(100,682)	(156,800)	(1,895)	(92,911)	(133,989)	(155,923)	(38,988)	(50,772)	(15,058)	(200,949)	(646,146)
CHANGE IN NET ASSETS											
	(103,236)	380,798	(33,600)	(44,761)	(28,028)	1,230,266	29,296	102,871	(31,157)	506,300	(584,188)

* This is also included in the CGMA Operat

	SADLER	SHERMAN	TOMBEAN	VALLEY VIEW	VAN ALSTYNE	WHITE SHED	WRIGHT	TOTAL MEMO ONLY
	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	
OPERATING REVENUE								
Charges for Bonds	7,268	9,663,964	96,612	41,640	511,216	237,824	455,236	22,343,629
Charges for Reserve	0	0	0	0	0	0	0	35,547
Charges for Admin	0	250,000	0	0	0	0	1,200	362,303
Total Operating Revenue	7,268	9,913,964	96,612	41,640	511,216	237,824	456,436	22,741,479
OPERATING EXPENSES								
Operating Expenses	0	0	0	0	0	0	0	0
General And Admin	116	709,041	892	634	6,145	3,209	8,721	889,383
Maint & Repair	0	200,000	0	0	0	0	0	261,000
Deprec	32,239	5,418,656	84,588	0	258,260	0	189,056	11,297,363
Total Operating Exp	32,354	6,327,698	85,480	634	264,405	3,209	197,777	12,447,746
OPERATING INCOME (LOSS)	(25,086)	3,586,267	11,131	41,006	246,811	234,614	258,658	10,293,733
NON OPERATING REVENUES (EXPENS)								
Invest Inc	1,000	8,657,000	3,500	13,000	87,000	70,000	127,500	10,131,000
Bond Prem	0	1,149,208	0	0	0	0	0	1,212,540
Interest Exp	(2,268)	(33,893,045)	(21,612)	(26,640)	(131,216)	(182,824)	(125,236)	(40,825,459)
Bond Issuance Costs	0	(749,078)	0	0	0	0	0	(1,680,395)
Amort of Loss on Early Retire of Debt	0	(16,616)	0	0	0	0	0	(20,791)
Amort Underwriters Disc	0	123,162	0	0	0	0	0	123,162
Gain (Loss) on Sale of Assets	0	0	0	0	0	0	0	0
Total Nonoperating Revenues (Expenses)	(1,268)	(24,729,368)	(18,112)	(13,640)	(44,216)	(112,824)	2,265	(31,059,942)
CHANGE IN NET ASSETS	(26,354)	(21,143,101)	(6,981)	27,367	202,595	121,791	260,923	(20,766,209)

* This is also included in the CGMA Operat

GREATER TEXOMA UTILITY AUTHORITY
AMENDED
GENERAL FUND BUDGET

OCTOBER 1, 2024 - SEPTEMBER 30, 2025

	APPROVED BUDGETED 2023-24	ACTUAL 6/30/24	EST 9/30	AMENDED BUDGETED 2024-25	% OF INCOME
INCOME					
DRIPPING SPRINGS POST CLOSURE	16,500.00	9,310.03	12,413.37	25,300.00	1.30%
GROUNDWATER DISTRICTS	615,000.00	345,143.72	460,191.63	475,000.00	24.42%
OPERATION SERVICES	150,000.00	216,328.73	288,438.31	230,000.00	11.82%
CGMA OPERATIONS	285,000.00	207,393.30	276,524.40	340,000.00	17.48%
INTEREST EARNINGS	52,228.01	52,228.00	52,228.00	50,000.00	2.57%
INCOME PERTAINING TO BONDS	710,739.38	446,111.57	594,815.43	825,000.00	42.41%
TOTAL INCOME	1,829,467.39	1,276,515.35	1,684,611.13	1,945,300.00	100%

					% OF EXPENSES
EXPENDITURES					
AUDIT/CONSULTANT SERVICES	54,400.00	54,400.00	54,400.00	54,900.00	2.82%
BANKING FEES		1,453.32	1,937.76	2,000.00	0.10% CC and Banking fees
BONDING & INSURANCE	14,625.00	9,305.25	13,140.79	16,938.00	0.87% crime (769) GL (15400) Public (3 yr 769)
REPAIRS/MAINT	23,000.00	16,835.31	22,447.08	23,000.00	1.18% Building repairs, computer BU/repairs, copier
JANITORIAL/LAWN CARE	8,800.00	6,282.49	8,376.65	8,800.00	0.45% Janitorial 585 per mo, Lawn 145.83 per mo
DUES/SUBSCRIPTIONS	3,800.00	3,453.00	4,930.00	5,000.00	0.26% CofC, RRVA, TWCA, Lake Tex Assoc, GFOA, F
EQUIPMENT	5,000.00	3,567.30	4,280.76	12,000.00	0.62% Ops 7500, off equip 2000, (2) computers (2,600)
FIELD SUPPLIES	3,000.00	1,945.01	2,334.01	3,000.00	0.15% towels,wipes,batteries,testing supplies,gloves
GROUNDWATER DIST	30,000.00	25,571.20	30,685.44	30,000.00	1.54%
INVESTMENT CONSULTING	90,605.00	71,855.85	90,605.00	75,000.00	3.86% Max amount per year
LEGAL	10,000.00	7,802.50	10,403.33	10,000.00	0.51%
MEETINGS & CONFERENCE	5,000.00	4,576.84	5,000.00	5,000.00	0.26% BOD (ave 300 pm), TWCA, RRVA, etc.
OFFICE SUPPLIES	20,000.00	17,404.30	23,205.73	24,000.00	1.23%
POSTAGE	2,500.00	2,030.07	2,706.76	2,000.00	0.10%
RENT	30,787.10	22,451.76	29,935.68	31,565.52	1.62% building rent 2253.63 per mo Ins 376.83 per Mo
SALARIES - ADMINISTRATIVE	540,000.00	447,739.68	537,287.62	587,579.67	30.21% Auto allow added to salary
SALARIES - OPERATIONS/GWD	465,000.00	387,486.37	464,983.64	537,891.64	27.65% Added Maint/Tech for CGMA
FRINGE BENEFITS-PERSONNEL COST	346,000.00	288,559.35	346,271.22	433,542.57	22.29%
TRAINING	4,000.00	2,954.54	3,939.39	4,000.00	0.21%
TRANSPORTATION EXPENSE	30,000.00	24,791.99	33,055.99	35,000.00	1.80%
UNIFORMS	1,500.00	465.92	621.23	2,100.00	0.11%
TELEPHONE	4,800.00	3,622.37	4,829.83	4,800.00	0.25% Cell phones (125), AT&T (80), Office phone(170
UTILITIES	14,000.00	10,161.45	13,548.60	14,000.00	0.72%
VEHICLE EXPENSE	16,700.00	2,400.00	16,663.00	15,338.00	0.79% 2023 truck \$7051....NEW 2024-25 \$8287
VEHICLE REPAIRS	7,600.00	7,599.42	7,599.42	7,600.00	0.39%
TOTAL EXPENDITURES	1,783,512.10	1,424,715.29	1,733,188.93	1,945,055.39	100%

NON-CASH DEPRECIATION 10,300.00

GREATER TEXOMA UTILITY AUTHORITY
DRIPPING SPRINGS POST CLOSURE

	APPROVED 2023-24	ACTUAL @ 6/30/24	Est 9/30/24	AMENDED 2024-25
<u>OPERATING REVENUE</u>				
DRIPPING SPRINGS MAINTENANCE				
City of Denison	15,000.00	7,246.94	9,662.59	15,400.00
City of Sherman	10,775.00	6,210.54	8,280.72	10,700.00
TOTAL OPERATING REVENUES	<u>25,775.00</u>	<u>13,457.48</u>	<u>17,943.31</u>	<u>26,100.00</u>
<u>OPERATING EXPENSES</u>				
OPERATING COST				
SALARIES/EMPLOYEE PERSONNEL COSTS	15,000.00	8,361.67	11,148.89	15,000.00
ENGINEERING				
GAS WELLS				
*GROUND WATER	0.00	0.00		0.00
OTHER EXPENSES				
ADMINISTRATIVE/ACCOUNTING	1,500.00	948.36	1,264.48	1,500.00
EQUIPMENT REPAIR/GAS SYSTEM REPAIR	5,000.00	2,245.12	2,993.49	5,000.00
FUEL & LUBRICANTS	775.00	52.96	70.61	500.00
INSURANCE-LIABILITY/PROPERTY	1,000.00	487.37	844.73	1,600.00
UTILITIES	<u>2,500.00</u>	<u>2,646.21</u>	<u>3,528.28</u>	<u>2,500.00</u>
TOTAL OTHER EXPENSE	<u>10,775.00</u>	<u>14,741.69</u>	<u>8,701.60</u>	<u>11,100.00</u>
TOTAL OPERATING EXPENSES	25,775.00	14,741.69	19,850.49	26,100.00
NON-CASH DEPRECIATION	2,500.00			

GREATER TEXOMA UTILITY AUTHORITY
CGMA OPERATIONS BUDGET
FISCAL YEAR 2024-25

	Amended 2023-24	7/31/24	Est 9/30/24	Amended 2024-25	
OPERATING REVENUE					
4 CITIES-Operations	7,607,600.69	6,354,498.52	7,625,398.22	11,577,600.00	MAV * \$4.824
4 CITIES-Bonds	1,754,280.21	1,151,018.20	1,381,221.84	1,141,944.90	
Interest Income	125,000.00	298,957.44	358,748.93	150,000.00	
Bill Board	1,000.00	1,000.00	1,000.00	1,300.00	
TOTAL OPERATING REVENUES	9,487,860.90	7,805,474.16	9,366,368.99	12,870,844.90	
OPERATING EXPENSES					
Bond Costs					
General GTUA Costs	60,000.00	24,775.46	33,033.95	60,000.00	time allocations
Depreciation-Equipment	15,900.00			39,320.00	
Insurance	8,200.00	10,708.87	10,708.87	14,000.00	Added Truck
Legal	3,000.00	375.00	1,000.00	2,000.00	
Debt Management					
Admin-GTUA Costs	40,000.00	10,528.75	14,038.33	40,000.00	Bond Admin and Fiscal Agent Fees
Operations/Maintenance					
Operations-Staff	225,000.00	185,493.60	247,324.80	290,000.00	Operators
O&M	200,000.00	150,237.05	200,316.07	243,500.00	water tests,chemicals, repairs,Equip anything over \$90,000 from Reserves)
Communications Line	2,300.00	1,488.67	1,984.89	10,000.00	Internet & Cradle Point
Lawn Care	5,500.00	2,660.00	3,546.67	4,560.00	Mowing pump stations
Lease - Equip	78,000.00	93,579.35	99,636.64	6,500.00	Tractor From Reserves
Utilities/Contract Maint					
Electrical	260,000.00	129,442.43	194,163.65	350,000.00	Shell Energy cost per 1000 gal \$.13 for Aug 23 thru Jun 24
Water Costs					
*Take or pay fees	6,110,000.00	4,582,202.16	6,109,602.88	9,360,000.00	NTMWD \$3.90/1000 for expected usage
CIP Project					
Water Study-Engineers				97,000.00	From Reserves
ATV, Trailer, Storage	75,805.00	43,470.08		0.00	From Reserves
Vehicle	54,070.00	54,069.71	54,069.71	0.00	From Reserves
Engineering-CIP & Add'l Services	80,000.00	60,852.77	80,000.00	10,000.00	From Reserves
CIP Project - Electrical Switch	86,755.00	68,462.20	68,462.20	0.00	From Reserves
TOTAL OPERATING EXPENSES	7,304,530.00	5,418,346.10	7,073,145.84	10,515,880.00	CIP Project and Engineering will be funded by Reserve

* NTMWD rate \$3.90 per 1,000 gal.
2024 MAV - 1,664,203

AGENDA ITEM X



GREATER TEXOMA UTILITY AUTHORITY

AGENDA COMMUNICATION

DATE: August 14, 2025

SUBJECT: AGENDA ITEM NO. X

PREPARED BY: Debi Atkins, Finance Officer

SUBMITTED BY: Paul M. Sigle, General Manager

CONSIDER AND ACT UPON AN ENGAGEMENT LETTER FOR INDEPENDENT AUDIT SERVICES FOR FISCAL YEAR 2024-2025

ISSUE

Consideration of an engagement letter for independent audit services for FY 2024-2025

BACKGROUND

The Authority is mandated by its enabling legislation and the bondholders of issued securities to conduct an annual independent audit of its operations.

In 2022, the Authority Staff engaged in discussions regarding the audit solicitation process for selecting an auditing firm. Subsequently, an RFP was developed and distributed to six (6) auditing firms with which we have previously collaborated and/or which have ongoing projects with municipalities in the region. We received one (1) response from Patillo, Brown & Hill.

Patillo, Brown & Hill have demonstrated strong qualifications for the required work. During the May 2022 meeting, the Board approved the selection of Patillo, Brown & Hill as a qualified firm and requested that an engagement letter be prepared for consideration at the June 2022 meeting. The audit cost for FY 2023-2024 were \$54,900. The Audit cost for FY 2024-2025 will be \$55,400.

CONSIDERATIONS

The audit proposal encompasses a five-year term.

STAFF RECOMMENDATIONS

The Authority Staff recommends that the Board approve an engagement letter with Patillo, Brown & Hill for the execution of the Authority's Fiscal Year 2024-2025 Audit.

ATTACHMENTS

Engagement Letter



July 16, 2025

Greater Texoma Utility Authority
5100 Airport Drive
Denison, Texas 75020

To the Board of Directors and Management:

You have requested that we audit the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Greater Texoma Utility Authority (the "Authority"), as of September 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

In addition, we will audit the Authority's compliance over major federal and state award programs for the period ended September 30, 2025. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal award programs. The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and *Government Auditing Standards*, if any, and perform procedures to address those requirements.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other postemployment benefit related information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis.

Supplementary information other than RSI will accompany the Entity's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- Combining Statements and Schedules.
- Debt Service Requirements to Maturity
- Schedule of Revenue Bond Coverage
- Schedule of Insurance Coverage.

Schedule of Expenditures of Federal Awards

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the financial statements:

- Introductory Section.
- Statistical Section.

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the earlier of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

As part of an audit of financial statements in accordance with GAAS and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

Although we are currently in the planning stage of our audit, we have identified the following significant risks during our audit to date that require special audit consideration:

- Management override of controls is considered an inherent risk according to GAAS.
- New debt issuances represent significant dollar amounts and also present inherently complex accounting and financial reporting issues.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective, and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the Entity's basic financial statements. Our report will be addressed to those charged with governance of the Entity. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of Major Program Compliance

Our audit of the Entity's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud

is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal programs as a whole.

As part of a compliance audit in accordance with GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal programs and, performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs, and performing such other procedures as we consider necessary in the circumstances. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. For identifying, in its accounts, all federal awards received and expended during the period and the federal programs under which they were received.
4. For maintaining records that adequately identify the source and application of funds for federally funded activities.
5. For preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance.

6. For designing, implementing, and maintaining effective internal control over federal awards that provides reasonable assurance that the entity is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.
7. For identifying and ensuring that the entity complies with federal laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of federal award programs, and implementing systems designed to achieve compliance with applicable federal statutes, regulations, and the terms and conditions of federal award programs.
8. For disclosing accurately, currently, and completely the financial results of each federal award in accordance with the requirements of the award.
9. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented.
10. For taking prompt action when instances of noncompliance are identified.
11. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings.
12. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings.
13. For submitting the reporting package and data collection form to the appropriate parties.
14. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance.
15. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including the disclosures, and relevant to federal award programs, such as records, documentation, and other matters.
 - b. Additional information that we may request from management for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
 - d. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report, if one is issued. This document would include more than an annual comprehensive financial report (ACFR) or annual financial report (AFR).
 - e. If applicable, a final version of the annual report, (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
16. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s)

under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;

17. For acceptance of non-attest services, including identifying the proper party to oversee non-attest work.
18. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.
19. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance.
20. For the accuracy and completeness of all information provided.
21. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information.
22. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

With regard to the schedule of expenditures of federal awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance, (b) to provide us with the appropriate written representations regarding the schedule of expenditures of federal awards, (c) to include our report on the schedule of expenditures of federal awards in any document that contains the schedule of expenditures of federal awards and that indicates that we have reported on such schedule, and (d) to present the schedule of expenditures of federal awards with the audited financial statements, or if the schedule will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by you of the schedule and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proof or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Non-attest Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the Entity in conformity with U.S. generally accepted accounting principles and the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) based on information provided by you. These non-audit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. These services are limited to preparing the financial statements, schedule of expenditures of federal awards, and related notes of the Entity as previously outlined.

We will not assume management responsibilities on behalf of the Entity. However, we will provide advice and recommendations to assist management of the Entity in performing its responsibilities.

The Entity's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) designing, implementing, and maintaining the system of internal control, including the process used to monitor the system of internal control.

Our responsibilities and limitations of the engagement is limited to our preparation of the financial statements and related note disclosures and the schedule of expenditures of federal awards previously outlined. Our firm in its sole professional judgment, reserves the right to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise with regard to financial reporting, but the Entity must make all decisions with regard to those matters.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

Engagement Administration, Fees and Timing

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

The timing of our audit will be scheduled for performance and completion as follows:

Document internal control and preliminary tests	July 2025
Mail confirmations	October 2025
Perform year-end audit procedures	Nov-Dec 2025
Issue audit reports	January 2026

Todd Pruitt is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Pattillo, Brown & Hill, LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees for these services will be at our standard hourly rates plus out-of-pocket cost (such as reports reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$55,400. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional cost.

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or email, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications. In addition to fax and email, our firm also exchanges data over the internet using other methods (such as portals) or store electronic data via software applications hosted remotely through a third-party vendor's secured portal and/or cloud.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

You authorize us to disclose any and all information you furnish to us in connection with the services provided under this engagement, including audit procedures, to third-party service providers who assist us in fulfilling our professional responsibilities. These service providers may be located within or outside the United States. Such disclosures may include, but are not limited to, confidential financial or investment information necessary to complete assessments or verify valuations. We have obtained confidentiality agreements with all our service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the work provided by any third-party service providers used under this agreement. By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

The audit documentation for this engagement is the property of Pattillo, Brown & Hill, LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to federal or state agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Pattillo, Brown & Hill's personnel.

Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to management and those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices.
- Significant difficulties, if any, encountered during the audit.
- Uncorrected misstatements, other than those we believe are trivial, if any.
- Disagreements with management, if any.
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process.
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.
- Representations we requested from management.
- Management consultations with other accountants, if any.
- Significant issues, if any, arise from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, compliance over major federal award programs including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,
Pattillo, Brown & Hill, L.L.P.



Todd Pruitt, CPA
Waco, Texas

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Greater Texoma Utility Authority by:

Name: _____

Title: _____

Date: _____

AGENDA ITEM XI



GREATER TEXOMA UTILITY AUTHORITY

AGENDA COMMUNICATION

DATE: August 14, 2025

SUBJECT: AGENDA ITEM NO. XI

PREPARED BY: Stacy Patrick, Project Manager

SUBMITTED BY: Paul M. Sigle, General Manager

CONSIDER ALL MATTERS INCIDENT AND RELATED TO THE GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2025 (NORTH KAUFMAN WATER SUPPLY CORPORATION PROJECT), INCLUDING THE ADOPTION OF A RESOLUTION APPROVING THE EXECUTION OF A CONTRACT OF INDEMNIFICATION WITH NORTH KAUFMAN WATER SUPPLY CORPORATION AND APPROVING THE EXECUTION OF A FINANCING AGREEMENT WITH THE TEXAS WATER DEVELOPMENT BOARD IN CONNECTION THEREWITH.

ISSUE

Consider and act upon authorization to execute a Financing Agreement with Texas Water Development Board ("TWDB") and a Contract of Indemnification with the North Kaufman WSC.

BACKGROUND

The North Kaufman WSC in conjunction with three other entities, requested the Authority's assistance with obtaining funding from the Texas Water Development Board ("TWDB") for a NTMWD South Transmission Pipeline project. The project will construct approximately 37,000 LF of 42" pipeline from the existing NTMWD Tawakoni 42" line to the existing Kaufman 20" line near the College Mound SUD delivery point. This will add a new take point for North Kaufman WSC to provide water for current rising demands and address future concerns. North Kaufman WSC will be responsible for 25 percent of the overall project budget. North Kaufman WSC is currently served as an indirect customer of NTMWD. With the construction of the new transmission line, they will become direct customers of NTMWD.

On April 10, 2025, the TWDB met and approved an invitation for the Authority to apply for funding through TWDB's State Water Implementation Fund for Texas (SWIFT"). The Authority has applied for SWIFT funding following Board approval on July 24, 2025. The total amount of funds sought through the SWIFT program are \$10,800,000.

CONSIDERATIONS

The TWDB requires Financing Agreements for their SWIFT Program. These agreements commit us to the funding prior to the TWDB going to market to fund the entire SWIFT program. If we do not end up pursuing the funding, then there are liquidated damage clauses that kick-in and require a penalty payment. The TWDB does not want to issue debt for entities that are not planning to borrow it.

Kristen Savant, Bond Counsel, has drafted a Contract of Indemnification to accompany the Financing Agreement. The Contract of Indemnification would be to execute between North Kaufman WSC and GTUA. The primary goal of that contract is to make the WSC liable for liquidated damages should they decide not to go forward with the Bonds.



GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION

PAGE 2

STAFF RECOMMENDATIONS

The Authority Staff recommends that the Board authorize the execution of the Contract of Indemnification. In addition, the staff recommends authorization to execute the Financing Agreement contingent upon the North Kaufman WSC's approval and executing the Contract of Indemnification.

ATTACHMENTS

TWDB Financing Agreement
Contract of Indemnification

A RESOLUTION by the Board of Directors of the Greater Texoma Utility Authority approving and authorizing the execution of a "Contract of Indemnification" with the North Kaufman Water Supply Corporation in connection with the issuance of contract revenue bonds on behalf of the Corporation; approving and authorizing the execution of a Financing Agreement with the Texas Water Development Board; and resolving other matters incident and related thereto.

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Taxable Series 2025 (North Kaufman Water Supply Corporation Project)" (the "Bonds") for the purpose of financing water system projects on behalf of the North Kaufman Water Supply Corporation (the "Corporation") (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing Water Financial Assistance Bonds (the "TWDB Bonds") solely for the purpose of funding the TWDB commitment, and, as a condition to the TWDB commitment, the Authority is required to execute a Financing Agreement prepared by the TWDB; and

WHEREAS, Section 4 of the Financing Agreement sets forth provisions relating to penalties and costs should the Authority fail to deliver the Bonds by December 12, 2025; and

WHEREAS, the Board of Directors hereby finds and determines that such penalties and costs referenced in Section 4 of the Financing Agreement should be the responsibility of the Corporation and not the Authority since the Authority is issuing the Bonds on behalf of the Corporation; and

WHEREAS, the Board of Directors hereby finds and determines that the Contract of Indemnification with the Corporation substantially in the form and content attached hereto as Exhibit A and the Financing Agreement with the TWDB substantially in the form and content attached hereto as Exhibit B should be approved and authorized to be executed as hereinafter provided; now, therefore

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

SECTION 1. The Contract of Indemnification by and between the Authority and the Corporation substantially in the form and content attached hereto as **Exhibit A** and incorporated herein for all purposes, together with such changes or revisions as the General Manager deems necessary to carry out the purpose thereof, is hereby approved for and on behalf of the Authority. The General Manager of the Authority is hereby authorized and directed to execute such contract for and on behalf of the Authority and as its act and deed, and such contract as executed by the General Manager shall be deemed approved by the Board of Directors and constitute the Contract of Indemnification herein approved.

SECTION 2. The Financing Agreement by and between the Authority and the TWDB, substantially in the form and content attached hereto as **Exhibit B** and incorporated herein for all purposes, together with such changes or revisions as the General Manager deems necessary to carry out the purpose thereof, is hereby approved for and on behalf of the Authority subject to the approval thereof by the Board of Directors of the Corporation. Following

the approval of the Contract of Indemnification by the Corporation, the Financing Agreement is hereby authorized to be executed by the General Manager for and on behalf of the Authority and as the act and deed of this Board of Directors, and such agreement as executed by the General Manager shall be deemed approved by the Board of Directors and constitute the Financing Agreement herein approved.

SECTION 3. This Resolution shall take effect and be in force from and after its passage.

[remainder of page left blank intentionally]

PASSED AND APPROVED, this August 18, 2025.

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(Authority Seal)

EXHIBIT A

CONTRACT OF INDEMNIFICATION

CONTRACT OF INDEMNIFICATION

THIS CONTRACT ("Contract") is made and entered into as of _____, 2025, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the NORTH KAUFMAN WATER SUPPLY CORPORATION (hereinafter referred to as the "Corporation"), duly created and existing under the laws of the State of Texas:

RECITALS

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Taxable Series 2025 (North Kaufman Water Supply Corporation Project)" (the "GTUA Bonds") for the purpose of financing water system projects on behalf of the Corporation (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing its Water Financial Assistance Bonds (the "TWDB Bonds") solely for the purpose of funding the TWDB commitment; and,

WHEREAS, as a condition to the TWDB commitment, the Authority is required to execute a Financing Agreement prepared by the TWDB (a form of such Financing Agreement being attached hereto as Exhibit A); and

WHEREAS, the Financing Agreement, specifically Section 4, sets forth provisions relating to penalties and costs should the Authority fail to deliver the GTUA Bonds by December 12, 2025; and

WHEREAS, SINCE THE AUTHORITY IS ISSUING THE BONDS AND ENTERING INTO FINANCING AGREEMENT ON BEHALF OF, AND FOR THE BENEFIT OF, THE CORPORATION, THE CORPORATION AGREES THAT ANY COSTS OR PENALTIES IMPOSED BY THE TWDB AGAINST AUTHORITY PURSUANT TO THE FINANCING AGREEMENT SHALL BE THE SOLE RESPONSIBILITY OF THE CORPORATION AND NOT THE AUTHORITY;

WHEREAS, the Authority and the Corporation, acting through their duly constituted governing bodies have mutually agreed upon the terms and conditions of this Contract; now, therefore

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

Section 1. **THE CORPORATION AND THE AUTHORITY HEREBY AGREE THAT ANY AND ALL COSTS, PENALTIES, TERMINATION PAYMENTS OR OTHER AMOUNTS OWED BY THE AUTHORITY TO THE TWDB PURSUANT TO THE FINANCING AGREEMENT, SPECIFICALLY SECTION 4 OF THE FINANCING AGREEMENT, SHALL BE PAID BY THE CORPORATION TO THE AUTHORITY TO INDEMNIFY THE AUTHORITY FOR SUCH COSTS, PENALTIES, TERMINATION PAYMENT OR OTHER AMOUNTS OWED, NOTWITHSTANDING ANY NEGLIGENCE ON THE PART OF AUTHORITY. SUCH PAYMENT SHALL BE MADE BY THE CORPORATION TO THE AUTHORITY NO LATER**

THAN MARCH 1, 2026. THE AUTHORITY SHALL HAVE NO RESPONSIBILITY WITH RESPECT TO SUCH AMOUNTS OWED PURSUANT TO THE FINANCING AGREEMENT AND THE CORPORATION SHALL HOLD HARMLESS THE AUTHORITY FOR ANY SUCH COSTS, PENALTIES, TERMINATION PAYMENTS OR ANY OTHER AMOUNTS OWED TO THE TWDB PURSUANT TO THE FINANCING AGREEMENT. The Corporation will not be liable for any failure due to force majeure pursuant to section 12 of the Financing Agreement.

Section 2. The Authority agrees to timely comply with the requirements of the TWDB set forth in Section 5 of the Financing Agreement.

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IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By: _____
General Manager

NORTH KAUFMAN WATER SUPPLY
CORPORATION

(Corporation Seal)

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

EXHIBIT A
FINANCING AGREEMENT

EXHIBIT B

FINANCING AGREEMENT



FINANCING AGREEMENT

This FINANCING AGREEMENT (Agreement) is entered into between the TEXAS WATER DEVELOPMENT BOARD (TWDB), and the GREATER TEXOMA UTILITY AUTHORITY (Authority). The TWDB and the Authority may be referred to as the "Party or the Parties" in this Agreement.

RECITALS

WHEREAS, the TWDB adopted Resolution 25-104 (Attachment A referred to as the Resolution) on July 24, 2025, making a commitment to the Authority for financial assistance in a total amount of \$43,200,000 (TWDB Commitment) from the Financial Assistance Account of the Development Fund II (DFund II) administered by the TWDB; and

WHEREAS, through this Agreement, the Authority intends to sell to the TWDB the Authority's \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Taxable Series 2025 (North Kaufman Water Supply Corporation Project) (Authority Bonds) for the TWDB's financial assistance from DFund II, as further described in Attachment B; and

WHEREAS, DFund II is funded, in part, with proceeds of the expected issuance of TWDB's Water Financial Assistance Bonds (TWDB Bonds) authorized under Texas Water Code § 17.959 and Texas Constitution, Article III, Sections 49-d-8, 49-d-9, 49-d-11, and money received as repayment of financial assistance provided from DFund II which is used to pay the principal and interest on such TWDB Bonds; and

WHEREAS, the Resolution provides that funding the TWDB Commitment is contingent on a future sale of TWDB Bonds or on the availability of funds on hand; and

WHEREAS, the TWDB intends to provide financial assistance from DFund II to the Authority with proceeds of TWDB Bonds; and

WHEREAS, the TWDB and the Authority desire to enter into this Agreement to set forth the obligations of the Parties with respect to the TWDB providing financial assistance to the Authority.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants contained in this Agreement, the TWDB and the Authority agree as follows:

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.

AGREEMENT

SECTION 1. MUTUAL COMMITMENT. As further described in the Resolution, the TWDB committed to the Authority and the Authority hereby commits to borrow from the TWDB an amount not to exceed \$10,800,000 from DFund II to be evidenced by the issuance and delivery of Authority Bonds to the TWDB consistent with the terms and conditions described in this Agreement, Attachment A and Attachment B.

SECTION 2. TRANSACTION SCHEDULE AND EARLY REDEMPTION. By execution of this Agreement, the Authority acknowledges and represents that it has a current need for financial assistance from the TWDB and will take all necessary steps to issue and deliver the Authority Bonds to evidence the TWDB Commitment described in Section 1.

To confirm the terms of the Authority Bonds, the Authority must execute this Agreement. The foregoing notwithstanding, the TWDB consents to early redemption, or prepayment, of the Authority Bonds, as provided for in this Agreement and the accompanying TWDB Resolution attached as Attachment A. The Authority Bonds may be prepaid by the Authority on any date beginning on or after the first scheduled interest payment date that occurs no earlier than 10 years from the dated date of the Authority Bonds.

To mutually assure the performance of the Parties under this Agreement, the Parties agree that the issuance and delivery of the DFund II Bonds and the issuance and delivery of the Authority's Bonds to TWDB must occur not more than sixty-four (64) days apart as reflected in Attachment C. Failure by the Authority to issue and deliver to the TWDB the Authority's Bonds will result in the Authority being liable to the TWDB for the stipulated damages agreed to by the Parties in Section 3 of this Agreement.

SECTION 3. BINDING COMMITMENT. The TWDB agrees to take all necessary steps to issue the DFund II Bonds for the purposes described in this Agreement and in the Resolution upon receipt of this Agreement, which shall be signed and delivered by the Authority to the Executive Administrator of the TWDB at least seventeen (17) days before the initiation of the pricing of the DFund II Bonds, as set forth in Attachment C. The Authority acknowledges that the schedule provided in Attachment C is a best estimate by the TWDB and is subject to change by the TWDB. The TWDB expressly reserves the right to modify Attachment C at any time and shall provide the Authority with an updated Attachment C as soon as practicable upon any modification; provided that, if such modification of Attachment C occurs before the initiation of pricing of the DFund II Bonds and such modification results in an earlier scheduled pricing date, no such modification of Attachment C may result in the Authority having fewer than five (5) days between the receipt of the modified schedule and the TWDB posting the Preliminary Official Statement for the DFund II Bonds.

SECTION 4. BREACH OF AGREEMENT, LIQUIDATED DAMAGES.

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- A. The Parties agree that the Authority may terminate this Agreement in writing with no penalty at any time up to fourteen (14) days before the initiation of the pricing of the DFund II Bonds, as set forth in Attachment C.
- B. The Authority understands and agrees that the Authority may terminate this Agreement in writing between thirteen (13) days and six (6) days prior to the initiation of the pricing of the DFund II Bonds (currently estimated to occur on September 25, 2025) as set forth in Attachment C, provided the Authority agrees to reimburse the TWDB from lawfully available funds of the Authority for its proportional share of transaction costs incurred by the TWDB, such as, but not limited to, any fees or costs related to any rating agency, financial advisor, legal counsel, or other similar party or related costs pertaining to the DFund II Bonds in an amount not to exceed \$4,109.00 (Transaction Cost Payment). The Authority shall be obligated to pay such costs to the TWDB no later than March 4, 2026.
- C. The Authority understands and agrees that the Authority may terminate this Agreement in writing within five (5) days prior to the initiation of the pricing of the DFund II Bonds as set forth in Attachment C and no later than 9:00 am Central Standard Time on the day before the TWDB Bond Pricing, provided the Authority agrees to pay to the TWDB from lawfully available funds 1.0 percent of the amount of the commitment authorized in Section 1 of this Agreement (Pre-pricing Termination Payment), and additionally shall reimburse the TWDB from lawfully available funds of the Authority its Transaction Cost Payment. The Authority shall be obligated to pay such costs to the TWDB no later than March 4, 2026. The Authority understands and agrees that termination under this section will result in a total penalty amount of \$112,109.00.
- D. The Authority understands and agrees that TWDB would suffer and incur severe and irreparable damages if the Authority Bonds are not issued and delivered. Failure to issue the Authority Bonds by the date specified in Attachment C, as contemplated in this Agreement, shall be a breach of this Agreement and the Authority shall pay, from lawfully available funds of the Authority, a "Post-pricing Termination Payment" to the TWDB. The Post-pricing Termination Payment shall be an amount equal to 5.0 percent of the amount of the commitment authorized in Section 1 of this Agreement. The Authority shall pay the Post-pricing Termination Payment to the TWDB no later than March 4, 2026. The Authority shall also reimburse the TWDB from lawfully available funds of the Authority, its Transaction Cost Payment, plus the Authority's proportional share of the underwriters' discount incurred by the TWDB, no later than March 4, 2026. The Authority understands and agrees that failure by the Authority to issue the Authority Bonds by the date specified in Attachment C, will result in a total penalty amount pursuant to this section not to exceed \$596,160.00.

SECTION 5. AMORTIZATION STRUCTURE. The Authority shall provide the TWDB a maturity schedule in the form set forth in Attachment B at the time of execution of this

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Agreement. A final amortization structure will be required at least fourteen (14) days before the initiation of pricing of the DFund II Bonds in accordance with the provisions of this Agreement. The par amount included in Attachment B may be revised, subject to approval by the Executive Administrator of the TWDB, at any time up to the fourteenth (14) day before the initiation of pricing of the DFund II Bonds with no penalty. The final amortization schedule adopted by the Authority as included in the Authority's Private Placement Memorandum and Bond Resolution must reflect the final amortization structure set forth in Attachment B. The Authority must provide the TWDB a final amortization schedule at least seven (7) days prior to adoption of Authority's Bond Resolution. To the extent the amortization schedule included in Attachment B does not match the amortization schedule included in the finally adopted bonds, the Authority will be subject to the penalty described above in Section 4D.

SECTION 6. CONTINGENCIES AND TERMINATION.

- A. The Parties agree that the TWDB's obligation to purchase the Authority's Bonds with the DFund II is contingent upon the TWDB receiving all legally required approvals for the issuance of the DFund II Bonds from the Legislative Budget Board, the Bond Review Board, and the Texas Attorney General. The TWDB's obligation to purchase the Authority's Bonds with the DFund II is also contingent upon the purchase and delivery of the DFund II Bond proceeds by the underwriters pursuant to the Bond Purchase Agreement relating to the DFund II Bonds.

Accordingly, if any contingency described in the preceding paragraph above is unmet, the TWDB, upon delivery of written notice thereof to the Authority, may extend or terminate this Agreement together with all of its obligations and duties without incurring any cost, fee, or penalty for either the TWDB or the Authority.

- B. The Parties agree that the Authority's obligation to issue and deliver the Authority Bonds is contingent upon approval by the Texas Attorney General of the Authority Bonds. The Authority agrees to use its best efforts to obtain approval by the Texas Attorney General of the Authority Bonds to satisfy the closing requirements set forth in Section 2 of this Agreement. To this end, the Authority agrees as follows:
- (1) Authority shall timely file the transcript of proceedings for the Authority Bonds with the Texas Attorney General in accordance with the schedule contained in Attachment C;
 - (2) Authority shall comply with the requirements and conditions contained in the Resolution;
 - (3) Authority shall provide the TWDB with a copy of the preliminary approval letter from the Texas Attorney General promptly upon receipt;

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(4) Authority shall provide the TWDB with a copy of its responses to the preliminary approval letter concurrently with the submission of such responses to the Texas Attorney General; and

(5) Authority shall allow TWDB to brief the Texas Attorney General on any issues noted in the preliminary approval letter and initiate or participate in conferences with the Texas Attorney General related to the approval of the Authority Bonds.

Accordingly, if, after the Authority employs its best efforts to obtain approval by the Texas Attorney General and such approval cannot be obtained by the date specified in Attachment C, the TWDB, as a matter of law, at its sole discretion, may terminate this Agreement and upon termination the Authority shall pay, from any of its lawfully available funds, the Post-pricing Termination Payment no later than March 4, 2026, as provided in Section 4D. The Authority shall also reimburse the TWDB from lawfully available funds of the Authority its Transaction Cost Payment plus the Authority's proportional share of the underwriters' discount no later than March 4, 2026. The Authority understands and agrees that if the Authority does not obtain approval from the Texas Attorney General and issue its Authority Bonds by the date specified in Attachment C, it will be subject to a total penalty amount pursuant to this section not to exceed \$596,160.00.

SECTION 7. REDEMPTION OF OUTSTANDING DEBT. Proceeds of the Authority Bonds shall not be used, in whole or in part, to redeem outstanding bonds, commercial paper, or other obligations issued by the Authority. The Authority agrees that it will not take or fail to take any action that will cause the DFund II Bonds to be considered to be advance refunding bonds under Section 149(d) of the Internal Revenue Code of 1986, as amended.

SECTION 8. NOTICES. All notices, agreements or other communications required by this Agreement will be given, and will be deemed given, when delivered in writing to the address, facsimile, or email of the identified Party or Parties set forth below:

<p>Texas Water Development Board Development Fund Manager P.O. Box 13231 Austin, Texas 78711-3231 Telephone (512) 475-4584 Facsimile (512) 475-2053 Finance-Debt-Management@twdb.texas.gov</p>	<p>Greater Texoma Utility Authority Attn: General Manager 5100 Airport Drive Denison, Texas 75020 Telephone: (903) 786-4433 E-mail: paul@gtua.org</p>
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SECTION 9. SEVERABILITY. In the event any provision of this Agreement is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate, render unenforceable or otherwise affect any other provisions.

SECTION 10. AMENDMENTS, SUPPLEMENTS AND MODIFICATIONS. This Agreement may be amended, supplemented, or modified only in a writing executed by duly authorized
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representatives of the Parties.

SECTION 11. APPLICABLE LAW. This Agreement and any amendments will be governed by and construed in accordance with the laws of the State of Texas.

SECTION 12. STATE AUDIT. By executing this Agreement, the Authority accepts the Authority of the Texas State Auditor's Office to conduct audits and investigations in connection with all state funds received pursuant to this Agreement. The Authority must comply with any directive from the Texas State Auditor and will cooperate in any such investigation or audit. The Authority agrees to provide the Texas State Auditor with access to any information the Texas State Auditor considers relevant to the investigation or audit. The Authority also agrees to include a provision in any contract or subcontract related to this Agreement that requires the contractor and the subcontractor to submit to audits and investigations by the Texas State Auditor's Office in connection with any state funds received pursuant to the contract or subcontract.

SECTION 13. FORCE MAJEURE. Either Party to this Agreement may be excused from performance under this contract for any period when performance is prevented as the result of an act of God, strike, war, civil disturbance, or epidemic, provided that the Party experiencing the event of Force Majeure has prudently and promptly acted to take any and all steps that are within the Party's control to ensure performance and to shorten the duration of the event of Force Majeure. The Party suffering an event of Force Majeure must provide notice of the event to the other Party as soon as practicable but not later than five business days after the event. Subject to this provision, such nonperformance will not be deemed a breach or a ground for termination.

SECTION 14. EFFECTIVE DATE. This Agreement is effective as of the date of the last signature below.

SECTION 15. BINDING AGREEMENT. The execution of this Agreement has been authorized by the governing boards of both Parties. The individuals executing this Agreement have the legal Authority to bind each respective Party to the terms and conditions of this Agreement. The respective commitments of the TWDB and the Authority set forth above is binding upon the TWDB and the Authority upon both Parties' execution of this Agreement.

[Remainder of Page Intentionally Left Blank]

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EXECUTED in multiple counterparts, each of which shall be deemed to be an original.

GREATER TEXOMA UTILITY AUTHORITY

By: _____

Name: Paul M. Sigle

Title: General Manager

Date: _____

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TEXAS WATER DEVELOPMENT BOARD

By: _____

Name: Bryan McMath

Title: Executive Administrator

Date: _____

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ATTACHMENT A

TWDB RESOLUTION NO. 25-104

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$43,200,000 TO GREATER TEXOMA UTILITY AUTHORITY
THROUGH THE PROPOSED PURCHASE IN ONE OR MORE SERIES OF
\$43,200,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS,
PROPOSED SERIES 2025**

(25-104)

Recitals:

The Greater Texoma Utility Authority (Authority), located in Grayson County, has filed an application for financial assistance in the amount of \$43,200,000 to finance the planning, acquisition, design, and construction of a water supply project identified as Project No. 51104 (Project).

The Authority qualifies for financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase in one or more series of \$43,200,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Obligations), together with all authorizing documents, all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff.

The Authority has offered a pledge of contract revenues as sufficient security for the repayment of the Obligations.

The commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 363.1307.

The interest rate subsidies as approved by the Board at its April 10, 2025 meeting, are based on assumptions necessary to generate an optimum debt service structure for the anticipated TWDB SWIFT bond issuance and are subject to modification as necessary to preserve and maintain the integrity of the SWIFT Program.

The Authority is a rural political subdivision as defined by the Texas Water Code § 15.992.

In accordance with Texas Water Code § 17.124, the TWDB has considered all matters required by law and in particular the following:

1. The needs of the area to be served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans.
2. And the availability of revenue to the Authority, from all sources, for the ultimate repayment of the cost of the water supply project, including interest.

Findings:

1. The application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M; or the requirements of Chapter 17, Subchapters D, E, and L, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A.
2. The Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a).
3. The public interest requires state assistance in the financing of this project, in accordance with Texas Water Code § 17.125(a)(1).
4. The Authority, a wholesale water supplier, and all other contracting parties have submitted and implemented water conservation plans in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1).
5. The Authority is a rural political subdivision as defined by the Texas Water Code § 15.992.
6. The Authority acknowledges its legal obligation to comply with any applicable requirements of federal law related to contracting with disadvantaged business enterprises and any applicable state law related to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

NOW THEREFORE, based on these findings, the TWDB commits to the following:

1. A commitment is made by the TWDB to the Greater Texoma Utility Authority for financial assistance in the amount of \$43,200,000 from the Financial Assistance Account of the Texas Water Development Fund II to be evidenced by the TWDB's proposed purchase of:
 - a. \$10,800,000 Proposed Series 2025 (Becker-Jiba Special Utility District Project), to expire on December 31, 2025;
 - b. \$10,800,000 Proposed Series 2025 (College Mound Special Utility District Project), to expire on December 31, 2025;
 - c. \$10,800,000 Proposed Series 2025 (Gastonia-Scurry Special Utility District Project), to expire on December 31, 2025; and
 - d. \$10,800,000 Proposed Taxable Series 2025 (North Kaufman Water Supply Corporation Project), to expire on December 31, 2025.

The commitment is subject to the following:

Standard Conditions:

1. This commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand as determined by the TWDB.

2. This commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Authority has complied with all of the requirements of the laws under which the Obligations were issued; that the Obligations were issued in conformance with the Constitution and laws of the State of Texas; and that the Obligations are valid and binding obligations of the Authority.
3. This commitment is contingent upon the Authority's continued compliance with all applicable laws, rules, policies, and guidance as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement.
4. This commitment is contingent upon the Authority executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting the executed agreement to the TWDB consistent with the terms and conditions described in it.
5. Interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator.
6. The Authority shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2) and shall require the paying agent/registrar to provide a copy of all receipts documenting debt service payments to the TWDB and to the TWDB's designated Trustee.

Required Obligation Conditions:

7. The Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date that is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption.
8. The Obligations must provide that the Authority will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
9. The Obligations must provide that the Authority must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.
10. The Obligations must contain a provision requiring the Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
11. The Obligations must include a provision wherein the Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Authority's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by the

Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of SEC rule 15c2-12, the continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers the Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to the bonds under SEC Rule 15c2-12.

12. The Obligations must require the Authority to use any surplus financial assistance proceeds from the Obligations remaining after completion of the Project and completion of a final accounting in a manner approved by the Executive Administrator.
13. The Obligations must provide that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.
14. Financial assistance proceeds are public funds. Therefore, the Obligations must require that these proceeds be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.
15. Financial assistance proceeds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils or media at the Project site. The Obligations must provide that the Authority is solely responsible for liability resulting from acts or omissions of the Authority, its employees, contractors, or agents arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law.
16. The Obligations must require the Authority to report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312.
17. The Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry-only form in accordance with 31 TAC § 363.42(c)(1).
18. The Authority must abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G and Texas Water Code § 17.183.

19. The Authority must immediately notify TWDB in writing of any suit against it by the Attorney General of Texas under Texas Government Code § 2.103 and Texas Penal Code § 1.10(f), related to federal laws regulating firearms, firearm accessories, and firearm ammunition.
20. The Obligations must require the Authority to submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.
21. The Obligations must include a provision that, if the collateral or credit pledged by the Authority securing the Obligations is rated by a nationally-recognized statistical rating agency, the Authority, or other obligated person, will not discontinue the rating issued by a nationally-recognized statistical rating agency until the underlying Obligations are retired or no longer held by TWDB.

Tax-Exempt Conditions Applicable To The \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Becker-Jiba Special Utility District Project), \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (College Mound Special Utility District Project), and \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Gastonia-Scurry Special Utility District Project):

22. The Obligations must prohibit the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of section 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated under it (Regulations).
23. The Obligations must provide that no portion of the proceeds of the financial assistance will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of section 148(a) of the Code and Regulations, including to acquire or to replace funds that were used, directly or indirectly, to acquire Nonpurpose Investments, as defined in the Code and Regulations, that produce a yield materially higher than the yield on the TWDB's bonds issued to provide the financial assistance (Source Series Bonds), other than Nonpurpose Investments acquired with;
 - a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until the proceeds are needed for the facilities to be financed;
 - b. amounts invested in a bona fide debt service fund within the meaning of section 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent the amounts do not exceed the lesser of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations.

24. The Obligations must require the Authority to take all necessary steps to comply with the requirement that amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of section 148 of the Code. The Obligations must provide that the Authority will:
- a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures, and investments thereof) and retain all records of the accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its financial assistance with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of the Gross Proceeds and the obligations acquired with the Gross Proceeds;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financial assistance, not less frequently than each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Regulations, and the associated rulings. The Authority shall maintain a copy of the calculations for at least six years after the final Computation Date;
 - c. pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date as additional consideration for providing financial assistance and in order to induce providing financial assistance by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners of TWDB's Bonds for federal income tax purposes;
 - d. exercise reasonable diligence to ensure that no errors are made in the calculations required by paragraph (b) and, if an error is made, to discover and promptly correct the error within a reasonable amount of time, including payment to the United States of any interest and any penalty required by the Regulations.
25. The Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes.
26. The Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of section 149(b) of the Code.
27. The Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of the borrower's obligations in contravention of section 149(d) of the Code (related to "advance refundings").

28. The Obligations must provide that neither the Authority nor a party related to it will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB.

Pledge Conditions:

29. Upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review.
30. The Obligations must require the Authority to maintain and enforce the contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority's obligations arising from the operation of the water system.
31. The Obligations must provide that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations.
32. Before closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. The contracts must include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges, and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

Conditions To Close Or For Release Of Funds:

33. Before closing, if not previously provided with the application, the Authority shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel for the Project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator.
34. Before closing, when any portion of financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB.
35. Before closing, the Authority shall provide certification that the average weighted maturity of the Obligations purchased by the TWDB does not exceed 120% of the average reasonably expected economic life of the Project.
36. Before closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment

of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. The contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

37. Before closing, the Authority shall submit to the escrow agent a closing memo signed by the Executive Administrator.

Tax-exempt Conditions To Close Or For Release Of Funds Applicable To The \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Becker-Jiba Special Utility District Project), \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (College Mound Special Utility District Project), and \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Gastonia-Scurry Special Utility District Project):

38. Before closing, the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion.
39. Before closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion.
40. The transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure, and investment of the proceeds of the Obligations.
41. The transcript must include evidence that the information reporting requirements of section 149(e) of the Internal Revenue Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of section 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply.

Special Conditions:

42. Before the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of the Project that proposes surface water or groundwater development, the Executive Administrator must have either issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction.

43. Before the release of construction funds for that portion of a Project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide.

APPROVED and ordered of record this the 24th day of July 2025.



TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney
L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: 7/24/25

ATTEST:

Bryan McMath
Bryan McMath, Executive Administrator

ATTACHMENT B

DESCRIPTION OF BORROWER BONDS

Title of Borrower Bonds: \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Taxable Series 2025 (North Kaufman Water Supply Corporation Project)

Project Name: Greater Texoma Utility Authority South Transmission Pipeline Project

Project Number: 51104

Aggregate Principal Amount of Borrower Bonds: \$10,800,000

Anticipated Closing Date: 11/18/2025

Dated Date: 11/18/2025

First Principal Payment Date: 8/15/2026

First Interest Payment Date: 2/15/2026

Maturity Schedule:

Maturity		Principal Amount	
Maturity Date	Principal Payment	Maturity Date	Principal Payment
8/15/2026	\$300,000	8/15/2041	\$330,000
8/15/2027	\$175,000	8/15/2042	\$345,000
8/15/2028	\$180,000	8/15/2043	\$365,000
8/15/2029	\$190,000	8/15/2044	\$380,000
8/15/2030	\$195,000	8/15/2045	\$400,000
8/15/2031	\$205,000	8/15/2046	\$420,000
8/15/2032	\$215,000	8/15/2047	\$445,000
8/15/2033	\$225,000	8/15/2048	\$470,000
8/15/2034	\$235,000	8/15/2049	\$495,000
8/15/2035	\$245,000	8/15/2050	\$520,000
8/15/2036	\$260,000	8/15/2051	\$545,000
8/15/2037	\$270,000	8/15/2052	\$575,000
8/15/2038	\$285,000	8/15/2053	\$605,000
8/15/2039	\$300,000	8/15/2054	\$640,000
8/15/2040	\$310,000	8/15/2055	\$675,000

ATTACHMENT C
FINANCING SCHEDULE*

DATE	ACTION
07/24/2025	TWDB approval of commitments
09/1/2025	<i>Labor Day Holiday**</i>
09/5/2025	<i>Financing agreement – last day to execute (17 calendar days prior to initiation of pricing)</i>
09/8/2025	Financing agreement (Sec. 4A) - last day political subdivisions can terminate without penalty (14 calendar days prior to initiation of pricing)
09/8/2025	Financing agreement (Sec. 5) - last day political subdivisions can modify maturity schedule (14 calendar days prior to initiation of pricing)
09/16/2025	Financing agreement (Sec. 4B) - last day political subdivisions can terminate with costs of issuance (6 calendar days prior to initiation of pricing)
09/21/2025	Financing agreement (Sec. 4C) - before 9:00 a.m. CDT political subdivisions can terminate with costs of issuance and 1% penalty (1 calendar day prior to pricing).
09/22/2025	TWDB bond pricing initiation (pre-pricing begins)
09/24/2025	TWDB bond pricing
10/2/2025	TWDB approves interest rates available to political subdivisions
10/10/2025	TWDB bond closing (political subdivisions must close within 64 calendar days)
10/10/2025 to 12/12/2025	Closings on political subdivision obligations
10/13/2025	Columbus Day Holiday (TWDB open)**
Various	Political subdivisions adopt bond resolutions and/or master agreements
Various	Political subdivisions submit transcripts to Texas Attorney General in preparation of closing
11/11/2025	<i>Veteran's Day Holiday**</i>
11/27/2025	<i>Thanksgiving Holiday**</i>
11/28/2025	<i>Thanksgiving Holiday**</i>
12/12/2025	Last day to close on political subdivision obligations
12/15/2025	Financing agreement (Sec. 4D) - penalty applied to any political subdivision failing to issue debt Start of post - pricing termination payment period (includes costs of issuance, underwriters' discount and 5% penalty)
03/4/2026	Last due date for payment of penalties

**Preliminary, subject to change*

***State agency holidays are reflected to show when TWDB is closed; they are counted towards deadlines.*

AGENDA ITEM XII



GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION

DATE: August 14, 2025

SUBJECT: AGENDA ITEM NO. XII

PREPARED BY: Stacy Patrick, Project Manager
AND SUBMITTED BY: Paul M. Sigle, General Manager

**CONSIDER ALL MATTERS INCIDENT AND RELATED TO THE APPROVAL AND EXECUTION OF
A WATER FACILITIES FUNDING AGREEMENT BY AND BETWEEN THE GREATER TEXOMA
UTILITY AUTHORITY AND THE NORTH KAUFMAN WATER SUPPLY CORPORATION IN
CONNECTION WITH THE NORTH TEXAS MUNICIPAL WATER DISTRICT SOUTH
TRANSMISSION PIPELINE PROJECT, INCLUDING THE ADOPTION OF A RESOLUTION
PERTAINING THERETO.**

ISSUE

Approval of the Water Facilities Funding Agreement with the North Kaufman WSC.

BACKGROUND

The North Kaufman WSC in conjunction with three other entities, requested the Authority's assistance with obtaining funding from the Texas Water Development Board ("TWDB") for a NTMWD South Transmission Pipeline project. The project will construct approximately 37,000 LF of 42" pipeline from the existing NTMWD Tawakoni 42" line to the existing Kaufman 20" line near the College Mound SUD delivery point. This will add a new take point for North Kaufman WSC to provide water for current rising demands and address future concerns. North Kaufman WSC will be responsible for 25 percent of the overall project budget. North Kaufman WSC is currently served as an indirect customer of NTMWD. With the construction of the new transmission line, they will become direct customers of NTMWD.

On April 10, 2025, the TWDB met and approved an invitation for the Authority to apply for funding through TWDB's State Water Implementation Fund for Texas (SWIFT"). The Authority has applied for SWIFT funding following Board approval on July 24, 2025. The total amount of funds sought through the SWIFT program are \$10,800,000.

STAFF RECOMMENDATIONS

The Authority Staff recommend the Board approve the Water Facilities Funding Agreement.

ATTACHED

Water Facilities Funding Agreement

A RESOLUTION approving and authorizing the execution and delivery of a "Water Facilities Funding Agreement" with the Greater Texoma Utility Authority in connection with the North Texas Municipal Water District South Transmission Pipeline Project and resolving other matters incident and related to the execution and delivery of such contract

WHEREAS, negotiations have been conducted between the Greater Texoma Utility Authority (the "Authority") and the North Kaufman Water Supply Corporation (the "Corporation"), with respect to the execution of a water facilities funding agreement (the "Contract," the form of which is attached hereto as **Exhibit A**), whereby the Authority would provide for the construction of improvements to the North Texas Municipal Water District's (the "District") regional water system to meet the current and future water needs of the District's participating customers, including the Corporation; and

WHEREAS, said Contract has been prepared and submitted to this governing body for approval, and it has been determined by the Board of Directors that the Contract is in the best interest of the Corporation and should be approved; now, therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH KAUFMAN WATER SUPPLY CORPORATION:

SECTION 1. That the "Water Facilities Funding Agreement" by and between the Authority and the Corporation, in substantially the form attached hereto as **Exhibit A** with such changes, additions, or amendments thereto as the General Manager determines to be necessary or proper to carry out the purpose and intent of the Board of Directors in authorizing the Contract, is hereby approved for and on behalf of the Authority. The President or Vice President are hereby authorized and directed to execute such Contract for and on behalf of the Corporation and as the act and deed of this Board of Directors.

SECTION 2. This Resolution shall take effect and be in force from and after its passage.

PASSED AND APPROVED, this August 18, 2025.

NORTH KAUFMAN WATER SUPPLY
CORPORATION

President, Board of Directors

Secretary, Board of Directors

(Corporation Seal)

EXHIBIT A

WATER FACILITIES FUNDING AGREEMENT

NORTH TEXAS MUNICIPAL WATER DISTRICT
SOUTH TRANSMISSION PIPELINE PROJECT

WATER FACILITIES FUNDING AGREEMENT

NORTH TEXAS MUNICIPAL WATER DISTRICT
SOUTH TRANSMISSION PIPELINE PROJECT

THIS CONTRACT ("Contract") is made and entered into as of _____, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the NORTH KAUFMAN WATER SUPPLY CORPORATION, a nonprofit water supply corporation in the County of Kaufman, Texas (hereinafter referred to as the "Corporation"), duly created and existing under the laws of the State of Texas:

W I T N E S S E I H:

WHEREAS, the North Texas Municipal Water District ("NTMWD") is a regional water provider that supplies treated water to its member cities and customer entities throughout North Texas; and

WHEREAS, NTMWD and the Participating Customers (as defined below) have entered into prior, current, and/or pending Potable Water Supply Contracts under which NTMWD provides treated water to the Participating Customers; and

WHEREAS, the Authority, acting pursuant to the Act, has issued or proposes to issue, or both, its bonds for the purposes of providing for the construction of improvements to connect to the NTMWD regional water system (referred to herein as the "NTMWD South Transmission Pipeline Project") to meet the current and future water needs of the NTMWD's Participating Customers, including the Corporation; and

WHEREAS, the Participating Customers will each finance separately bonds for their equal share of the total costs associated with the NTMWD South Transmission Pipeline Project; and

WHEREAS, certain revenues to be received by the Authority from the Corporation under this Contract are to be pledged to the payment and security of the bonds (the "Bonds" as defined below) to be issued by the Authority for the benefit of the Corporation for the Corporation's participation in the NTMWD South Transmission Pipeline Project and will constitute the basis for the Authority's credit in financing such facilities and issuing such Bonds; and

WHEREAS, the Authority and the Corporation, acting through their duly constituted governing bodies have mutually agreed upon the terms and conditions of this Contract; and

WHEREAS, the NTMWD is referenced herein for context and coordination purposes only and is not a party to this Agreement, nor shall any provision herein be construed to create any obligation or liability on the part of NTMWD; now, therefore,

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

ARTICLE I DEFINITIONS

SECTION 1.01: Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this Contract and any contract amendatory or supplemental to this Contract shall be construed or used and are intended to have meanings as follows:

- (a) "Authority" shall mean the Greater Texoma Utility Authority, or its successor.
- (b) "Board" and "Board of Directors" shall mean the Board of Directors of the Authority.
- (c) "Bond Resolution" shall mean any resolution of the Board of Directors authorizing the issuance of the Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted, where the proceeds from the sale of the Bonds will be used to discharge the cost of the Project.
- (d) "Bonds" shall mean any bonds payable from revenues to be received by the Authority from the Corporation under this Contract and to be issued by the Authority for the purpose of providing funds to pay the necessary costs of the Project, whether in one or more series or issues, or any bonds issued to refund the same.
- (e) "Corporation" shall mean the North Kaufman Water Supply Corporation.
- (f) "Cost of the Project" shall mean all cost and expense incurred in connection with the acquisition, construction, improvements, enlargement, extension and repair of the Project, including, without limiting the generality of the foregoing, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest and administrative expenses expected to accrue during the period of construction, the funding of any reserve funds created by the Bond Resolution(s), cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, improving, enlarging, extending, or repairing the Project, and such other expense as may be necessary or incident to the acquisition, construction, improvement, enlargement, extension or repair of the Project and all legal fees, printing and other cost, fees and expenses necessary for or incident to the issuance of the Bonds.
- (g) "Engineer" shall mean a registered, professional engineer selected by NTMWD. The Corporation and Authority agree that the Engineer may be a different firm on different aspects of the Project and that any Project will be acquired, constructed, improved, enlarged, extended and repaired in accordance with the plans and specifications prepared under the supervision of the Engineer. It is further agreed that an Engineer may be changed or added and the scope of duties adjusted by the NTMWD.
- (h) "Fiscal Year" shall mean the twelve month operating period (under this Contract) commencing October 1st of each year, provided such twelve month period may be changed one time in any three calendar year period by agreement of the Authority and the Corporation (which agreement, if made, shall be attached hereto as an exhibit).

(i) "Maintenance and Operation Expense of the Project" shall mean the expense of maintenance and operation of the Project including all salaries, labor, materials, interest, repairs, and replacements necessary to render efficient service, or which might be necessary to meet some physical accident or condition which would otherwise impair the security of the Bonds. Such term shall not include depreciation.

(j) "NTMWD" shall mean North Texas Municipal Water District, a conservation and reclamation district created by and functioning under Chapter 62, Acts of 1951, 52nd Legislature, Regular Session, as amended, pursuant to Article 16, Section 59 of the Texas Constitution.

(k) "Operator" shall mean North Texas Municipal Water District, unless otherwise agreed by the parties.

(l) "Participating Customers" shall mean College Mound Special Utility District, Gastonia-Scurry Special Utility District, North Kaufman Water Supply Corporation, and Becker-Jiba Special Utility District who are currently direct or indirect customers of North Texas Municipal Water District.

(m) "Project" shall mean the 25% undivided interest in the NTMWD South Transmission Pipeline Project consisting of the construction of improvements to connect to NTMWD's regional water system including but not limited to storage and transmission facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the Corporation under this Contract or obtained as grant funds, from any source, for the purpose of paying all or part of the Cost of the Project described in each resolution or order of the Corporation, duly passed prior to or subsequent to the date of this Contract, authorizing the issuance of Bonds by the Authority to finance the Costs of the Project.

ARTICLE II REPRESENTATIONS AND AGREEMENTS

SECTION 2.01: The Corporation's Representations and Agreements. In connection with its undertakings hereunder, the Corporation represents to the Authority and agrees with the Authority as follows:

(a) In its capacity as a duly incorporated water supply corporation of Texas, it is empowered under applicable laws of Texas to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract.

(b) It will timely pay to the Authority the full amount it is required to pay under the provisions of this Contract for the Project pursuant to Sections 3.01 and 3.02 hereof.

(c) That it will plan, construct, maintain, operate and finance its own Water System and set retail rates to individual customers for water service adequate to pay all Corporation obligations secured by and made payable from the revenues derived from the operation of the Corporation's Water System (the "Water System").

(d) The Corporation shall submit an independent annual audit of the Corporation's fiscal accounts and records conducted by a person who is a certified public accountant or public accountant holding a permit from the Texas State Board of Public Accountancy within one hundred and eight (180) days after the close of the Corporation's fiscal year.

(e) That it will cooperate with the Authority in the performance of the duties and responsibilities assigned to the Authority by this Contract.

(f) The Corporation participation in the Project is in connection with the Participating Customers and the Corporation will be responsible for an equal share of the NTMWD South Transmission Pipeline Project.

(g) The Corporation agrees NTMWD will be responsible for planning, construction, maintaining, and operating the Project. The Corporation will enter into any necessary agreements with NTMWD for the supply, maintenance, and operations of the Project.

(h) Release and Waiver of Liability and Indemnity.

1. The Corporation fully understands and acknowledges that:

(i) There are certain risks associated with the Project, including but not limited to the risk of litigation with a contractor, supplier or other parties;

(ii) The damages which could result from these risks described above, could be in the form of litigation expenses and/or the cost to satisfy an adverse judgment;

(iii) These risks may be caused by the action, inaction or negligence or breach of contract of the participant or the action, inaction or negligence or breach of contract of others, including, but not limited to, the Releasee named below; and

(iv) There may be other risks not known to us or are not reasonably foreseeable at this time.

2. The Corporation accepts and assumes all such risks and responsibility for such losses and/ or damages, however caused and whether caused in whole or in part by the breach of contract or negligence of the Releasee named below.

3. In consideration for Authority executing this contract, The Corporation **RELEASES, WAIVES DISCHARGES AND COVENANTS NOT TO SUE** the Releasee named below, its Board of Directors, its officers, agents, or employees (hereinafter referred to as Releasee) from any and all **liability**, claims, demands, actions and causes of action whatsoever arising out of or related to any loss, damage, or injury, sustained by us, a contractor, supplier or other third party, whether caused by the **breach of contract or negligence** of Releasee or otherwise.

4. The Corporation further agrees to **INDEMNIFY DEFEND AND HOLD HARMLESS** Releasee from any claim, loss, liability, damage or costs, including court costs and attorney fees, that it may incur due to any claims by us, contractors, supplier or third parties relating to the Project, whether caused by a **breach of contract or negligence** of Releasee or otherwise. The Corporation further agrees that this Release, Waiver of Liability,

Hold Harmless and Indemnity Agreement shall be construed in accordance with the laws of the State of Texas.

5. THE CORPORATION HAS READ THIS RELEASE AND WAIVER OF LIABILITY, HOLD HARMLESS AND INDEMNITY AGREEMENT, FULLY UNDERSTANDS ITS TERMS, UNDERSTANDS THAT IT MAY HAVE GIVEN UP SUBSTANTIAL RIGHTS BY SIGNING IT, AND HAS SIGNED IT FREELY AND VOLUNTARILY WITHOUT ANY INDUCEMENT, ASSURANCE OR GUARANTEE BEING MADE TO US AND INTEND ITS SIGNATURE TO BE A COMPLETE AND UNCONDITIONAL RELEASE OF ALL LIABILITY TO THE GREATEST EXTENT ALLOWED BY LAW.

SECTION 2.02: Representations and Agreements of Authority. In connection with its undertakings hereunder, the Authority represents to the Corporation and agrees with the Corporation as follows:

(a) In its capacity as a conservation and reclamation district created by the Act, pursuant to Article XVI, Section 59 of the Texas Constitution, it is empowered under applicable laws of the State of Texas, particularly under the Act, the Interlocal Cooperation Act, and the Texas Water Code, to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract.

(b) The Authority will finance all Costs of the Project not provided by the Corporation and any grant secured for the construction of the Project.

SECTION 2.03: Construction. The Operator agrees to assume responsibility for the construction of the Project and the Authority will enter into such contracts as are necessary to construct the Project. To this end, the Authority and the Corporation agree that:

(a) Unless otherwise agreed by the parties, NTMWD will be responsible for the preparation of final plans and specifications for the Project.

(b) Final plans and specifications for the Project shall be subject to the approval of the Authority, the Corporation, and NTMWD.

(c) All construction contracts shall be let and awarded pursuant to the laws applicable to the Authority.

(d) The Authority shall let and award all construction contracts, subject to the approval of each contract by the Corporation and NTMWD.

(e) The Authority shall deposit from the proceeds from the sale of its Bonds in a special Construction Fund to be created and established by the Bond Resolution(s), an amount of money which shall be specified in said Bond Resolution(s). The Authority shall draw on and use said Construction Fund to pay the cost of acquiring, constructing, improving, extending, enlarging and repairing the Project.

(f) Unless otherwise agreed by the parties, the Corporation shall be responsible for the acquisition of all land, rights-of-way, property rights, easements and interest required to provide the Project, subject to the approval of the Corporation and the Authority.

ARTICLE III FISCAL MATTERS

SECTION 3.01: Payment for Service. The Authority will provide from the proceeds received through the issuance and sale of its Bonds such funds as are necessary, when coupled with any funds or property provided by the Corporation and any grant received, for the purpose of providing all or part of the Project. In consideration for the Authority's obligation hereunder, the Corporation recognizes and agrees that the Authority will acquire an undivided interest in the Project equivalent to the percentage of the total cost of the Project provided by the Authority through the issuance and sale of its Bonds. It is further agreed that the Corporation's obligations to make any and all payments specified in this Article and the ownership interest of the Authority in the Project will terminate when all of the Authority's Bonds issued in connection with the Project have been paid in full and retired and are no longer outstanding, ownership of the Project shall automatically transfer to and fully vest in NTMWD. It is further understood and agreed that the Authority's only source of funds to pay the principal of and interest on its Bonds is from the payments to be made by the Corporation to the Authority under this Contract, and the Corporation agrees that it will make to the Authority the following payments:

(a) Monthly amortization payment — Such amounts, payable monthly on or before the 25th day of each month, in approximately equal installments, as are necessary to pay (i) the principal coming due on the Authority's Bonds on the next succeeding principal payment date; (ii) the interest coming due on the Authority's Bonds on the next succeeding interest payment date; and, (iii) the fees and charges of the Paying Agent(s) for paying or redeeming the Bonds and interest thereon coming due on each applicable date.

(b) Reserve Fund Payment — Such amount as is required to be paid into the Reserve Fund from the Revenue Fund (out of payments to be made by the Corporation) under the Bond Resolution in order to establish, maintain or replenish the Reserve Fund for the security and payment of Bonds.

(c) Administrative Payment — An amount sufficient to pay the administrative and overhead expenses of the Authority, directly attributable and chargeable to the Bonds and the Project, including the cost of routine annual accounting reports and the costs of all continuing disclosure undertakings.

(d) Extraordinary Expense Payment — Such amounts, as are necessary to pay or reimburse the Authority for any extraordinary or unexpected expenses or costs reasonably and necessarily incurred by the Authority in connection with the Bonds and the Project, such as expenses of litigation, if any, and costs of special studies and special professional services, if and when required by any governmental directive or regulation or as may be agreed between the Corporation and the Authority.

SECTION 3.02: Time for Making of Payments. The Corporation agrees to make the payments required by Section 3.01 at the times hereafter specified:

(a) Monthly Amortization Payments — the Corporation shall commence making monthly amortization payments at such time as any amount required by the Bond Resolution(s) to be deposited into an escrow account for the payment of interest on the Bonds during the Project construction period has been fully exhausted; provided that such payments shall commence in no event later than the earlier of (i) twelve months prior to the first principal

payment date specified in the Bond Resolution(s), or (ii) six months prior to the first interest payment date for which moneys are not set aside for the payment of the interest coming due on such date from the proceeds of the Bonds. Monthly amortization payments shall continue to be made throughout the term of the Contract and shall be adjusted by the Corporation so as to provide for the accumulation of the full amount of debt service requirements (principal, interest and paying agent fees due on any given payment date) on or before the first day of the month such debt service requirements become due.

(b) Reserve Fund Payment — the Corporation shall commence making these payments on the 25th day of the following month, as may be provided in the Bond Resolution, after the delivery of the initial series of Bonds issued to provide the Project, and upon the issuance of additional Bonds, shall increase the payments in accordance with the Resolution authorizing such additional Bonds.

(c) Administrative Payment — the Corporation shall commence making the administrative payment on the 25th day of the month following the effective date of this Contract, and thereafter such payment shall be made on the 25th day of each month thereafter throughout the term of this Contract.

(d) Extraordinary Expense Payment — the Corporation shall make any extraordinary expense payment immediately upon receipt of the statement therefor.

SECTION 3.03: Maintenance and Operation of the Project. It is agreed that NTMWD will be responsible for maintaining and operating the Project for the entire term of this Contract, and the Corporation shall pay all costs and expenses incurred in regard to the maintenance and operation of the Project to NTMWD. The Corporation will maintain in good condition any agreements with NTMWD for supply, maintenance, and operation of the Project.

SECTION 3.04: Insurance. The Corporation specifically agrees to carry or require NTMWD to carry fire, casualty, public liability, or other insurance on the Project for purposes and in amounts which would ordinarily be carried by a state political subdivision owning and operating such facilities. Such insurance will provide, to the extent feasible and practicable, for the restoration of damages or destroyed properties and equipment so as to minimize the interruption of services of such facilities.

SECTION 3.05: Covenant of Timely Payment. The Corporation covenants that it will timely make (i) the monthly amortization payments and (ii) the additional payments specified hereunder in accordance with the provisions of this Contract as the same shall become due and payable, irrespective of whether service of the Project has been abandoned or discontinued, or if the Project has been rendered wholly or partially unusable by reason of "force majeure". The Corporation recognizes the fact that the Authority will use the payment received from the Corporation hereunder to pay, secure and finance the issuance of the Bonds, and the holders of the Bonds shall be entitled to rely upon the foregoing covenant of payment regardless of any other agreement that may exist between the Authority and the Corporation.

SECTION 3.06: Late Payment Penalty. Should the Corporation fail to make any payment at the time herein specified, interest on such amounts shall accrue at the rate of ten percent (10%) per annum from the date such payment becomes due until paid in full with interest as herein specified. In the event such payment is not made within sixty (60) days from the date such payment becomes due, the Authority may institute a proceeding for a mandatory

injunction requiring the payment of the amount due and interest thereon, such action to be instituted in a court of competent jurisdiction.

SECTION 3.07: Priority of Charges - Corporation to Fix Adequate Rates.

(a) The Corporation represents and covenants that all payments to be made by it hereunder shall constitute "operating expenses" of the Corporation's Water System.

(b) The Corporation further agrees to fix and collect such rates and charges for water and services to its customers as will make possible the prompt payment of all expenses of operating and maintaining its Water System, including all payments, obligations and indemnities contracted hereunder.

SECTION 3.08: Nature of Obligation of Corporation. The payments required to be made by the Corporation under the terms of this Contract shall be due and payable in any and all events regardless of whether there shall be, for any reason, a delay in the completion of all or any part of the Project and regardless of whether the Project shall have been wholly or partially destroyed or damaged. The agreements of the Corporation shall be and are separate and independent covenants and the Corporation shall have no rights of set off, recoupment, or counterclaim. The Authority shall never have the right to demand payment of any amounts due hereunder by the Corporation out of funds raised or to be raised by taxation. Any obligations assumed or imposed on either party hereto shall never be construed to be a debt of such party of a kind that would require it to levy and collect taxes to discharge any such obligation, it being expressly understood by the parties hereto that the funds required for all payments due from the Corporation pursuant to this Contract are to be collected from the sources referenced herein, and from no other source.

ARTICLE IV
MISCELLANEOUS PROVISIONS

SECTION 4.01: Contract Term. The obligation of the Corporation to promptly make all prescribed payments shall commence with the effective date of this Contract and continue for the period during which the Bonds are outstanding and unpaid.

SECTION 4.02: Useful Life of Project. The Corporation and Authority agree and mutually find that the anticipated useful life of the Project equals or exceeds the period specified in the Bond Resolution(s) for the maturity of all Bonds authorized to be issued.

SECTION 4.03: Abandonment of Use of Project.

The abandonment of the use of the Project shall have no effect upon the obligations of the Corporation to the Authority provided for by this Contract and all payments provided for by this Contract shall remain obligations of the Corporation of the same nature as provided for by this Contract.

SECTION 4.04: Modification of Provisions. This Contract may be changed and modified only with the consent of the governing bodies of the Authority and the Corporation. Such modification may be requested by either party, in which event a joint meeting of the governing bodies or of their duly authorized and appointed representative shall be held not less than thirty (30) days after the giving of such notice. At such joint meeting, the suggested changes or modifications shall be considered, discussed and settled. No such change or

modification may be made which will affect adversely the payment when due of all moneys required to be paid by the Corporation under the terms of this Contract and no such change will be effective which affects adversely or causes a violation of any covenants contained in the Bond Resolution(s).

If for any reason the Corporation may desire the construction of additional facilities over and above those now contemplated, and provided the same are within the legal and economic capabilities of the Authority, provision therefor shall be made by means of a supplement hereto, the terms of which are to be negotiated between the Corporation and the Authority.

SECTION 4.05: Regulatory Provisions. This Contract shall be subject to all valid rules, regulations and laws applicable thereto, as promulgated by the United States of America, the State of Texas, or any other governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

SECTION 4.06: Taxes. In the event any sales or use taxes, or taxes of any nature, are hereafter imposed upon the Project or the Authority on account of the acquisition, existence, ownership, operation and maintenance of the Project, the amount of such taxes shall be treated as operating expenses of the Project.

SECTION 4.07: Notices. Any notice, request, demand, statement or bill provided for in this Contract shall be in writing and shall be considered to have been fully delivered when sent by registered mail, addressed as follows:

To the Authority: 5100 Airport Drive
Denison, Texas 75020
Attention: President, Board of Directors

To the Corporation: 3891 N. Hwy. 34
Kaufman, Texas 75142
Attention: General Manager

as the case may be, except that routine communications may be sent by ordinary mail and except that either party, by the filing of an appropriate written notice to the other, may specify some other individual to whom communications thereafter are to be addressed.

SECTION 4.08: Covenant to Enforce Contractual Obligations. The Authority covenants that it will enforce the obligations of the Corporation hereunder as may be required to accomplish the purpose of this Contract. Either party may enforce any obligations hereunder owed to it by the other party.

SECTION 4.09: Consequences of Corporation Default. The Authority and the Corporation agree that in the event of default or threatened default, in the payment of principal of or interest on the Bonds, any court of competent jurisdiction upon petition of the holders of twenty-five percent (25%) of the principal amount of the then outstanding Bonds of the Authority shall appoint a receiver with authority to collect and receive all resources pledged to the payment of the Bonds, enforce all rights arising from default, if any, by the Corporation in making payment under this Contract, and take charge of the pledged funds on hand and manage the proprietary affairs of the Authority insofar as such affairs relate to the Project. The

court may further vest the receiver with such powers and duties as the court may find necessary for the protection of the holders of the Bonds.

SECTION 4.10: Further Agreements of the Parties. The parties hereto specifically recognize that to the extent the Corporation has heretofore issued, sold and delivered revenue bonds that were and are payable from and secured by a lien on and pledge of the net revenues of its Water System, and to the extent such bonds so issued and delivered are outstanding, the Corporation has disclosed to the Authority the existence and terms of all such bonds.

Additionally, the Corporation represents to the Authority that:

- (a) There is no provision in any resolution or order of the Corporation which prohibits the Corporation from entering into and executing this Contract.
- (b) The execution of this Contract and the operation thereunder will not in any way impair the obligation of contract by and between the Corporation and any other person. The Project is in furtherance of governmental policy, not inconsistent with the existing contractual obligations of the Corporation.

SECTION 4.11: Control of Project. The parties hereto recognize and it is specifically agreed that after completion of the Project and during the term of this Contract, NTMWD will operate the Project and the Corporation will enter into any necessary agreements with NTMWD for the supply, maintenance, and operations of the Project.

Except as specified in this Article, the abandonment of the use of all or part of such Project has no effect upon the obligations of the parties.

SECTION 4.12: Force Majeure.

(a) If for any reason of "force majeure" either of the parties hereto shall be rendered unable wholly or in part to carry out its obligation under this Contract, other than the obligation of Corporation to make the payments required under the terms of Section 3.01 hereof, then if such party shall give notice and full particulars of such reasons in writing to the other party within a reasonable time after the occurrence of the event, or cause relied upon, the obligation of the party giving such notice, so far as it is affected by such "force majeure" shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such parties shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lock-outs, or other industrial disturbances, acts of a public enemy, orders or actions of any kind of the Government of the United States of America or of the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakages or accident to dams, machinery, partial or entire failure of water supply and inability on the part of the Authority to deliver water hereunder or to provide sewage treatment or of the Corporation to receive water or to deliver sewage treatment, on account of any other cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lock-outs shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch, shall not require the settlement of strikes and lock-outs by acceding to the demands of the opposing parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. No failure of Authority to

meet any obligation by reason for force majeure shall relieve the Corporation from its obligations to make the payments required under the terms of Section 3.01 hereof.

(b) No damage shall be recoverable from Authority by reason of the suspension of the operation of the Project due to any of the causes above mentioned. If Operator's ability to operate the Project is affected by any of such causes, the Operator shall promptly notify the other party in writing giving the particulars as soon as possible after the occurrence of the cause or causes for such interruption.

(c) It is expressly recognized by Corporation that the Operator may be compelled to make necessary alterations, repairs or extensions of new or additional facilities from time to time during the life of this Contract, and any suspensions of the operation of the Project due to such operation shall not be cause for claim of damage on part of the Operator provided all reasonable effort is used by the Operator to provide Corporation with the service afforded by the Project in accordance with this Contract. In such case, the Operator shall give the other party as much advance notice as may be practicable of the suspension of operation and of the estimated duration thereof.

SECTION 4.13: Easements. The Corporation agrees that the Authority will not be responsible to obtain any easements, right of way or property and NTMWD will obtain any easements, right of way or property for the Project.

SECTION 4.14: Bond Approval by the Corporation.

(a) Prior to the issuance and delivery of any Bonds the governing body of the Corporation shall approve the issuance thereof by the Authority and the facilities to be constructed or acquired by the Authority.

(b) The Corporation and the Authority agree that the holders of the Bonds, and each party deemed a holder of a Bond by virtue of subrogation to the rights of the holders of the Bonds or otherwise, shall be express third-party beneficiaries of this Contract and shall have all available remedies pertaining to enforcement of this Contract.

SECTION 4.15: Severability. The parties hereto agree that if any of the provisions of this Contract contravene or be held invalid under the laws of the State, same shall not invalidate the whole Contract, but it shall be construed as though not containing that particular provision, and the rights and obligations of the parties shall be construed and in force accordingly.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

NORTH KAUFMAN WATER SUPPLY
CORPORATION

(District Seal)

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

AGENDA ITEM XIII



GREATER TEXOMA UTILITY AUTHORITY

AGENDA COMMUNICATION

DATE: August 14, 2025

SUBJECT: AGENDA ITEM NO. XIII

PREPARED BY: Stacy Patrick, Project Manager

SUBMITTED BY: Paul M. Sigle, General Manager

CONSIDER ALL MATTERS INCIDENT AND RELATED TO THE GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2025 (BECKER-JIBA SPECIAL UTILITY DISTRICT PROJECT), INCLUDING THE ADOPTION OF A RESOLUTION APPROVING THE EXECUTION OF A CONTRACT OF INDEMNIFICATION WITH THE BECKER-JIBA SPECIAL UTILITY DISTRICT AND APPROVING THE EXECUTION OF A FINANCING AGREEMENT WITH THE TEXAS WATER DEVELOPMENT BOARD IN CONNECTION THEREWITH.

ISSUE

Consider and act upon authorization to execute a Financing Agreement with Texas Water Development Board ("TWDB") and a Contract of Indemnification with the Becker-Jiba SUD.

BACKGROUND

The Becker-Jiba SUD in conjunction with three other entities, requested the Authority's assistance with obtaining funding from the Texas Water Development Board ("TWDB") for a NTMWD South Transmission Pipeline project. The project will construct approximately 37,000 LF of 42" pipeline from the existing NTMWD Tawakoni 42" line to the existing Kaufman 20" line near the College Mound SUD delivery point. This will add a new take point for Becker-Jiba SUD to provide water for current rising demands and address future concerns. Becker-Jiba SUD will be responsible for 25 percent of the overall project budget. Becker-Jiba SUD is currently served as an indirect customer of NTMWD. With the construction of the new transmission line, they will become direct customers of NTMWD.

On April 10, 2025, the TWDB met and approved an invitation for the Authority to apply for funding through the TWDB's State Water Implementation Fund for Texas (SWIFT"). The Authority has applied for SWIFT funding following Board approval on July 24, 2025. The total amount of funds sought through the SWIFT program are \$10,800,000.

CONSIDERATIONS

The TWDB requires Financing Agreements for their SWIFT Program. These agreements commit us to the funding prior to the TWDB going to market to fund the entire SWIFT program. If we do not end up pursuing the funding, then there are liquidated damage clauses that kick-in and require a penalty payment. The TWDB does not want to issue debt for entities that are not planning to borrow it.

Kristen Savant, Bond Counsel, has drafted a Contract of Indemnification to accompany the Financing Agreement. The Contract of Indemnification would be to execute between Becker-Jiba SUD and GTUA. The primary goal of that contract is to make the SUD liable for liquidated damages should they decide not to go forward with the Bonds.



GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION

PAGE 2

STAFF RECOMMENDATIONS

The Authority Staff recommends that the Board authorize the execution of the Contract of Indemnification. In addition, the staff recommends authorization to execute the Financing Agreement contingent upon the Becker-Jiba SUD's approval and executing the Contract of Indemnification.

ATTACHMENTS

TWDB Financing Agreement
Contract of Indemnification

A RESOLUTION by the Board of Directors of the Greater Texoma Utility Authority approving and authorizing the execution of a "Contract of Indemnification" with the Becker-Jiba Special Utility District in connection with the issuance of contract revenue bonds on behalf of the District; approving and authorizing the execution of a Financing Agreement with the Texas Water Development Board; and resolving other matters incident and related thereto.

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2025 (Becker-Jiba Special Utility District Project)" (the "Bonds") for the purpose of financing water system projects on behalf of the Becker-Jiba Special Utility District (the "District") (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing Water Financial Assistance Bonds (the "TWDB Bonds") solely for the purpose of funding the TWDB commitment, and, as a condition to the TWDB commitment, the Authority is required to execute a Financing Agreement prepared by the TWDB; and

WHEREAS, Section 4 of the Financing Agreement sets forth provisions relating to penalties and costs should the Authority fail to deliver the Bonds by December 12, 2025; and

WHEREAS, the Board of Directors hereby finds and determines that such penalties and costs referenced in Section 4 of the Financing Agreement should be the responsibility of the District and not the Authority since the Authority is issuing the Bonds on behalf of the District; and

WHEREAS, the Board of Directors hereby finds and determines that the Contract of Indemnification with the District substantially in the form and content attached hereto as Exhibit A and the Financing Agreement with the TWDB substantially in the form and content attached hereto as Exhibit B should be approved and authorized to be executed as hereinafter provided; now, therefore

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

SECTION 1. The Contract of Indemnification by and between the Authority and the District substantially in the form and content attached hereto as **Exhibit A** and incorporated herein for all purposes, together with such changes or revisions as the General Manager deems necessary to carry out the purpose thereof, is hereby approved for and on behalf of the Authority. The General Manager of the Authority is hereby authorized and directed to execute such contract for and on behalf of the Authority and as its act and deed, and such contract as executed by the General Manager shall be deemed approved by the Board of Directors and constitute the Contract of Indemnification herein approved.

SECTION 2. The Financing Agreement by and between the Authority and the TWDB, substantially in the form and content attached hereto as **Exhibit B** and incorporated herein for all purposes, together with such changes or revisions as the General Manager deems necessary to carry out the purpose thereof, is hereby approved for and on behalf of the Authority subject to the approval thereof by the Board of Directors of the District. Following the

approval of the Contract of Indemnification by the District, the Financing Agreement is hereby authorized to be executed by the General Manager for and on behalf of the Authority and as the act and deed of this Board of Directors, and such agreement as executed by the General Manager shall be deemed approved by the Board of Directors and constitute the Financing Agreement herein approved.

SECTION 3. This Resolution shall take effect and be in force from and after its passage.

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PASSED AND APPROVED, this August 18, 2025.

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(Authority Seal)

EXHIBIT A

CONTRACT OF INDEMNIFICATION

CONTRACT OF INDEMNIFICATION

THIS CONTRACT ("Contract") is made and entered into as of _____, 2025, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the BECKER-JIBA SPECIAL UTILITY DISTRICT (hereinafter referred to as the "District"), duly created and existing under the laws of the State of Texas:

RECITALS

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2025 (Becker-Jiba Special Utility District Project)" (the "GTUA Bonds") for the purpose of financing water system projects on behalf of the District (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing its Water Financial Assistance Bonds (the "TWDB Bonds") solely for the purpose of funding the TWDB commitment; and,

WHEREAS, as a condition to the TWDB commitment, the Authority is required to execute a Financing Agreement prepared by the TWDB (a form of such Financing Agreement being attached hereto as Exhibit A); and

WHEREAS, the Financing Agreement, specifically Section 4, sets forth provisions relating to penalties and costs should the Authority fail to deliver the GTUA Bonds by December 12, 2025; and

WHEREAS, SINCE THE AUTHORITY IS ISSUING THE BONDS AND ENTERING INTO FINANCING AGREEMENT ON BEHALF OF, AND FOR THE BENEFIT OF, THE DISTRICT, THE DISTRICT AGREES THAT ANY COSTS OR PENALTIES IMPOSED BY THE TWDB AGAINST THE AUTHORITY PURSUANT TO THE FINANCING AGREEMENT SHALL BE THE SOLE RESPONSIBILITY OF THE DISTRICT AND NOT THE AUTHORITY;

WHEREAS, the Authority and the District, acting through their duly constituted governing bodies have mutually agreed upon the terms and conditions of this Contract; now, therefore

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

Section 1. **THE DISTRICT AND THE AUTHORITY HEREBY AGREE THAT ANY AND ALL COSTS, PENALTIES, TERMINATION PAYMENTS OR OTHER AMOUNTS OWED BY THE AUTHORITY TO THE TWDB PURSUANT TO THE FINANCING AGREEMENT, SPECIFICALLY SECTION 4 OF THE FINANCING AGREEMENT, SHALL BE PAID BY THE DISTRICT TO THE AUTHORITY TO INDEMNIFY THE AUTHORITY FOR SUCH COSTS, PENALTIES, TERMINATION PAYMENT OR OTHER AMOUNTS OWED, NOTWITHSTANDING ANY NEGLIGENCE ON THE PART OF AUTHORITY. SUCH PAYMENT SHALL BE MADE BY THE DISTRICT TO THE AUTHORITY NO LATER THAN MARCH 1, 2026. THE AUTHORITY SHALL HAVE NO RESPONSIBILITY WITH RESPECT TO SUCH AMOUNTS OWED PURSUANT TO THE FINANCING AGREEMENT AND THE**

DISTRICT SHALL HOLD HARMLESS THE AUTHORITY FOR ANY SUCH COSTS, PENALTIES, TERMINATION PAYMENTS OR ANY OTHER AMOUNTS OWED TO THE TWDB PURSUANT TO THE FINANCING AGREEMENT. The District will not be liable for any failure due to force majeure pursuant to section 12 of the Financing Agreement.

Section 2. The Authority agrees to timely comply with the requirements of the TWDB set forth in Section 5 of the Financing Agreement.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By: _____
General Manager

BECKER-JIBA SPECIAL UTILITY DISTRICT

(District Seal)

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

EXHIBIT A
FINANCING AGREEMENT

EXHIBIT B

FINANCING AGREEMENT



FINANCING AGREEMENT

This FINANCING AGREEMENT (Agreement) is entered into between the TEXAS WATER DEVELOPMENT BOARD (TWDB), and the GREATER TEXOMA UTILITY AUTHORITY (Authority). The TWDB and the Authority may be referred to as the "Party or the Parties" in this Agreement.

RECITALS

WHEREAS, the TWDB adopted Resolution 25-104 (Attachment A referred to as the Resolution) on July 24, 2025, making a commitment to the Authority for financial assistance in a total amount of \$43,200,000 (TWDB Commitment) from the Financial Assistance Account of the Development Fund II (DFund II) administered by the TWDB; and

WHEREAS, through this Agreement, the Authority intends to sell to the TWDB the Authority's \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Becker-Jiba Special Utility District Project) (Authority Bonds) for the TWDB's financial assistance from DFund II, as further described in Attachment B; and

WHEREAS, DFund II is funded, in part, with proceeds of the expected issuance of TWDB's Water Financial Assistance Bonds (TWDB Bonds) authorized under Texas Water Code § 17.959 and Texas Constitution, Article III, Sections 49-d-8, 49-d-9, 49-d-11, and money received as repayment of financial assistance provided from DFund II which is used to pay the principal and interest on such TWDB Bonds; and

WHEREAS, the Resolution provides that funding the TWDB Commitment is contingent on a future sale of TWDB Bonds or on the availability of funds on hand; and

WHEREAS, the TWDB intends to provide financial assistance from DFund II to the Authority with proceeds of TWDB Bonds; and

WHEREAS, the TWDB and the Authority desire to enter into this Agreement to set forth the obligations of the Parties with respect to the TWDB providing financial assistance to the Authority.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants contained in this Agreement, the TWDB and the Authority agree as follows:

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.

AGREEMENT

SECTION 1. MUTUAL COMMITMENT. As further described in the Resolution, the TWDB committed to the Authority and the Authority hereby commits to borrow from the TWDB an amount not to exceed \$10,800,000 from DFund II to be evidenced by the issuance and delivery of Authority Bonds to the TWDB consistent with the terms and conditions described in this Agreement, Attachment A and Attachment B.

SECTION 2. TRANSACTION SCHEDULE AND EARLY REDEMPTION. By execution of this Agreement, the Authority acknowledges and represents that it has a current need for financial assistance from the TWDB and will take all necessary steps to issue and deliver the Authority Bonds to evidence the TWDB Commitment described in Section 1.

To confirm the terms of the Authority Bonds, the Authority must execute this Agreement. The foregoing notwithstanding, the TWDB consents to early redemption, or prepayment, of the Authority Bonds, as provided for in this Agreement and the accompanying TWDB Resolution attached as Attachment A. The Authority Bonds may be prepaid by the Authority on any date beginning on or after the first scheduled interest payment date that occurs no earlier than 10 years from the dated date of the Authority Bonds.

To mutually assure the performance of the Parties under this Agreement, the Parties agree that the issuance and delivery of the DFund II Bonds and the issuance and delivery of the Authority's Bonds to TWDB must occur not more than sixty-four (64) days apart as reflected in Attachment C. Failure by the Authority to issue and deliver to the TWDB the Authority's Bonds will result in the Authority being liable to the TWDB for the stipulated damages agreed to by the Parties in Section 3 of this Agreement.

SECTION 3. BINDING COMMITMENT. The TWDB agrees to take all necessary steps to issue the DFund II Bonds for the purposes described in this Agreement and in the Resolution upon receipt of this Agreement, which shall be signed and delivered by the Authority to the Executive Administrator of the TWDB at least seventeen (17) days before the initiation of the pricing of the DFund II Bonds, as set forth in Attachment C. The Authority acknowledges that the schedule provided in Attachment C is a best estimate by the TWDB and is subject to change by the TWDB. The TWDB expressly reserves the right to modify Attachment C at any time and shall provide the Authority with an updated Attachment C as soon as practicable upon any modification; provided that, if such modification of Attachment C occurs before the initiation of pricing of the DFund II Bonds and such modification results in an earlier scheduled pricing date, no such modification of Attachment C may result in the Authority having fewer than five (5) days between the receipt of the modified schedule and the TWDB posting the Preliminary Official Statement for the DFund II Bonds.

SECTION 4. BREACH OF AGREEMENT, LIQUIDATED DAMAGES.

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.

- A. The Parties agree that the Authority may terminate this Agreement in writing with no penalty at any time up to fourteen (14) days before the initiation of the pricing of the DFund II Bonds, as set forth in Attachment C.
- B. The Authority understands and agrees that the Authority may terminate this Agreement in writing between thirteen (13) days and six (6) days prior to the initiation of the pricing of the DFund II Bonds (currently estimated to occur on September 25, 2025) as set forth in Attachment C, provided the Authority agrees to reimburse the TWDB from lawfully available funds of the Authority for its proportional share of transaction costs incurred by the TWDB, such as, but not limited to, any fees or costs related to any rating agency, financial advisor, legal counsel, or other similar party or related costs pertaining to the DFund II Bonds in an amount not to exceed \$12,947.00 (Transaction Cost Payment). The Authority shall be obligated to pay such costs to the TWDB no later than March 4, 2026.
- C. The Authority understands and agrees that the Authority may terminate this Agreement in writing within five (5) days prior to the initiation of the pricing of the DFund II Bonds as set forth in Attachment C and no later than 9:00 am Central Standard Time on the day before the TWDB Bond Pricing, provided the Authority agrees to pay to the TWDB from lawfully available funds 1.0 percent of the amount of the commitment authorized in Section 1 of this Agreement (Pre-pricing Termination Payment), and additionally shall reimburse the TWDB from lawfully available funds of the Authority its Transaction Cost Payment. The Authority shall be obligated to pay such costs to the TWDB no later than March 4, 2026. The Authority understands and agrees that termination under this section will result in a total penalty amount of \$120,947.00.
- D. The Authority understands and agrees that TWDB would suffer and incur severe and irreparable damages if the Authority Bonds are not issued and delivered. Failure to issue the Authority Bonds by the date specified in Attachment C, as contemplated in this Agreement, shall be a breach of this Agreement and the Authority shall pay, from lawfully available funds of the Authority, a "Post-pricing Termination Payment" to the TWDB. The Post-pricing Termination Payment shall be an amount equal to 5.0 percent of the amount of the commitment authorized in Section 1 of this Agreement. The Authority shall pay the Post-pricing Termination Payment to the TWDB no later than March 4, 2026. The Authority shall also reimburse the TWDB from lawfully available funds of the Authority, its Transaction Cost Payment, plus the Authority's proportional share of the underwriters' discount incurred by the TWDB, no later than March 4, 2026. The Authority understands and agrees that failure by the Authority to issue the Authority Bonds by the date specified in Attachment C, will result in a total penalty amount pursuant to this section not to exceed \$604,708.00.

SECTION 5. AMORTIZATION STRUCTURE. The Authority shall provide the TWDB a maturity schedule in the form set forth in Attachment B at the time of execution of this

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.

Agreement. A final amortization structure will be required at least fourteen (14) days before the initiation of pricing of the DFund II Bonds in accordance with the provisions of this Agreement. The par amount included in Attachment B may be revised, subject to approval by the Executive Administrator of the TWDB, at any time up to the fourteenth (14) day before the initiation of pricing of the DFund II Bonds with no penalty. The final amortization schedule adopted by the Authority as included in the Authority's Private Placement Memorandum and Bond Resolution must reflect the final amortization structure set forth in Attachment B. The Authority must provide the TWDB a final amortization schedule at least seven (7) days prior to adoption of Authority's Bond Resolution. To the extent the amortization schedule included in Attachment B does not match the amortization schedule included in the finally adopted bonds, the Authority will be subject to the penalty described above in Section 4D.

SECTION 6. CONTINGENCIES AND TERMINATION.

- A. The Parties agree that the TWDB's obligation to purchase the Authority's Bonds with the DFund II is contingent upon the TWDB receiving all legally required approvals for the issuance of the DFund II Bonds from the Legislative Budget Board, the Bond Review Board, and the Texas Attorney General. The TWDB's obligation to purchase the Authority's Bonds with the DFund II is also contingent upon the purchase and delivery of the DFund II Bond proceeds by the underwriters pursuant to the Bond Purchase Agreement relating to the DFund II Bonds.

Accordingly, if any contingency described in the preceding paragraph above is unmet, the TWDB, upon delivery of written notice thereof to the Authority, may extend or terminate this Agreement together with all of its obligations and duties without incurring any cost, fee, or penalty for either the TWDB or the Authority.

- B. The Parties agree that the Authority's obligation to issue and deliver the Authority Bonds is contingent upon approval by the Texas Attorney General of the Authority Bonds. The Authority agrees to use its best efforts to obtain approval by the Texas Attorney General of the Authority Bonds to satisfy the closing requirements set forth in Section 2 of this Agreement. To this end, the Authority agrees as follows:
- (1) Authority shall timely file the transcript of proceedings for the Authority Bonds with the Texas Attorney General in accordance with the schedule contained in Attachment C;
 - (2) Authority shall comply with the requirements and conditions contained in the Resolution;
 - (3) Authority shall provide the TWDB with a copy of the preliminary approval letter from the Texas Attorney General promptly upon receipt;

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.

(4) Authority shall provide the TWDB with a copy of its responses to the preliminary approval letter concurrently with the submission of such responses to the Texas Attorney General; and

(5) Authority shall allow TWDB to brief the Texas Attorney General on any issues noted in the preliminary approval letter and initiate or participate in conferences with the Texas Attorney General related to the approval of the Authority Bonds.

Accordingly, if, after the Authority employs its best efforts to obtain approval by the Texas Attorney General and such approval cannot be obtained by the date specified in Attachment C, the TWDB, as a matter of law, at its sole discretion, may terminate this Agreement and upon termination the Authority shall pay, from any of its lawfully available funds, the Post-pricing Termination Payment no later than March 4, 2026, as provided in Section 4D. The Authority shall also reimburse the TWDB from lawfully available funds of the Authority its Transaction Cost Payment plus the Authority's proportional share of the underwriters' discount no later than March 4, 2026. The Authority understands and agrees that if the Authority does not obtain approval from the Texas Attorney General and issue its Authority Bonds by the date specified in Attachment C, it will be subject to a total penalty amount pursuant to this section not to exceed \$604,708.00.

SECTION 7. REDEMPTION OF OUTSTANDING DEBT. Proceeds of the Authority Bonds shall not be used, in whole or in part, to redeem outstanding bonds, commercial paper, or other obligations issued by the Authority. The Authority agrees that it will not take or fail to take any action that will cause the DFund II Bonds to be considered to be advance refunding bonds under Section 149(d) of the Internal Revenue Code of 1986, as amended.

SECTION 8. NOTICES. All notices, agreements or other communications required by this Agreement will be given, and will be deemed given, when delivered in writing to the address, facsimile, or email of the identified Party or Parties set forth below:

<p>Texas Water Development Board Development Fund Manager P.O. Box 13231 Austin, Texas 78711-3231 Telephone (512) 475-4584 Facsimile (512) 475-2053 Finance-Debt-Management@twdb.texas.gov</p>	<p>Greater Texoma Utility Authority Attn: General Manager 5100 Airport Drive Denison, Texas 75020 Telephone: (903) 786-4433 E-mail: paul@gtua.org</p>
--	---

SECTION 9. SEVERABILITY. In the event any provision of this Agreement is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate, render unenforceable or otherwise affect any other provisions.

SECTION 10. AMENDMENTS, SUPPLEMENTS AND MODIFICATIONS. This Agreement may be amended, supplemented, or modified only in a writing executed by duly authorized *Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.*

representatives of the Parties.

SECTION 11. APPLICABLE LAW. This Agreement and any amendments will be governed by and construed in accordance with the laws of the State of Texas.

SECTION 12. STATE AUDIT. By executing this Agreement, the Authority accepts the Authority of the Texas State Auditor's Office to conduct audits and investigations in connection with all state funds received pursuant to this Agreement. The Authority must comply with any directive from the Texas State Auditor and will cooperate in any such investigation or audit. The Authority agrees to provide the Texas State Auditor with access to any information the Texas State Auditor considers relevant to the investigation or audit. The Authority also agrees to include a provision in any contract or subcontract related to this Agreement that requires the contractor and the subcontractor to submit to audits and investigations by the Texas State Auditor's Office in connection with any state funds received pursuant to the contract or subcontract.

SECTION 13. FORCE MAJEURE. Either Party to this Agreement may be excused from performance under this contract for any period when performance is prevented as the result of an act of God, strike, war, civil disturbance, or epidemic, provided that the Party experiencing the event of Force Majeure has prudently and promptly acted to take any and all steps that are within the Party's control to ensure performance and to shorten the duration of the event of Force Majeure. The Party suffering an event of Force Majeure must provide notice of the event to the other Party as soon as practicable but not later than five business days after the event. Subject to this provision, such nonperformance will not be deemed a breach or a ground for termination.

SECTION 14. EFFECTIVE DATE. This Agreement is effective as of the date of the last signature below.

SECTION 15. BINDING AGREEMENT. The execution of this Agreement has been authorized by the governing boards of both Parties. The individuals executing this Agreement have the legal Authority to bind each respective Party to the terms and conditions of this Agreement. The respective commitments of the TWDB and the Authority set forth above is binding upon the TWDB and the Authority upon both Parties' execution of this Agreement.

[Remainder of Page Intentionally Left Blank]

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.

EXECUTED in multiple counterparts, each of which shall be deemed to be an original.

GREATER TEXOMA UTILITY AUTHORITY

By: _____

Name: Paul M. Sigle

Title: General Manager

Date: _____

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.

TEXAS WATER DEVELOPMENT BOARD

By: _____

Name: Bryan McMath

Title: Executive Administrator

Date: _____

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.

ATTACHMENT A

TWDB RESOLUTION NO. 25-104

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$43,200,000 TO GREATER TEXOMA UTILITY AUTHORITY
THROUGH THE PROPOSED PURCHASE IN ONE OR MORE SERIES OF
\$43,200,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS,
PROPOSED SERIES 2025**

(25-104)

Recitals:

The Greater Texoma Utility Authority (Authority), located in Grayson County, has filed an application for financial assistance in the amount of \$43,200,000 to finance the planning, acquisition, design, and construction of a water supply project identified as Project No. 51104 (Project).

The Authority qualifies for financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase in one or more series of \$43,200,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Obligations), together with all authorizing documents, all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff.

The Authority has offered a pledge of contract revenues as sufficient security for the repayment of the Obligations.

The commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 363.1307.

The interest rate subsidies as approved by the Board at its April 10, 2025 meeting, are based on assumptions necessary to generate an optimum debt service structure for the anticipated TWDB SWIFT bond issuance and are subject to modification as necessary to preserve and maintain the integrity of the SWIFT Program.

The Authority is a rural political subdivision as defined by the Texas Water Code § 15.992.

In accordance with Texas Water Code § 17.124, the TWDB has considered all matters required by law and in particular the following:

1. The needs of the area to be served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans.
2. And the availability of revenue to the Authority, from all sources, for the ultimate repayment of the cost of the water supply project, including interest.

Findings:

1. The application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M; or the requirements of Chapter 17, Subchapters D, E, and L, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A.
2. The Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a).
3. The public interest requires state assistance in the financing of this project, in accordance with Texas Water Code § 17.125(a)(1).
4. The Authority, a wholesale water supplier, and all other contracting parties have submitted and implemented water conservation plans in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1).
5. The Authority is a rural political subdivision as defined by the Texas Water Code § 15.992.
6. The Authority acknowledges its legal obligation to comply with any applicable requirements of federal law related to contracting with disadvantaged business enterprises and any applicable state law related to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

NOW THEREFORE, based on these findings, the TWDB commits to the following:

1. A commitment is made by the TWDB to the Greater Texoma Utility Authority for financial assistance in the amount of \$43,200,000 from the Financial Assistance Account of the Texas Water Development Fund II to be evidenced by the TWDB's proposed purchase of:
 - a. \$10,800,000 Proposed Series 2025 (Becker-Jiba Special Utility District Project), to expire on December 31, 2025;
 - b. \$10,800,000 Proposed Series 2025 (College Mound Special Utility District Project), to expire on December 31, 2025;
 - c. \$10,800,000 Proposed Series 2025 (Gastonia-Scurry Special Utility District Project), to expire on December 31, 2025; and
 - d. \$10,800,000 Proposed Taxable Series 2025 (North Kaufman Water Supply Corporation Project), to expire on December 31, 2025.

The commitment is subject to the following:

Standard Conditions:

1. This commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand as determined by the TWDB.

2. This commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Authority has complied with all of the requirements of the laws under which the Obligations were issued; that the Obligations were issued in conformance with the Constitution and laws of the State of Texas; and that the Obligations are valid and binding obligations of the Authority.
3. This commitment is contingent upon the Authority's continued compliance with all applicable laws, rules, policies, and guidance as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement.
4. This commitment is contingent upon the Authority executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting the executed agreement to the TWDB consistent with the terms and conditions described in it.
5. Interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator.
6. The Authority shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2) and shall require the paying agent/registrar to provide a copy of all receipts documenting debt service payments to the TWDB and to the TWDB's designated Trustee.

Required Obligation Conditions:

7. The Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date that is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption.
8. The Obligations must provide that the Authority will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
9. The Obligations must provide that the Authority must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.
10. The Obligations must contain a provision requiring the Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
11. The Obligations must include a provision wherein the Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Authority's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by the

Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of SEC rule 15c2-12, the continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers the Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to the bonds under SEC Rule 15c2-12.

12. The Obligations must require the Authority to use any surplus financial assistance proceeds from the Obligations remaining after completion of the Project and completion of a final accounting in a manner approved by the Executive Administrator.
13. The Obligations must provide that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.
14. Financial assistance proceeds are public funds. Therefore, the Obligations must require that these proceeds be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.
15. Financial assistance proceeds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils or media at the Project site. The Obligations must provide that the Authority is solely responsible for liability resulting from acts or omissions of the Authority, its employees, contractors, or agents arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law.
16. The Obligations must require the Authority to report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312.
17. The Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry-only form in accordance with 31 TAC § 363.42(c)(1).
18. The Authority must abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G and Texas Water Code § 17.183.

19. The Authority must immediately notify TWDB in writing of any suit against it by the Attorney General of Texas under Texas Government Code § 2.103 and Texas Penal Code § 1.10(f), related to federal laws regulating firearms, firearm accessories, and firearm ammunition.
20. The Obligations must require the Authority to submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.
21. The Obligations must include a provision that, if the collateral or credit pledged by the Authority securing the Obligations is rated by a nationally-recognized statistical rating agency, the Authority, or other obligated person, will not discontinue the rating issued by a nationally-recognized statistical rating agency until the underlying Obligations are retired or no longer held by TWDB.

Tax-Exempt Conditions Applicable To The \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Becker-Jiba Special Utility District Project), \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (College Mound Special Utility District Project), and \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Gastonia-Scurry Special Utility District Project):

22. The Obligations must prohibit the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of section 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated under it (Regulations).
23. The Obligations must provide that no portion of the proceeds of the financial assistance will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of section 148(a) of the Code and Regulations, including to acquire or to replace funds that were used, directly or indirectly, to acquire Nonpurpose Investments, as defined in the Code and Regulations, that produce a yield materially higher than the yield on the TWDB's bonds issued to provide the financial assistance (Source Series Bonds), other than Nonpurpose Investments acquired with;
 - a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until the proceeds are needed for the facilities to be financed;
 - b. amounts invested in a bona fide debt service fund within the meaning of section 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent the amounts do not exceed the lesser of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations.

24. The Obligations must require the Authority to take all necessary steps to comply with the requirement that amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of section 148 of the Code. The Obligations must provide that the Authority will:
- a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures, and investments thereof) and retain all records of the accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its financial assistance with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of the Gross Proceeds and the obligations acquired with the Gross Proceeds;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financial assistance, not less frequently than each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Regulations, and the associated rulings. The Authority shall maintain a copy of the calculations for at least six years after the final Computation Date;
 - c. pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date as additional consideration for providing financial assistance and in order to induce providing financial assistance by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners of TWDB's Bonds for federal income tax purposes;
 - d. exercise reasonable diligence to ensure that no errors are made in the calculations required by paragraph (b) and, if an error is made, to discover and promptly correct the error within a reasonable amount of time, including payment to the United States of any interest and any penalty required by the Regulations.
25. The Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes.
26. The Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of section 149(b) of the Code.
27. The Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of the borrower's obligations in contravention of section 149(d) of the Code (related to "advance refundings").

28. The Obligations must provide that neither the Authority nor a party related to it will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB.

Pledge Conditions:

29. Upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review.
30. The Obligations must require the Authority to maintain and enforce the contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority's obligations arising from the operation of the water system.
31. The Obligations must provide that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations.
32. Before closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. The contracts must include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges, and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

Conditions To Close Or For Release Of Funds:

33. Before closing, if not previously provided with the application, the Authority shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel for the Project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator.
34. Before closing, when any portion of financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB.
35. Before closing, the Authority shall provide certification that the average weighted maturity of the Obligations purchased by the TWDB does not exceed 120% of the average reasonably expected economic life of the Project.
36. Before closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment

of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. The contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

37. Before closing, the Authority shall submit to the escrow agent a closing memo signed by the Executive Administrator.

Tax-exempt Conditions To Close Or For Release Of Funds Applicable To The \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Becker-Jiba Special Utility District Project), \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (College Mound Special Utility District Project), and \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Gastonia-Scurry Special Utility District Project):

38. Before closing, the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion.
39. Before closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion.
40. The transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure, and investment of the proceeds of the Obligations.
41. The transcript must include evidence that the information reporting requirements of section 149(e) of the Internal Revenue Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of section 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply.

Special Conditions:

42. Before the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of the Project that proposes surface water or groundwater development, the Executive Administrator must have either issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction.

43. Before the release of construction funds for that portion of a Project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide.

APPROVED and ordered of record this the 24th day of July 2025.



TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney

L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: 7/24/25

ATTEST:

Bryan McMath

Bryan McMath, Executive Administrator

ATTACHMENT B

DESCRIPTION OF BORROWER BONDS

Title of Borrower Bonds: \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Series 2025 (Becker Jiba Special Utility District Project)

Project Name: Greater Texoma Utility Authority South Transmission Pipeline Project

Project Number: 51104

Aggregate Principal Amount of Borrower Bonds: \$10,800,000

Anticipated Closing Date: 11/18/2025

Dated Date: 11/18/2025

First Principal Payment Date: 8/15/2026

First Interest Payment Date: 2/15/2026

Maturity Schedule:

Maturity		Principal Amount	
Maturity Date	Principal Payment	Maturity Date	Principal Payment
8/15/2026	\$320,000	8/15/2041	\$330,000
8/15/2027	\$215,000	8/15/2042	\$345,000
8/15/2028	\$220,000	8/15/2043	\$360,000
8/15/2029	\$225,000	8/15/2044	\$375,000
8/15/2030	\$230,000	8/15/2045	\$390,000
8/15/2031	\$235,000	8/15/2046	\$410,000
8/15/2032	\$240,000	8/15/2047	\$430,000
8/15/2033	\$250,000	8/15/2048	\$445,000
8/15/2034	\$255,000	8/15/2049	\$470,000
8/15/2035	\$265,000	8/15/2050	\$490,000
8/15/2036	\$275,000	8/15/2051	\$515,000
8/15/2037	\$285,000	8/15/2052	\$535,000
8/15/2038	\$295,000	8/15/2053	\$565,000
8/15/2039	\$305,000	8/15/2054	\$590,000
8/15/2040	\$320,000	8/15/2055	\$615,000

ATTACHMENT C
FINANCING SCHEDULE*

DATE	ACTION
07/24/2025	TWDB approval of commitments
09/1/2025	<i>Labor Day Holiday**</i>
09/5/2025	<i>Financing agreement – last day to execute (17 calendar days prior to initiation of pricing)</i>
09/8/2025	Financing agreement (Sec. 4A) - last day political subdivisions can terminate without penalty (14 calendar days prior to initiation of pricing)
09/8/2025	Financing agreement (Sec. 5) - last day political subdivisions can modify maturity schedule (14 calendar days prior to initiation of pricing)
09/16/2025	Financing agreement (Sec. 4B) - last day political subdivisions can terminate with costs of issuance (6 calendar days prior to initiation of pricing)
09/21/2025	Financing agreement (Sec. 4C) - before 9:00 a.m. CDT political subdivisions can terminate with costs of issuance and 1% penalty (1 calendar day prior to pricing).
09/22/2025	TWDB bond pricing initiation (pre-pricing begins)
09/24/2025	TWDB bond pricing
10/2/2025	TWDB approves interest rates available to political subdivisions
10/10/2025	TWDB bond closing (political subdivisions must close within 64 calendar days)
10/10/2025 to 12/12/2025	Closings on political subdivision obligations
10/13/2025	Columbus Day Holiday (TWDB open)**
Various	Political subdivisions adopt bond resolutions and/or master agreements
Various	Political subdivisions submit transcripts to Texas Attorney General in preparation of closing
11/11/2025	<i>Veteran's Day Holiday**</i>
11/27/2025	<i>Thanksgiving Holiday**</i>
11/28/2025	<i>Thanksgiving Holiday**</i>
12/12/2025	Last day to close on political subdivision obligations
12/15/2025	Financing agreement (Sec. 4D) - penalty applied to any political subdivision failing to issue debt Start of post - pricing termination payment period (includes costs of issuance, underwriters' discount and 5% penalty)
03/4/2026	Last due date for payment of penalties

**Preliminary, subject to change*

***State agency holidays are reflected to show when TWDB is closed; they are counted towards deadlines.*

AGENDA ITEM XIV



GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION

DATE: August 14, 2025

SUBJECT: AGENDA ITEM NO. XIV

PREPARED BY: Stacy Patrick, Project Manager
AND SUBMITTED BY: Paul M. Sigle, General Manager

**CONSIDER ALL MATTERS INCIDENT AND RELATED TO THE APPROVAL AND EXECUTION OF
A WATER FACILITIES FUNDING AGREEMENT BY AND BETWEEN THE GREATER TEXOMA
UTILITY AUTHORITY AND THE BECKER-JIBA SPECIAL UTILITY DISTRICT IN CONNECTION
WITH THE NORTH TEXAS MUNICIPAL WATER DISTRICT SOUTH TRANSMISSION PIPELINE
PROJECT, INCLUDING THE ADOPTION OF A RESOLUTION PERTAINING THERETO.**

ISSUE

Approval of the Water Facilities Funding Agreement with the Becker-Jiba SUD.

BACKGROUND

The Becker-Jiba SUD in conjunction with three other entities, requested the Authority's assistance with obtaining funding from the Texas Water Development Board ("TWDB") for a NTMWD South Transmission Pipeline project. The project will construct approximately 37,000 LF of 42" pipeline from the existing NTMWD Tawakoni 42" line to the existing Kaufman 20" line near the College Mound SUD delivery point. This will add a new take point for Becker-Jiba SUD to provide water for current rising demands and address future concerns. Becker-Jiba SUD will be responsible for 25 percent of the overall project budget. Becker-Jiba SUD is currently served as an indirect customer of NTMWD. With the construction of the new transmission line, they will become direct customers of NTMWD.

On April 10, 2025, the TWDB met and approved an invitation for the Authority to apply for funding through TWDB's State Water Implementation Fund for Texas (SWIFT"). The Authority has applied for SWIFT funding following Board approval on July 24, 2025. The total amount of funds sought through the SWIFT program are \$10,800,000.

STAFF RECOMMENDATIONS

The Authority Staff recommend the Board approve the Water Facilities Funding Agreement.

ATTACHED

Water Facilities Funding Agreement

A RESOLUTION by the Board of Directors of the Greater Texoma Utility Authority authorizing the execution and delivery of a "Water Facilities Funding Agreement" with the Becker-Jiba Special Utility District in connection with the North Texas Municipal Water District South Transmission Pipeline Project and resolving other matters incident and related to the execution and delivery of such Contract.

WHEREAS, negotiations have been conducted between the Greater Texoma Utility Authority (the "Authority") and the Becker-Jiba Special Utility District (the "District"), with respect to the execution of a water facilities funding agreement (the "Contract"), whereby the Authority will issue bonds for the purpose of providing funds for the construction of improvements to connect to the North Texas Municipal Water District's regional water system (the "NTMWD South Transmission Pipeline Project") to meet the current and future water needs of the District's Participating Customers (as defined in the Contract), including the District; and

WHEREAS, said contract has been prepared and submitted to this governing body for approval, and it has been determined by the Board of Directors of the Authority that such contract should be approved for the purpose of accomplishing the financing of the NTMWD South Transmission Pipeline Project; now, therefore,

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

SECTION 1. That the "Water Facilities Funding Agreement" by and between the Authority and the District in substantially the form attached hereto as **Exhibit A**, with such changes, additions, or amendments thereto as the General Manager determines to be necessary or proper to carry out the purpose and intent of the Board of Directors in authorizing the Contract, is hereby approved for an on behalf of the Authority. The President or Vice President are hereby authorized and directed to execute such Contract for and on behalf of the Authority and as the act and deed of this Board of Directors.

SECTION 2. This Resolution shall take effect and be in force from and after its passage.

PASSED AND APPROVED, this August 18, 2025.

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(Authority Seal)

EXHIBIT A

WATER FACILITIES FUNDING AGREEMENT

NORTH TEXAS MUNICIPAL WATER DISTRICT
SOUTH TRANSMISSION PIPELINE PROJECT

WATER FACILITIES FUNDING AGREEMENT

NORTH TEXAS MUNICIPAL WATER DISTRICT
SOUTH TRANSMISSION PIPELINE PROJECT

THIS CONTRACT ("Contract") is made and entered into as of _____, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the BECKER-JIBA SPECIAL UTILITY DISTRICT, a Texas political subdivision (hereinafter referred to as the "District"), duly created and existing under the laws of the State of Texas.

W I T N E S S E I H:

WHEREAS, the North Texas Municipal Water District ("NTMWD") is a regional water provider that supplies treated water to its member cities and customer entities throughout North Texas; and

WHEREAS, NTMWD and the Participating Customers (as defined below) have entered into prior, current, and/or pending Potable Water Supply Contracts under which NTMWD provides treated water to the Participating Customers; and

WHEREAS, the Authority, acting pursuant to the Act, has issued or proposes to issue, or both, its bonds for the purposes of providing for the construction of improvements to connect to the NTMWD regional water system (referred to herein as the "NTMWD South Transmission Pipeline Project") to meet the current and future water needs of the NTMWD's Participating Customers, including the District; and

WHEREAS, the Participating Customers will each finance separately bonds for their equal share of the total costs associated with the NTMWD South Transmission Pipeline Project; and

WHEREAS, certain revenues to be received by the Authority from the District under this Contract are to be pledged to the payment and security of the bonds (the "Bonds" as defined below) to be issued by the Authority for the benefit of the District for the District's participation in the NTMWD South Transmission Pipeline Project and will constitute the basis for the Authority's credit in financing such facilities and issuing such Bonds; and

WHEREAS, the Authority and the District, acting through their duly constituted governing bodies pursuant to authority granted by Texas Government Code, Section 791.026, as amended, have mutually agreed upon the terms and conditions of this Contract; and

WHEREAS, the NTMWD is referenced herein for context and coordination purposes only and is not a party to this Agreement, nor shall any provision herein be construed to create any obligation or liability on the part of NTMWD; now, therefore,

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

ARTICLE I DEFINITIONS

SECTION 1.01: Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this Contract and any contract amendatory or supplemental to this Contract shall be construed or used and are intended to have meanings as follows:

- (a) "Authority" shall mean the Greater Texoma Utility Authority, or its successor.
- (b) "Board" and "Board of Directors" shall mean the Board of Directors of the Authority.
- (c) "Bond Resolution" shall mean any resolution of the Board of Directors authorizing the issuance of the Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted, where the proceeds from the sale of the Bonds will be used to discharge the cost of the Project.
- (d) "Bonds" shall mean any bonds payable from revenues to be received by the Authority from the District under this Contract and to be issued by the Authority for the purpose of providing funds to pay the necessary costs of the Project, whether in one or more series or issues, or any bonds issued to refund the same.
- (e) "Cost of the Project" shall mean all cost and expense incurred in connection with the acquisition, construction, improvements, enlargement, extension and repair of the Project, including, without limiting the generality of the foregoing, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest and administrative expenses expected to accrue during the period of construction, the funding of any reserve funds created by the Bond Resolution(s), cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, improving, enlarging, extending, or repairing the Project, and such other expense as may be necessary or incident to the acquisition, construction, improvement, enlargement, extension or repair of the Project and all legal fees, printing and other cost, fees and expenses necessary for or incident to the issuance of the Bonds.
- (f) "District" shall mean the Becker-Jiba Special Utility District.
- (g) "Engineer" shall mean a registered, professional engineer selected by NTMWD. The District and Authority agree that the Engineer may be a different firm on different aspects of the Project and that any Project will be acquired, constructed, improved, enlarged, extended and repaired in accordance with the plans and specifications prepared under the supervision of the Engineer. It is further agreed that an Engineer may be changed or added and the scope of duties adjusted by the NTMWD.
- (h) "Fiscal Year" shall mean the twelve month operating period (under this Contract) commencing October 1st of each year, provided such twelve month period may be changed one time in any three calendar year period by agreement of the Authority and the District (which agreement, if made, shall be attached hereto as an exhibit).

(i) "Maintenance and Operation Expense of the Project" shall mean the expense of maintenance and operation of the Project including all salaries, labor, materials, interest, repairs, and replacements necessary to render efficient service, or which might be necessary to meet some physical accident or condition which would otherwise impair the security of the Bonds. Such term shall not include depreciation.

(j) "NTMWD" shall mean North Texas Municipal Water District, a conservation and reclamation district created by and functioning under Chapter 62, Acts of 1951, 52nd Legislature, Regular Session, as amended, pursuant to Article 16, Section 59 of the Texas Constitution.

(k) "Operator" shall mean North Texas Municipal Water District, unless otherwise agreed by the parties.

(l) "Participating Customers" shall mean Becker-Jiba Special Utility District, Becker-Jiba Special Utility District, Becker-Jiba Special Utility District, and Becker-Jiba Special Utility District who are currently direct or indirect customers of North Texas Municipal Water Corporation.

(m) "Project" shall mean the 25% undivided interest in the NTMWD South Transmission Pipeline Project consisting of the construction of improvements to connect to NTMWD's regional water system including but not limited to storage and transmission facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the District under this Contract or obtained as grant funds, from any source, for the purpose of paying all or part of the Cost of the Project described in each resolution or order of the District, duly passed prior to or subsequent to the date of this Contract, authorizing the issuance of Bonds by the Authority to finance the Costs of the Project.

ARTICLE II REPRESENTATIONS AND AGREEMENTS

SECTION 2.01: The District's Representations and Agreements. In connection with its undertakings hereunder, the District represents to the Authority and agrees with the Authority as follows:

(a) In its capacity as a duly organized political subdivision of the State of Texas, it is empowered under applicable laws of Texas to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract.

(b) It will timely pay to the Authority the full amount it is required to pay under the provisions of this Contract for the Project pursuant to Sections 3.01 and 3.02 hereof.

(c) That it will plan, construct, maintain, operate and finance its own Water System and set retail rates to individual customers for water service adequate to pay all District obligations secured by and made payable from the revenues derived from the operation of the District's Water System (the "Water System").

(d) The District shall submit an independent annual audit of the District's fiscal accounts and records conducted by a person who is a certified public accountant or public accountant holding a permit from the Texas State Board of Public Accountancy within one hundred and eight (180) days after the close of the District's fiscal year.

(e) That it will cooperate with the Authority in the performance of the duties and responsibilities assigned to the Authority by this Contract.

(f) The District participation in the Project is in connection with the Participating Customers and the District will be responsible for an equal share of the NTMWD South Transmission Pipeline Project.

(g) The District agrees NTMWD will be responsible for planning, construction, maintaining, and operating the Project. The District will enter into any necessary agreements with NTMWD for the supply, maintenance, and operations of the Project.

(h) Release and Waiver of Liability and Indemnity.

1. The District fully understands and acknowledges that:

(i) There are certain risks associated with the Project, including but not limited to the risk of litigation with a contractor, supplier or other parties;

(ii) The damages which could result from these risks described above, could be in the form of litigation expenses and/or the cost to satisfy an adverse judgment;

(iii) These risks may be caused by the action, inaction or negligence or breach of contract of the participant or the action, inaction or negligence or breach of contract of others, including, but not limited to, the Releasee named below; and

(iv) There may be other risks not known to us or are not reasonably foreseeable at this time.

2. The District accepts and assumes all such risks and responsibility for such losses and/ or damages, however caused and whether caused in whole or in part by the breach of contract or negligence of the Releasee named below.

3. In consideration for Authority executing this contract, The District **RELEASES, WAIVES DISCHARGES AND COVENANTS NOT TO SUE** the Releasee named below, its Board of Directors, its officers, agents, or employees (hereinafter referred to as Releasee) from any and all **liability**, claims, demands, actions and causes of action whatsoever arising out of or related to any loss, damage, or injury, sustained by us, a contractor, supplier or other third party, whether caused by the **breach of contract or negligence** of Releasee or otherwise.

4. The District further agrees to **INDEMNIFY DEFEND AND HOLD HARMLESS** Releasee from any claim, loss, liability, damage or costs, including court costs and attorney fees, that it may incur due to any claims by us, contractors, supplier or third parties relating to the Project, whether caused by a **breach of contract or negligence** of Releasee or otherwise. The District further agrees that this Release, Waiver of Liability, Hold

Harmless and Indemnity Agreement shall be construed in accordance with the laws of the State of Texas.

5. THE DISTRICT HAS READ THIS RELEASE AND WAIVER OF LIABILITY, HOLD HARMLESS AND INDEMNITY AGREEMENT, FULLY UNDERSTANDS ITS TERMS, UNDERSTANDS THAT IT MAY HAVE GIVEN UP SUBSTANTIAL RIGHTS BY SIGNING IT, AND HAS SIGNED IT FREELY AND VOLUNTARILY WITHOUT ANY INDUCEMENT, ASSURANCE OR GUARANTEE BEING MADE TO US AND INTEND ITS SIGNATURE TO BE A COMPLETE AND UNCONDITIONAL RELEASE OF ALL LIABILITY TO THE GREATEST EXTENT ALLOWED BY LAW.

SECTION 2.02: Representations and Agreements of Authority. In connection with its undertakings hereunder, the Authority represents to the District and agrees with the District as follows:

(a) In its capacity as a conservation and reclamation district created by the Act, pursuant to Article XVI, Section 59 of the Texas Constitution, it is empowered under applicable laws of the State of Texas, particularly under the Act, the Interlocal Cooperation Act, and the Texas Water Code, to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract.

(b) The Authority will finance all Costs of the Project not provided by the District and any grant secured for the construction of the Project.

SECTION 2.03: Construction. The Operator agrees to assume responsibility for the construction of the Project and the Authority will enter into such contracts as are necessary to construct the Project. To this end, the Authority and the District agree that:

(a) Unless otherwise agreed by the parties, NTMWD will be responsible for the preparation of final plans and specifications for the Project.

(b) Final plans and specifications for the Project shall be subject to the approval of the Authority, the District, and NTMWD.

(c) All construction contracts shall be let and awarded pursuant to the laws applicable to the Authority.

(d) The Authority shall let and award all construction contracts, subject to the approval of each contract by the District and NTMWD.

(e) The Authority shall deposit from the proceeds from the sale of its Bonds in a special Construction Fund to be created and established by the Bond Resolution(s), an amount of money which shall be specified in said Bond Resolution(s). The Authority shall draw on and use said Construction Fund to pay the cost of acquiring, constructing, improving, extending, enlarging and repairing the Project.

(f) Unless otherwise agreed by the parties, the District shall be responsible for the acquisition of all land, rights-of-way, property rights, easements and interest required to provide the Project, subject to the approval of the District and the Authority.

ARTICLE III FISCAL MATTERS

SECTION 3.01: **Payment for Service.** The Authority will provide from the proceeds received through the issuance and sale of its Bonds such funds as are necessary, when coupled with any funds or property provided by the District and any grant received, for the purpose of providing all or part of the Project. In consideration for the Authority's obligation hereunder, the District recognizes and agrees that the Authority will acquire an undivided interest in the Project equivalent to the percentage of the total cost of the Project provided by the Authority through the issuance and sale of its Bonds. It is further agreed that the District's obligations to make any and all payments specified in this Article and the ownership interest of the Authority in the Project will terminate when all of the Authority's Bonds issued in connection with the Project have been paid in full and retired and are no longer outstanding, ownership of the Project shall automatically transfer to and fully vest in NTMWD. It is further understood and agreed that the Authority's only source of funds to pay the principal of and interest on its Bonds is from the payments to be made by the District to the Authority under this Contract, and the District agrees that it will make to the Authority the following payments:

(a) **Monthly amortization payment** — Such amounts, payable monthly on or before the 25th day of each month, in approximately equal installments, as are necessary to pay (i) the principal coming due on the Authority's Bonds on the next succeeding principal payment date; (ii) the interest coming due on the Authority's Bonds on the next succeeding interest payment date; and, (iii) the fees and charges of the Paying Agent(s) for paying or redeeming the Bonds and interest thereon coming due on each applicable date.

(b) **Reserve Fund Payment** — Such amount as is required to be paid into the Reserve Fund from the Revenue Fund (out of payments to be made by the District) under the Bond Resolution in order to establish, maintain or replenish the Reserve Fund for the security and payment of Bonds.

(c) **Administrative Payment** — An amount sufficient to pay the administrative and overhead expenses of the Authority, directly attributable and chargeable to the Bonds and the Project, including the cost of routine annual accounting reports and the costs of all continuing disclosure undertakings.

(d) **Extraordinary Expense Payment** — Such amounts, as are necessary to pay or reimburse the Authority for any extraordinary or unexpected expenses or costs reasonably and necessarily incurred by the Authority in connection with the Bonds and the Project, such as expenses of litigation, if any, and costs of special studies and special professional services, if and when required by any governmental directive or regulation or as may be agreed between the District and the Authority.

SECTION 3.02: **Time for Making of Payments.** The District agrees to make the payments required by Section 3.01 at the times hereafter specified:

(a) **Monthly Amortization Payments** — the District shall commence making monthly amortization payments at such time as any amount required by the Bond Resolution(s) to be deposited into an escrow account for the payment of interest on the Bonds during the Project construction period has been fully exhausted; provided that such payments shall commence in no event later than the earlier of (i) twelve months prior to the first principal payment date specified in the Bond Resolution(s), or (ii) six months prior to the first interest payment date for

which moneys are not set aside for the payment of the interest coming due on such date from the proceeds of the Bonds. Monthly amortization payments shall continue to be made throughout the term of the Contract and shall be adjusted by the District so as to provide for the accumulation of the full amount of debt service requirements (principal, interest and paying agent fees due on any given payment date) on or before the first day of the month such debt service requirements become due.

(b) Reserve Fund Payment — the District shall commence making these payments on the 25th day of the following month, as may be provided in the Bond Resolution, after the delivery of the initial series of Bonds issued to provide the Project, and upon the issuance of additional Bonds, shall increase the payments in accordance with the Resolution authorizing such additional Bonds.

(c) Administrative Payment — the District shall commence making the administrative payment on the 25th day of the month following the effective date of this Contract, and thereafter such payment shall be made on the 25th day of each month thereafter throughout the term of this Contract.

(d) Extraordinary Expense Payment — the District shall make any extraordinary expense payment immediately upon receipt of the statement therefor.

SECTION 3.03: Maintenance and Operation of the Project. It is agreed that NTMWD will be responsible for maintaining and operating the Project for the entire term of this Contract, and the District shall pay all costs and expenses incurred in regard to the maintenance and operation of the Project to NTMWD. The District will maintain in good condition any agreements with NTMWD for supply, maintenance, and operation of the Project.

SECTION 3.04: Insurance. The District specifically agrees to carry or require NTMWD to carry fire, casualty, public liability, or other insurance on the Project for purposes and in amounts which would ordinarily be carried by a state political subdivision owning and operating such facilities. Such insurance will provide, to the extent feasible and practicable, for the restoration of damages or destroyed properties and equipment so as to minimize the interruption of services of such facilities.

SECTION 3.05: Covenant of Timely Payment. The District covenants that it will timely make (i) the monthly amortization payments and (ii) the additional payments specified hereunder in accordance with the provisions of this Contract as the same shall become due and payable, irrespective of whether service of the Project has been abandoned or discontinued, or if the Project has been rendered wholly or partially unusable by reason of "force majeure". The District recognizes the fact that the Authority will use the payment received from the District hereunder to pay, secure and finance the issuance of the Bonds, and the holders of the Bonds shall be entitled to rely upon the foregoing covenant of payment regardless of any other agreement that may exist between the Authority and the District.

SECTION 3.06: Late Payment Penalty. Should the District fail to make any payment at the time herein specified, interest on such amounts shall accrue at the rate of ten percent (10%) per annum from the date such payment becomes due until paid in full with interest as herein specified. In the event such payment is not made within sixty (60) days from the date such payment becomes due, the Authority may institute a proceeding for a mandatory injunction requiring the payment of the amount due and interest thereon, such action to be instituted in a court of competent jurisdiction.

SECTION 3.07: Priority of Charges - District to Fix Adequate Rates.

(a) The District represents and covenants that all payments to be made by it hereunder shall constitute "operating expenses" of the District's Water System.

(b) The District further agrees to fix and collect such rates and charges for water and services to its customers as will make possible the prompt payment of all expenses of operating and maintaining its Water System, including all payments, obligations and indemnities contracted hereunder.

SECTION 3.08: Nature of Obligation of District. The payments required to be made by the District under the terms of this Contract shall be due and payable in any and all events regardless of whether there shall be, for any reason, a delay in the completion of all or any part of the Project and regardless of whether the Project shall have been wholly or partially destroyed or damaged. The agreements of the District shall be and are separate and independent covenants and the District shall have no rights of set off, recoupment, or counterclaim. The Authority shall never have the right to demand payment of any amounts due hereunder by the District out of funds raised or to be raised by taxation. Any obligations assumed or imposed on either party hereto shall never be construed to be a debt of such party of a kind that would require it to levy and collect taxes to discharge any such obligation, it being expressly understood by the parties hereto that the funds required for all payments due from the District pursuant to this Contract are to be collected from the sources referenced herein, and from no other source.

ARTICLE IV
MISCELLANEOUS PROVISIONS

SECTION 4.01: Contract Term. The obligation of the District to promptly make all prescribed payments shall commence with the effective date of this Contract and continue for the period during which the Bonds are outstanding and unpaid.

SECTION 4.02: Useful Life of Project. The District and Authority agree and mutually find that the anticipated useful life of the Project equals or exceeds the period specified in the Bond Resolution(s) for the maturity of all Bonds authorized to be issued.

SECTION 4.03: Abandonment of Use of Project.

The abandonment of the use of the Project shall have no effect upon the obligations of the District to the Authority provided for by this Contract and all payments provided for by this Contract shall remain obligations of the District of the same nature as provided for by this Contract.

SECTION 4.04: Modification of Provisions. This Contract may be changed and modified only with the consent of the governing bodies of the Authority and the District. Such modification may be requested by either party, in which event a joint meeting of the governing bodies or of their duly authorized and appointed representative shall be held not less than thirty (30) days after the giving of such notice. At such joint meeting, the suggested changes or modifications shall be considered, discussed and settled. No such change or modification may be made which will affect adversely the payment when due of all moneys required to be paid by the District under the terms of this Contract and no such change will be effective which affects adversely or causes a violation of any covenants contained in the Bond Resolution(s).

If for any reason the District may desire the construction of additional facilities over and above those now contemplated, and provided the same are within the legal and economic capabilities of the Authority, provision therefor shall be made by means of a supplement hereto, the terms of which are to be negotiated between the District and the Authority.

SECTION 4.05: Regulatory Provisions. This Contract shall be subject to all valid rules, regulations and laws applicable thereto, as promulgated by the United States of America, the State of Texas, or any other governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

SECTION 4.06: Taxes. In the event any sales or use taxes, or taxes of any nature, are hereafter imposed upon the Project or the Authority on account of the acquisition, existence, ownership, operation and maintenance of the Project, the amount of such taxes shall be treated as operating expenses of the Project.

SECTION 4.07: Notices. Any notice, request, demand, statement or bill provided for in this Contract shall be in writing and shall be considered to have been fully delivered when sent by registered mail, addressed as follows:

To the Authority: 5100 Airport Drive
Denison, Texas 75020
Attention: President, Board of Directors

To the District: 15269 FM 2860
Kaufman, Texas 75142
Attention: General Manager

as the case may be, except that routine communications may be sent by ordinary mail and except that either party, by the filing of an appropriate written notice to the other, may specify some other individual to whom communications thereafter are to be addressed.

SECTION 4.08: Covenant to Enforce Contractual Obligations. The Authority covenants that it will enforce the obligations of the District hereunder as may be required to accomplish the purpose of this Contract. Either party may enforce any obligations hereunder owed to it by the other party.

SECTION 4.09: Consequences of District Default. The Authority and the District agree that in the event of default or threatened default, in the payment of principal of or interest on the Bonds, any court of competent jurisdiction upon petition of the holders of twenty-five percent (25%) of the principal amount of the then outstanding Bonds of the Authority shall appoint a receiver with authority to collect and receive all resources pledged to the payment of the Bonds, enforce all rights arising from default, if any, by the District in making payment under this Contract, and take charge of the pledged funds on hand and manage the proprietary affairs of the Authority insofar as such affairs relate to the Project. The court may further vest the receiver with such powers and duties as the court may find necessary for the protection of the holders of the Bonds.

SECTION 4.10: Further Agreements of the Parties. The parties hereto specifically recognize that to the extent the District has heretofore issued, sold and delivered revenue bonds that were and are payable from and secured by a lien on and pledge of the net revenues of its

Water System, and to the extent such bonds so issued and delivered are outstanding, the District has disclosed to the Authority the existence and terms of all such bonds.

Additionally, the District represents to the Authority that:

- (a) There is no provision in any resolution or order of the District which prohibits the District from entering into and executing this Contract.
- (b) The execution of this Contract and the operation thereunder will not in any way impair the obligation of contract by and between the District and any other person. The Project is in furtherance of governmental policy, not inconsistent with the existing contractual obligations of the District.

SECTION 4.11: Control of Project. The parties hereto recognize and it is specifically agreed that after completion of the Project and during the term of this Contract, NTMWD will operate the Project and the District will enter into any necessary agreements with NTMWD for the supply, maintenance, and operations of the Project.

Except as specified in this Article, the abandonment of the use of all or part of such Project has no effect upon the obligations of the parties.

SECTION 4.12: Force Majeure.

(a) If for any reason of "force majeure" either of the parties hereto shall be rendered unable wholly or in part to carry out its obligation under this Contract, other than the obligation of District to make the payments required under the terms of Section 3.01 hereof, then if such party shall give notice and full particulars of such reasons in writing to the other party within a reasonable time after the occurrence of the event, or cause relied upon, the obligation of the party giving such notice, so far as it is affected by such "force majeure" shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such parties shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lock-outs, or other industrial disturbances, acts of a public enemy, orders or actions of any kind of the Government of the United States of America or of the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakages or accident to dams, machinery, partial or entire failure of water supply and inability on the part of the Authority to deliver water hereunder or to provide sewage treatment or of the District to receive water or to deliver sewage treatment, on account of any other cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lock-outs shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch, shall not require the settlement of strikes and lock-outs by acceding to the demands of the opposing parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. No failure of Authority to meet any obligation by reason for force majeure shall relieve the District from its obligations to make the payments required under the terms of Section 3.01 hereof.

(b) No damage shall be recoverable from Authority by reason of the suspension of the operation of the Project due to any of the causes above mentioned. If Operator's ability to operate the Project is affected by any of such causes, the Operator shall promptly notify the

other party in writing giving the particulars as soon as possible after the occurrence of the cause or causes for such interruption.

(c) It is expressly recognized by District that the Operator may be compelled to make necessary alterations, repairs or extensions of new or additional facilities from time to time during the life of this Contract, and any suspensions of the operation of the Project due to such operation shall not be cause for claim of damage on part of the Operator provided all reasonable effort is used by the Operator to provide District with the service afforded by the Project in accordance with this Contract. In such case, the Operator shall give the other party as much advance notice as may be practicable of the suspension of operation and of the estimated duration thereof.

SECTION 4.13: Easements. The District agrees that the Authority will not be responsible to obtain any easements, right of way or property and NTMWD will obtain any easements, right of way or property for the Project.

SECTION 4.14: Bond Approval by the District.

(a) Prior to the issuance and delivery of any Bonds the governing body of the District shall approve the issuance thereof by the Authority and the facilities to be constructed or acquired by the Authority.

(b) The District and the Authority agree that the holders of the Bonds, and each party deemed a holder of a Bond by virtue of subrogation to the rights of the holders of the Bonds or otherwise, shall be express third-party beneficiaries of this Contract and shall have all available remedies pertaining to enforcement of this Contract.

SECTION 4.15: Severability. The parties hereto agree that if any of the provisions of this Contract contravene or be held invalid under the laws of the State, same shall not invalidate the whole Contract, but it shall be construed as though not containing that particular provision, and the rights and obligations of the parties shall be construed and in force accordingly.

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IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

BECKER-JIBA SPECIAL UTILITY DISTRICT

(District Seal)

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

AGENDA ITEM XV



GREATER TEXOMA UTILITY AUTHORITY

AGENDA COMMUNICATION

DATE: August 14, 2025

SUBJECT: AGENDA ITEM NO. XV

PREPARED BY: Stacy Patrick, Project Manager

SUBMITTED BY: Paul M. Sigle, General Manager

CONSIDER ALL MATTERS INCIDENT AND RELATED TO THE GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2025 (COLLEGE MOUND SPECIAL UTILITY DISTRICT PROJECT), INCLUDING THE ADOPTION OF A RESOLUTION APPROVING THE EXECUTION OF A CONTRACT OF INDEMNIFICATION WITH THE COLLEGE MOUND SPECIAL UTILITY DISTRICT AND APPROVING THE EXECUTION OF A FINANCING AGREEMENT WITH THE TEXAS WATER DEVELOPMENT BOARD IN CONNECTION THEREWITH.

ISSUE

Consider and act upon authorization to execute a Financing Agreement with Texas Water Development Board ("TWDB") and a Contract of Indemnification with the College Mound SUD.

BACKGROUND

The College Mound SUD in conjunction with three other entities, requested the Authority's assistance with obtaining funding from the Texas Water Development Board ("TWDB") for a NTMWD South Transmission Pipeline project. The project will construct approximately 37,000 LF of 42" pipeline from the existing NTMWD Tawakoni 42" line to the existing Kaufman 20" line near the College Mound SUD delivery point. This will add a second take point for College Mound SUD to provide water for current rising demands and address future concerns. College Mound SUD will be responsible for 25 percent of the overall project budget.

On April 10, 2025, the TWDB met and approved an invitation for the Authority to apply for funding through the TWDB's State Water Implementation Fund for Texas (SWIFT"). The Authority has applied for SWIFT funding following Board approval on July 24, 2025. The total amount of funds sought through the SWIFT program are \$10,800,000.

CONSIDERATIONS

The TWDB requires Financing Agreements for their SWIFT Program. These agreements commit us to the funding prior to the TWDB going to market to fund the entire SWIFT program. If we do not end up pursuing the funding, then there are liquidated damage clauses that kick-in and require a penalty payment. The TWDB does not want to issue debt for entities that are not planning to borrow it.

Kristen Savant, Bond Counsel, has drafted a Contract of Indemnification to accompany the Financing Agreement. The Contract of Indemnification would be to execute between College Mound SUD and GTUA. The primary goal of that contract is to make the SUD liable for liquidated damages should they decide not to go forward with the Bonds.



GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION

PAGE 2

STAFF RECOMMENDATIONS

The Authority Staff recommends that the Board authorize the execution of the Contract of Indemnification. In addition, the staff recommends authorization to execute the Financing Agreement contingent upon the College Mound SUD's approval and executing the Contract of Indemnification.

ATTACHMENTS

TWDB Financing Agreement
Contract of Indemnification

A RESOLUTION by the Board of Directors of the Greater Texoma Utility Authority approving and authorizing the execution of a "Contract of Indemnification" with the College Mound Special Utility District in connection with the issuance of contract revenue bonds on behalf of the District; approving and authorizing the execution of a Financing Agreement with the Texas Water Development Board; and resolving other matters incident and related thereto.

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2025 (College Mound Special Utility District Project)" (the "Bonds") for the purpose of financing water system projects on behalf of the College Mound Special Utility District (the "District") (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing Water Financial Assistance Bonds (the "TWDB Bonds") solely for the purpose of funding the TWDB commitment, and, as a condition to the TWDB commitment, the Authority is required to execute a Financing Agreement prepared by the TWDB; and

WHEREAS, Section 4 of the Financing Agreement sets forth provisions relating to penalties and costs should the Authority fail to deliver the Bonds by December 12, 2025; and

WHEREAS, the Board of Directors hereby finds and determines that such penalties and costs referenced in Section 4 of the Financing Agreement should be the responsibility of the District and not the Authority since the Authority is issuing the Bonds on behalf of the District; and

WHEREAS, the Board of Directors hereby finds and determines that the Contract of Indemnification with the District substantially in the form and content attached hereto as Exhibit A and the Financing Agreement with the TWDB substantially in the form and content attached hereto as Exhibit B should be approved and authorized to be executed as hereinafter provided; now, therefore

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

SECTION 1. The Contract of Indemnification by and between the Authority and the District substantially in the form and content attached hereto as **Exhibit A** and incorporated herein for all purposes, together with such changes or revisions as the General Manager deems necessary to carry out the purpose thereof, is hereby approved for and on behalf of the Authority. The General Manager of the Authority is hereby authorized and directed to execute such contract for and on behalf of the Authority and as its act and deed, and such contract as executed by the General Manager shall be deemed approved by the Board of Directors and constitute the Contract of Indemnification herein approved.

SECTION 2. The Financing Agreement by and between the Authority and the TWDB, substantially in the form and content attached hereto as **Exhibit B** and incorporated herein for all purposes, together with such changes or revisions as the General Manager deems necessary to carry out the purpose thereof, is hereby approved for and on behalf of the Authority subject to the approval thereof by the Board of Directors of the District. Following the

approval of the Contract of Indemnification by the District, the Financing Agreement is hereby authorized to be executed by the General Manager for and on behalf of the Authority and as the act and deed of this Board of Directors, and such agreement as executed by the General Manager shall be deemed approved by the Board of Directors and constitute the Financing Agreement herein approved.

SECTION 3. This Resolution shall take effect and be in force from and after its passage.

[remainder of page left blank intentionally]

PASSED AND APPROVED, this August 18, 2025.

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(Authority Seal)

EXHIBIT A

CONTRACT OF INDEMNIFICATION

CONTRACT OF INDEMNIFICATION

THIS CONTRACT ("Contract") is made and entered into as of _____, 2025, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the COLLEGE MOUND SPECIAL UTILITY DISTRICT (hereinafter referred to as the "District"), duly created and existing under the laws of the State of Texas:

RECITALS

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2025 (College Mound Special Utility District Project)" (the "GTUA Bonds") for the purpose of financing water system projects on behalf of the District (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing its Water Financial Assistance Bonds (the "TWDB Bonds") solely for the purpose of funding the TWDB commitment; and,

WHEREAS, as a condition to the TWDB commitment, the Authority is required to execute a Financing Agreement prepared by the TWDB (a form of such Financing Agreement being attached hereto as Exhibit A); and

WHEREAS, the Financing Agreement, specifically Section 4, sets forth provisions relating to penalties and costs should the Authority fail to deliver the GTUA Bonds by December 12, 2025; and

WHEREAS, SINCE THE AUTHORITY IS ISSUING THE BONDS AND ENTERING INTO FINANCING AGREEMENT ON BEHALF OF, AND FOR THE BENEFIT OF, THE DISTRICT, THE DISTRICT AGREES THAT ANY COSTS OR PENALTIES IMPOSED BY THE TWDB AGAINST THE AUTHORITY PURSUANT TO THE FINANCING AGREEMENT SHALL BE THE SOLE RESPONSIBILITY OF THE DISTRICT AND NOT THE AUTHORITY;

WHEREAS, the Authority and the District, acting through their duly constituted governing bodies have mutually agreed upon the terms and conditions of this Contract; now, therefore

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

Section 1. **THE DISTRICT AND THE AUTHORITY HEREBY AGREE THAT ANY AND ALL COSTS, PENALTIES, TERMINATION PAYMENTS OR OTHER AMOUNTS OWED BY THE AUTHORITY TO THE TWDB PURSUANT TO THE FINANCING AGREEMENT, SPECIFICALLY SECTION 4 OF THE FINANCING AGREEMENT, SHALL BE PAID BY THE DISTRICT TO THE AUTHORITY TO INDEMNIFY THE AUTHORITY FOR SUCH COSTS, PENALTIES, TERMINATION PAYMENT OR OTHER AMOUNTS OWED, NOTWITHSTANDING ANY NEGLIGENCE ON THE PART OF AUTHORITY. SUCH PAYMENT SHALL BE MADE BY THE DISTRICT TO THE AUTHORITY NO LATER THAN MARCH 1, 2026. THE AUTHORITY SHALL HAVE NO RESPONSIBILITY WITH RESPECT TO SUCH AMOUNTS OWED PURSUANT TO THE FINANCING AGREEMENT AND THE**

DISTRICT SHALL HOLD HARMLESS THE AUTHORITY FOR ANY SUCH COSTS, PENALTIES, TERMINATION PAYMENTS OR ANY OTHER AMOUNTS OWED TO THE TWDB PURSUANT TO THE FINANCING AGREEMENT. The District will not be liable for any failure due to force majeure pursuant to section 12 of the Financing Agreement.

Section 2. The Authority agrees to timely comply with the requirements of the TWDB set forth in Section 5 of the Financing Agreement.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By: _____
General Manager

COLLEGE MOUND SPECIAL UTILITY DISTRICT

(District Seal)

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

EXHIBIT A
FINANCING AGREEMENT

EXHIBIT B

FINANCING AGREEMENT



FINANCING AGREEMENT

This FINANCING AGREEMENT (Agreement) is entered into between the TEXAS WATER DEVELOPMENT BOARD (TWDB), and the GREATER TEXOMA UTILITY AUTHORITY (Authority). The TWDB and the Authority may be referred to as the "Party or the Parties" in this Agreement.

RECITALS

WHEREAS, the TWDB adopted Resolution 25-104 (Attachment A referred to as the Resolution) on July 24, 2025, making a commitment to the Authority for financial assistance in a total amount of \$43,200,000 (TWDB Commitment) from the Financial Assistance Account of the Development Fund II (DFund II) administered by the TWDB; and

WHEREAS, through this Agreement, the Authority intends to sell to the TWDB the Authority's \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (College Mound Special Utility District Project) (Authority Bonds) for the TWDB's financial assistance from DFund II, as further described in Attachment B; and

WHEREAS, DFund II is funded, in part, with proceeds of the expected issuance of TWDB's Water Financial Assistance Bonds (TWDB Bonds) authorized under Texas Water Code § 17.959 and Texas Constitution, Article III, Sections 49-d-8, 49-d-9, 49-d-11, and money received as repayment of financial assistance provided from DFund II which is used to pay the principal and interest on such TWDB Bonds; and

WHEREAS, the Resolution provides that funding the TWDB Commitment is contingent on a future sale of TWDB Bonds or on the availability of funds on hand; and

WHEREAS, the TWDB intends to provide financial assistance from DFund II to the Authority with proceeds of TWDB Bonds; and

WHEREAS, the TWDB and the Authority desire to enter into this Agreement to set forth the obligations of the Parties with respect to the TWDB providing financial assistance to the Authority.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants contained in this Agreement, the TWDB and the Authority agree as follows:

AGREEMENT

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.

SECTION 1. MUTUAL COMMITMENT. As further described in the Resolution, the TWDB committed to the Authority and the Authority hereby commits to borrow from the TWDB an amount not to exceed \$10,800,000 from DFund II to be evidenced by the issuance and delivery of Authority Bonds to the TWDB consistent with the terms and conditions described in this Agreement, Attachment A and Attachment B.

SECTION 2. TRANSACTION SCHEDULE AND EARLY REDEMPTION. By execution of this Agreement, the Authority acknowledges and represents that it has a current need for financial assistance from the TWDB and will take all necessary steps to issue and deliver the Authority Bonds to evidence the TWDB Commitment described in Section 1.

To confirm the terms of the Authority Bonds, the Authority must execute this Agreement. The foregoing notwithstanding, the TWDB consents to early redemption, or prepayment, of the Authority Bonds, as provided for in this Agreement and the accompanying TWDB Resolution attached as Attachment A. The Authority Bonds may be prepaid by the Authority on any date beginning on or after the first scheduled interest payment date that occurs no earlier than 10 years from the dated date of the Authority Bonds.

To mutually assure the performance of the Parties under this Agreement, the Parties agree that the issuance and delivery of the DFund II Bonds and the issuance and delivery of the Authority's Bonds to TWDB must occur not more than sixty-four (64) days apart as reflected in Attachment C. Failure by the Authority to issue and deliver to the TWDB the Authority's Bonds will result in the Authority being liable to the TWDB for the stipulated damages agreed to by the Parties in Section 3 of this Agreement.

SECTION 3. BINDING COMMITMENT. The TWDB agrees to take all necessary steps to issue the DFund II Bonds for the purposes described in this Agreement and in the Resolution upon receipt of this Agreement, which shall be signed and delivered by the Authority to the Executive Administrator of the TWDB at least seventeen (17) days before the initiation of the pricing of the DFund II Bonds, as set forth in Attachment C. The Authority acknowledges that the schedule provided in Attachment C is a best estimate by the TWDB and is subject to change by the TWDB. The TWDB expressly reserves the right to modify Attachment C at any time and shall provide the Authority with an updated Attachment C as soon as practicable upon any modification; provided that, if such modification of Attachment C occurs before the initiation of pricing of the DFund II Bonds and such modification results in an earlier scheduled pricing date, no such modification of Attachment C may result in the Authority having fewer than five (5) days between the receipt of the modified schedule and the TWDB posting the Preliminary Official Statement for the DFund II Bonds.

SECTION 4. BREACH OF AGREEMENT, LIQUIDATED DAMAGES.

A. The Parties agree that the Authority may terminate this Agreement in writing with *Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.*

no penalty at any time up to fourteen (14) days before the initiation of the pricing of the DFund II Bonds, as set forth in Attachment C.

- B. The Authority understands and agrees that the Authority may terminate this Agreement in writing between thirteen (13) days and six (6) days prior to the initiation of the pricing of the DFund II Bonds (currently estimated to occur on September 25, 2025) as set forth in Attachment C, provided the Authority agrees to reimburse the TWDB from lawfully available funds of the Authority for its proportional share of transaction costs incurred by the TWDB, such as, but not limited to, any fees or costs related to any rating agency, financial advisor, legal counsel, or other similar party or related costs pertaining to the DFund II Bonds in an amount not to exceed \$12,947.00 (Transaction Cost Payment). The Authority shall be obligated to pay such costs to the TWDB no later than March 4, 2026.
- C. The Authority understands and agrees that the Authority may terminate this Agreement in writing within five (5) days prior to the initiation of the pricing of the DFund II Bonds as set forth in Attachment C and no later than 9:00 am Central Standard Time on the day before the TWDB Bond Pricing, provided the Authority agrees to pay to the TWDB from lawfully available funds 1.0 percent of the amount of the commitment authorized in Section 1 of this Agreement (Pre-pricing Termination Payment), and additionally shall reimburse the TWDB from lawfully available funds of the Authority its Transaction Cost Payment. The Authority shall be obligated to pay such costs to the TWDB no later than March 4, 2026. The Authority understands and agrees that termination under this section will result in a total penalty amount of \$120,947.00.
- D. The Authority understands and agrees that TWDB would suffer and incur severe and irreparable damages if the Authority Bonds are not issued and delivered. Failure to issue the Authority Bonds by the date specified in Attachment C, as contemplated in this Agreement, shall be a breach of this Agreement and the Authority shall pay, from lawfully available funds of the Authority, a "Post-pricing Termination Payment" to the TWDB. The Post-pricing Termination Payment shall be an amount equal to 5.0 percent of the amount of the commitment authorized in Section 1 of this Agreement. The Authority shall pay the Post-pricing Termination Payment to the TWDB no later than March 4, 2026. The Authority shall also reimburse the TWDB from lawfully available funds of the Authority, its Transaction Cost Payment, plus the Authority's proportional share of the underwriters' discount incurred by the TWDB, no later than March 4, 2026. The Authority understands and agrees that failure by the Authority to issue the Authority Bonds by the date specified in Attachment C, will result in a total penalty amount pursuant to this section not to exceed \$604,708.00.

SECTION 5. AMORTIZATION STRUCTURE. The Authority shall provide the TWDB a maturity schedule in the form set forth in Attachment B at the time of execution of this Agreement. A final amortization structure will be required at least fourteen (14) days

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before the initiation of pricing of the DFund II Bonds in accordance with the provisions of this Agreement. The par amount included in Attachment B may be revised, subject to approval by the Executive Administrator of the TWDB, at any time up to the fourteenth (14) day before the initiation of pricing of the DFund II Bonds with no penalty.

The final amortization schedule adopted by the Authority as included in the Authority's Private Placement Memorandum and Bond Resolution must reflect the final amortization structure set forth in Attachment B. The Authority must provide the TWDB a final amortization schedule at least seven (7) days prior to adoption of Authority's Bond Resolution. To the extent the amortization schedule included in Attachment B does not match the amortization schedule included in the finally adopted bonds, the Authority will be subject to the penalty described above in Section 4D.

SECTION 6. CONTINGENCIES AND TERMINATION.

- A. The Parties agree that the TWDB's obligation to purchase the Authority's Bonds with the DFund II is contingent upon the TWDB receiving all legally required approvals for the issuance of the DFund II Bonds from the Legislative Budget Board, the Bond Review Board, and the Texas Attorney General. The TWDB's obligation to purchase the Authority's Bonds with the DFund II is also contingent upon the purchase and delivery of the DFund II Bond proceeds by the underwriters pursuant to the Bond Purchase Agreement relating to the DFund II Bonds.

Accordingly, if any contingency described in the preceding paragraph above is unmet, the TWDB, upon delivery of written notice thereof to the Authority, may extend or terminate this Agreement together with all of its obligations and duties without incurring any cost, fee, or penalty for either the TWDB or the Authority.

- B. The Parties agree that the Authority's obligation to issue and deliver the Authority Bonds is contingent upon approval by the Texas Attorney General of the Authority Bonds. The Authority agrees to use its best efforts to obtain approval by the Texas Attorney General of the Authority Bonds to satisfy the closing requirements set forth in Section 2 of this Agreement. To this end, the Authority agrees as follows:
- (1) Authority shall timely file the transcript of proceedings for the Authority Bonds with the Texas Attorney General in accordance with the schedule contained in Attachment C;
 - (2) Authority shall comply with the requirements and conditions contained in the Resolution;
 - (3) Authority shall provide the TWDB with a copy of the preliminary approval letter from the Texas Attorney General promptly upon receipt;

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(4) Authority shall provide the TWDB with a copy of its responses to the preliminary approval letter concurrently with the submission of such responses to the Texas Attorney General; and

(5) Authority shall allow TWDB to brief the Texas Attorney General on any issues noted in the preliminary approval letter and initiate or participate in conferences with the Texas Attorney General related to the approval of the Authority Bonds.

Accordingly, if, after the Authority employs its best efforts to obtain approval by the Texas Attorney General and such approval cannot be obtained by the date specified in Attachment C, the TWDB, as a matter of law, at its sole discretion, may terminate this Agreement and upon termination the Authority shall pay, from any of its lawfully available funds, the Post-pricing Termination Payment no later than March 4, 2026, as provided in Section 4D. The Authority shall also reimburse the TWDB from lawfully available funds of the Authority its Transaction Cost Payment plus the Authority's proportional share of the underwriters' discount no later than March 4, 2026. The Authority understands and agrees that if the Authority does not obtain approval from the Texas Attorney General and issue its Authority Bonds by the date specified in Attachment C, it will be subject to a total penalty amount pursuant to this section not to exceed \$604,708.00.

SECTION 7. REDEMPTION OF OUTSTANDING DEBT. Proceeds of the Authority Bonds shall not be used, in whole or in part, to redeem outstanding bonds, commercial paper, or other obligations issued by the Authority. The Authority agrees that it will not take or fail to take any action that will cause the DFund II Bonds to be considered to be advance refunding bonds under Section 149(d) of the Internal Revenue Code of 1986, as amended.

SECTION 8. NOTICES. All notices, agreements or other communications required by this Agreement will be given, and will be deemed given, when delivered in writing to the address, facsimile, or email of the identified Party or Parties set forth below:

Texas Water Development Board Development Fund Manager P.O. Box 13231 Austin, Texas 78711-3231 Telephone (512) 475-4584 Facsimile (512) 475-2053 Finance-Debt-Management@twdb.texas.gov	Greater Texoma Utility Authority Attn: General Manager 5100 Airport Drive Denison, Texas 75020 Telephone: (903) 786-4433 E-mail: paul@gtua.org
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SECTION 9. SEVERABILITY. In the event any provision of this Agreement is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate, render unenforceable or otherwise affect any other provisions.

SECTION 10. AMENDMENTS, SUPPLEMENTS AND MODIFICATIONS. This Agreement may be amended, supplemented, or modified only in a writing executed by duly authorized
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representatives of the Parties.

SECTION 11. APPLICABLE LAW. This Agreement and any amendments will be governed by and construed in accordance with the laws of the State of Texas.

SECTION 12. STATE AUDIT. By executing this Agreement, the Authority accepts the Authority of the Texas State Auditor's Office to conduct audits and investigations in connection with all state funds received pursuant to this Agreement. The Authority must comply with any directive from the Texas State Auditor and will cooperate in any such investigation or audit. The Authority agrees to provide the Texas State Auditor with access to any information the Texas State Auditor considers relevant to the investigation or audit. The Authority also agrees to include a provision in any contract or subcontract related to this Agreement that requires the contractor and the subcontractor to submit to audits and investigations by the Texas State Auditor's Office in connection with any state funds received pursuant to the contract or subcontract.

SECTION 13. FORCE MAJEURE. Either Party to this Agreement may be excused from performance under this contract for any period when performance is prevented as the result of an act of God, strike, war, civil disturbance, or epidemic, provided that the Party experiencing the event of Force Majeure has prudently and promptly acted to take any and all steps that are within the Party's control to ensure performance and to shorten the duration of the event of Force Majeure. The Party suffering an event of Force Majeure must provide notice of the event to the other Party as soon as practicable but not later than five business days after the event. Subject to this provision, such nonperformance will not be deemed a breach or a ground for termination.

SECTION 14. EFFECTIVE DATE. This Agreement is effective as of the date of the last signature below.

SECTION 15. BINDING AGREEMENT. The execution of this Agreement has been authorized by the governing boards of both Parties. The individuals executing this Agreement have the legal Authority to bind each respective Party to the terms and conditions of this Agreement. The respective commitments of the TWDB and the Authority set forth above is binding upon the TWDB and the Authority upon both Parties' execution of this Agreement.

[Remainder of Page Intentionally Left Blank]

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.

EXECUTED in multiple counterparts, each of which shall be deemed to be an original.

GREATER TEXOMA UTILITY AUTHORITY

By: _____

Name: Paul M. Sigle

Title: General Manager

Date: _____

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TEXAS WATER DEVELOPMENT BOARD

By: _____

Name: Bryan McMath

Title: Executive Administrator

Date: _____

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ATTACHMENT A

TWDB RESOLUTION NO. 25-104

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$43,200,000 TO GREATER TEXOMA UTILITY AUTHORITY
THROUGH THE PROPOSED PURCHASE IN ONE OR MORE SERIES OF
\$43,200,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS,
PROPOSED SERIES 2025

(25-104)

Recitals:

The Greater Texoma Utility Authority (Authority), located in Grayson County, has filed an application for financial assistance in the amount of \$43,200,000 to finance the planning, acquisition, design, and construction of a water supply project identified as Project No. 51104 (Project).

The Authority qualifies for financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase in one or more series of \$43,200,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Obligations), together with all authorizing documents, all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff.

The Authority has offered a pledge of contract revenues as sufficient security for the repayment of the Obligations.

The commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 363.1307.

The interest rate subsidies as approved by the Board at its April 10, 2025 meeting, are based on assumptions necessary to generate an optimum debt service structure for the anticipated TWDB SWIFT bond issuance and are subject to modification as necessary to preserve and maintain the integrity of the SWIFT Program.

The Authority is a rural political subdivision as defined by the Texas Water Code § 15.992.

In accordance with Texas Water Code § 17.124, the TWDB has considered all matters required by law and in particular the following:

1. The needs of the area to be served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans.
2. And the availability of revenue to the Authority, from all sources, for the ultimate repayment of the cost of the water supply project, including interest.

Findings:

1. The application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M; or the requirements of Chapter 17, Subchapters D, E, and L, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A.
2. The Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a).
3. The public interest requires state assistance in the financing of this project, in accordance with Texas Water Code § 17.125(a)(1).
4. The Authority, a wholesale water supplier, and all other contracting parties have submitted and implemented water conservation plans in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1).
5. The Authority is a rural political subdivision as defined by the Texas Water Code § 15.992.
6. The Authority acknowledges its legal obligation to comply with any applicable requirements of federal law related to contracting with disadvantaged business enterprises and any applicable state law related to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

NOW THEREFORE, based on these findings, the TWDB commits to the following:

1. A commitment is made by the TWDB to the Greater Texoma Utility Authority for financial assistance in the amount of \$43,200,000 from the Financial Assistance Account of the Texas Water Development Fund II to be evidenced by the TWDB's proposed purchase of:
 - a. \$10,800,000 Proposed Series 2025 (Becker-Jiba Special Utility District Project), to expire on December 31, 2025;
 - b. \$10,800,000 Proposed Series 2025 (College Mound Special Utility District Project), to expire on December 31, 2025;
 - c. \$10,800,000 Proposed Series 2025 (Gastonia-Scurry Special Utility District Project), to expire on December 31, 2025; and
 - d. \$10,800,000 Proposed Taxable Series 2025 (North Kaufman Water Supply Corporation Project), to expire on December 31, 2025.

The commitment is subject to the following:

Standard Conditions:

1. This commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand as determined by the TWDB.

2. This commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Authority has complied with all of the requirements of the laws under which the Obligations were issued; that the Obligations were issued in conformance with the Constitution and laws of the State of Texas; and that the Obligations are valid and binding obligations of the Authority.
3. This commitment is contingent upon the Authority's continued compliance with all applicable laws, rules, policies, and guidance as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement.
4. This commitment is contingent upon the Authority executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting the executed agreement to the TWDB consistent with the terms and conditions described in it.
5. Interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator.
6. The Authority shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2) and shall require the paying agent/registrar to provide a copy of all receipts documenting debt service payments to the TWDB and to the TWDB's designated Trustee.

Required Obligation Conditions:

7. The Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date that is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption.
8. The Obligations must provide that the Authority will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
9. The Obligations must provide that the Authority must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.
10. The Obligations must contain a provision requiring the Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
11. The Obligations must include a provision wherein the Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Authority's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by the

Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of SEC rule 15c2-12, the continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers the Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to the bonds under SEC Rule 15c2-12.

12. The Obligations must require the Authority to use any surplus financial assistance proceeds from the Obligations remaining after completion of the Project and completion of a final accounting in a manner approved by the Executive Administrator.
13. The Obligations must provide that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.
14. Financial assistance proceeds are public funds. Therefore, the Obligations must require that these proceeds be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.
15. Financial assistance proceeds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils or media at the Project site. The Obligations must provide that the Authority is solely responsible for liability resulting from acts or omissions of the Authority, its employees, contractors, or agents arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law.
16. The Obligations must require the Authority to report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312.
17. The Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry-only form in accordance with 31 TAC § 363.42(c)(1).
18. The Authority must abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G and Texas Water Code § 17.183.

19. The Authority must immediately notify TWDB in writing of any suit against it by the Attorney General of Texas under Texas Government Code § 2.103 and Texas Penal Code § 1.10(f), related to federal laws regulating firearms, firearm accessories, and firearm ammunition.
20. The Obligations must require the Authority to submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.
21. The Obligations must include a provision that, if the collateral or credit pledged by the Authority securing the Obligations is rated by a nationally-recognized statistical rating agency, the Authority, or other obligated person, will not discontinue the rating issued by a nationally-recognized statistical rating agency until the underlying Obligations are retired or no longer held by TWDB.

Tax-Exempt Conditions Applicable To The \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Becker-Jiba Special Utility District Project), \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (College Mound Special Utility District Project), and \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Gastonia-Scurry Special Utility District Project):

22. The Obligations must prohibit the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of section 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated under it (Regulations).
23. The Obligations must provide that no portion of the proceeds of the financial assistance will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of section 148(a) of the Code and Regulations, including to acquire or to replace funds that were used, directly or indirectly, to acquire Nonpurpose Investments, as defined in the Code and Regulations, that produce a yield materially higher than the yield on the TWDB's bonds issued to provide the financial assistance (Source Series Bonds), other than Nonpurpose Investments acquired with;
 - a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until the proceeds are needed for the facilities to be financed;
 - b. amounts invested in a bona fide debt service fund within the meaning of section 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent the amounts do not exceed the lesser of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations.

24. The Obligations must require the Authority to take all necessary steps to comply with the requirement that amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of section 148 of the Code. The Obligations must provide that the Authority will:
- a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures, and investments thereof) and retain all records of the accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its financial assistance with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of the Gross Proceeds and the obligations acquired with the Gross Proceeds;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financial assistance, not less frequently than each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Regulations, and the associated rulings. The Authority shall maintain a copy of the calculations for at least six years after the final Computation Date;
 - c. pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date as additional consideration for providing financial assistance and in order to induce providing financial assistance by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners of TWDB's Bonds for federal income tax purposes;
 - d. exercise reasonable diligence to ensure that no errors are made in the calculations required by paragraph (b) and, if an error is made, to discover and promptly correct the error within a reasonable amount of time, including payment to the United States of any interest and any penalty required by the Regulations.
25. The Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes.
26. The Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of section 149(b) of the Code.
27. The Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of the borrower's obligations in contravention of section 149(d) of the Code (related to "advance refundings").

28. The Obligations must provide that neither the Authority nor a party related to it will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB.

Pledge Conditions:

29. Upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review.
30. The Obligations must require the Authority to maintain and enforce the contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority's obligations arising from the operation of the water system.
31. The Obligations must provide that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations.
32. Before closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. The contracts must include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges, and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

Conditions To Close Or For Release Of Funds:

33. Before closing, if not previously provided with the application, the Authority shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel for the Project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator.
34. Before closing, when any portion of financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB.
35. Before closing, the Authority shall provide certification that the average weighted maturity of the Obligations purchased by the TWDB does not exceed 120% of the average reasonably expected economic life of the Project.
36. Before closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment

of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. The contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

37. Before closing, the Authority shall submit to the escrow agent a closing memo signed by the Executive Administrator.

Tax-exempt Conditions To Close Or For Release Of Funds Applicable To The \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Becker-Jiba Special Utility District Project), \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (College Mound Special Utility District Project), and \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Gastonia-Scurry Special Utility District Project):

38. Before closing, the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion.
39. Before closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion.
40. The transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure, and investment of the proceeds of the Obligations.
41. The transcript must include evidence that the information reporting requirements of section 149(e) of the Internal Revenue Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of section 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply.

Special Conditions:

42. Before the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of the Project that proposes surface water or groundwater development, the Executive Administrator must have either issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction.

43. Before the release of construction funds for that portion of a Project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide.

APPROVED and ordered of record this the 24th day of July 2025.



TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney
L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: 7/24/25

ATTEST:

Bryan McMath
Bryan McMath, Executive Administrator

ATTACHMENT B

DESCRIPTION OF BORROWER BONDS

Title of Borrower Bonds: \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Series 2025 (College Mound Special Utility District Project)

Project Name: Greater Texoma Utility Authority South Transmission Pipeline Project

Project Number: 51104

Aggregate Principal Amount of Borrower Bonds: \$10,800,000

Anticipated Closing Date: 11/18/2025

Dated Date: 11/18/2025

First Principal Payment Date: 8/15/2026

First Interest Payment Date: 2/15/2026

Maturity Schedule:

Maturity		Principal Amount	
Maturity Date	Principal Payment	Maturity Date	Principal Payment
8/15/2026	\$320,000	8/15/2041	\$330,000
8/15/2027	\$215,000	8/15/2042	\$345,000
8/15/2028	\$220,000	8/15/2043	\$360,000
8/15/2029	\$225,000	8/15/2044	\$375,000
8/15/2030	\$230,000	8/15/2045	\$390,000
8/15/2031	\$235,000	8/15/2046	\$410,000
8/15/2032	\$240,000	8/15/2047	\$430,000
8/15/2033	\$250,000	8/15/2048	\$445,000
8/15/2034	\$255,000	8/15/2049	\$470,000
8/15/2035	\$265,000	8/15/2050	\$490,000
8/15/2036	\$275,000	8/15/2051	\$515,000
8/15/2037	\$285,000	8/15/2052	\$535,000
8/15/2038	\$295,000	8/15/2053	\$565,000
8/15/2039	\$305,000	8/15/2054	\$590,000
8/15/2040	\$320,000	8/15/2055	\$615,000

ATTACHMENT C
FINANCING SCHEDULE*

DATE	ACTION
07/24/2025	TWDB approval of commitments
09/1/2025	<i>Labor Day Holiday**</i>
09/5/2025	<i>Financing agreement – last day to execute (17 calendar days prior to initiation of pricing)</i>
09/8/2025	Financing agreement (Sec. 4A) - last day political subdivisions can terminate without penalty (14 calendar days prior to initiation of pricing)
09/8/2025	Financing agreement (Sec. 5) - last day political subdivisions can modify maturity schedule (14 calendar days prior to initiation of pricing)
09/16/2025	Financing agreement (Sec. 4B) - last day political subdivisions can terminate with costs of issuance (6 calendar days prior to initiation of pricing)
09/21/2025	Financing agreement (Sec. 4C) - before 9:00 a.m. CDT political subdivisions can terminate with costs of issuance and 1% penalty (1 calendar day prior to pricing).
09/22/2025	TWDB bond pricing initiation (pre-pricing begins)
09/24/2025	TWDB bond pricing
10/2/2025	TWDB approves interest rates available to political subdivisions
10/10/2025	TWDB bond closing (political subdivisions must close within 64 calendar days)
10/10/2025 to 12/12/2025	Closings on political subdivision obligations
10/13/2025	Columbus Day Holiday (TWDB open)**
Various	Political subdivisions adopt bond resolutions and/or master agreements
Various	Political subdivisions submit transcripts to Texas Attorney General in preparation of closing
11/11/2025	<i>Veteran's Day Holiday**</i>
11/27/2025	<i>Thanksgiving Holiday**</i>
11/28/2025	<i>Thanksgiving Holiday**</i>
12/12/2025	Last day to close on political subdivision obligations
12/15/2025	Financing agreement (Sec. 4D) - penalty applied to any political subdivision failing to issue debt Start of post - pricing termination payment period (includes costs of issuance, underwriters' discount and 5% penalty)
03/4/2026	Last due date for payment of penalties

**Preliminary, subject to change*

***State agency holidays are reflected to show when TWDB is closed; they are counted towards deadlines.*

AGENDA ITEM XVI



GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION

DATE: August 14, 2025

SUBJECT: AGENDA ITEM NO. XVI

PREPARED BY: Stacy Patrick, Project Manager
AND SUBMITTED BY: Paul M. Sigle, General Manager

**CONSIDER ALL MATTERS INCIDENT AND RELATED TO THE APPROVAL AND EXECUTION OF
A WATER FACILITIES FUNDING AGREEMENT BY AND BETWEEN THE GREATER TEXOMA
UTILITY AUTHORITY AND THE COLLEGE MOUND SPECIAL UTILITY DISTRICT IN
CONNECTION WITH THE NORTH TEXAS MUNICIPAL WATER DISTRICT SOUTH
TRANSMISSION PIPELINE PROJECT, INCLUDING THE ADOPTION OF A RESOLUTION
PERTAINING THERETO.**

ISSUE

Approval of the Water Facilities Funding Agreement with the College Mound SUD.

BACKGROUND

The College Mound SUD in conjunction with three other entities, requested the Authority's assistance with obtaining funding from the Texas Water Development Board ("TWDB") for a NTMWD South Transmission Pipeline project. The project will construct approximately 37,000 LF of 42" pipeline from the existing NTMWD Tawakoni 42" line to the existing Kaufman 20" line near the College Mound SUD delivery point. This will add a second take point for College Mound SUD to provide water for current rising demands and address future concerns. College Mound SUD will be responsible for 25 percent of the overall project budget.

On April 10, 2025, the TWDB met and approved an invitation for the Authority to apply for funding through the TWDB's State Water Implementation Fund for Texas (SWIFT"). The Authority has applied for SWIFT funding following Board approval on July 24, 2025. The total amount of funds sought through the SWIFT program are \$10,800,000.

STAFF RECOMMENDATIONS

The Authority Staff recommend the Board approve the Water Facilities Funding Agreement.

ATTACHED

Water Facilities Funding Agreement

A RESOLUTION by the Board of Directors of the Greater Texoma Utility Authority authorizing the execution and delivery of a "Water Facilities Funding Agreement" with the College Mound Special Utility District in connection with the North Texas Municipal Water District South Transmission Pipeline Project and resolving other matters incident and related to the execution and delivery of such Contract.

WHEREAS, negotiations have been conducted between the Greater Texoma Utility Authority (the "Authority") and the College Mound Special Utility District (the "District"), with respect to the execution of a water facilities funding agreement (the "Contract"), whereby the Authority will issue bonds for the purpose of providing funds for the construction of improvements to connect to the North Texas Municipal Water District's regional water system (the "NTMWD South Transmission Pipeline Project") to meet the current and future water needs of the District's Participating Customers (as defined in the Contract), including the District; and

WHEREAS, said contract has been prepared and submitted to this governing body for approval, and it has been determined by the Board of Directors of the Authority that such contract should be approved for the purpose of accomplishing the financing of the NTMWD South Transmission Pipeline Project; now, therefore,

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

SECTION 1. That the "Water Facilities Funding Agreement" by and between the Authority and the District in substantially the form attached hereto as **Exhibit A**, with such changes, additions, or amendments thereto as the General Manager determines to be necessary or proper to carry out the purpose and intent of the Board of Directors in authorizing the Contract, is hereby approved for an on behalf of the Authority. The President or Vice President are hereby authorized and directed to execute such Contract for and on behalf of the Authority and as the act and deed of this Board of Directors.

SECTION 2. This Resolution shall take effect and be in force from and after its passage.

PASSED AND APPROVED, this August 18, 2025.

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(Authority Seal)

EXHIBIT A

WATER FACILITIES FUNDING AGREEMENT

NORTH TEXAS MUNICIPAL WATER DISTRICT
SOUTH TRANSMISSION PIPELINE PROJECT

WATER FACILITIES FUNDING AGREEMENT

NORTH TEXAS MUNICIPAL WATER DISTRICT
SOUTH TRANSMISSION PIPELINE PROJECT

THIS CONTRACT ("Contract") is made and entered into as of _____, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the COLLEGE MOUND SPECIAL UTILITY DISTRICT, a Texas political subdivision (hereinafter referred to as the "District"), duly created and existing under the laws of the State of Texas.

W I T N E S S E I H:

WHEREAS, the North Texas Municipal Water District ("NTMWD") is a regional water provider that supplies treated water to its member cities and customer entities throughout North Texas; and

WHEREAS, NTMWD and the Participating Customers (as defined below) have entered into prior, current, and/or pending Potable Water Supply Contracts under which NTMWD provides treated water to the Participating Customers; and

WHEREAS, the Authority, acting pursuant to the Act, has issued or proposes to issue, or both, its bonds for the purposes of providing for the construction of improvements to connect to the NTMWD regional water system (referred to herein as the "NTMWD South Transmission Pipeline Project") to meet the current and future water needs of the NTMWD's Participating Customers, including the District; and

WHEREAS, the Participating Customers will each finance separately bonds for their equal share of the total costs associated with the NTMWD South Transmission Pipeline Project; and

WHEREAS, certain revenues to be received by the Authority from the District under this Contract are to be pledged to the payment and security of the bonds (the "Bonds" as defined below) to be issued by the Authority for the benefit of the District for the District's participation in the NTMWD South Transmission Pipeline Project and will constitute the basis for the Authority's credit in financing such facilities and issuing such Bonds; and

WHEREAS, the Authority and the District, acting through their duly constituted governing bodies have mutually agreed upon the terms and conditions of this Contract; and

WHEREAS, the NTMWD is referenced herein for context and coordination purposes only and is not a party to this Agreement, nor shall any provision herein be construed to create any obligation or liability on the part of NTMWD; now, therefore,

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

ARTICLE I DEFINITIONS

SECTION 1.01: Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this Contract and any contract amendatory or supplemental to this Contract shall be construed or used and are intended to have meanings as follows:

- (a) "Authority" shall mean the Greater Texoma Utility Authority, or its successor.
- (b) "Board" and "Board of Directors" shall mean the Board of Directors of the Authority.
- (c) "Bond Resolution" shall mean any resolution of the Board of Directors authorizing the issuance of the Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted, where the proceeds from the sale of the Bonds will be used to discharge the cost of the Project.
- (d) "Bonds" shall mean any bonds payable from revenues to be received by the Authority from the District under this Contract and to be issued by the Authority for the purpose of providing funds to pay the necessary costs of the Project, whether in one or more series or issues, or any bonds issued to refund the same.
- (e) "Cost of the Project" shall mean all cost and expense incurred in connection with the acquisition, construction, improvements, enlargement, extension and repair of the Project, including, without limiting the generality of the foregoing, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest and administrative expenses expected to accrue during the period of construction, the funding of any reserve funds created by the Bond Resolution(s), cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, improving, enlarging, extending, or repairing the Project, and such other expense as may be necessary or incident to the acquisition, construction, improvement, enlargement, extension or repair of the Project and all legal fees, printing and other cost, fees and expenses necessary for or incident to the issuance of the Bonds.
- (f) "District" shall mean the College Mound Special Utility District.
- (g) "Engineer" shall mean a registered, professional engineer selected by NTMWD. The District and Authority agree that the Engineer may be a different firm on different aspects of the Project and that any Project will be acquired, constructed, improved, enlarged, extended and repaired in accordance with the plans and specifications prepared under the supervision of the Engineer. It is further agreed that an Engineer may be changed or added and the scope of duties adjusted by the NTMWD.
- (h) "Fiscal Year" shall mean the twelve month operating period (under this Contract) commencing October 1st of each year, provided such twelve month period may be changed one time in any three calendar year period by agreement of the Authority and the District (which agreement, if made, shall be attached hereto as an exhibit).

(i) "Maintenance and Operation Expense of the Project" shall mean the expense of maintenance and operation of the Project including all salaries, labor, materials, interest, repairs, and replacements necessary to render efficient service, or which might be necessary to meet some physical accident or condition which would otherwise impair the security of the Bonds. Such term shall not include depreciation.

(j) "NTMWD" shall mean North Texas Municipal Water District, a conservation and reclamation district created by and functioning under Chapter 62, Acts of 1951, 52nd Legislature, Regular Session, as amended, pursuant to Article 16, Section 59 of the Texas Constitution.

(k) "Operator" shall mean North Texas Municipal Water District, unless otherwise agreed by the parties.

(l) "Participating Customers" shall mean College Mound Special Utility District, Gastonia-Scurry Special Utility District, College Mound Special Utility District, and Becker-Jiba Special Utility District who are currently direct or indirect customers of North Texas Municipal Water Corporation.

(m) "Project" shall mean the 25% undivided interest in the NTMWD South Transmission Pipeline Project consisting of the construction of improvements to connect to NTMWD's regional water system including but not limited to storage and transmission facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the District under this Contract or obtained as grant funds, from any source, for the purpose of paying all or part of the Cost of the Project described in each resolution or order of the District, duly passed prior to or subsequent to the date of this Contract, authorizing the issuance of Bonds by the Authority to finance the Costs of the Project.

ARTICLE II REPRESENTATIONS AND AGREEMENTS

SECTION 2.01: The District's Representations and Agreements. In connection with its undertakings hereunder, the District represents to the Authority and agrees with the Authority as follows:

(a) In its capacity as a duly organized political subdivision of the State of Texas, it is empowered under applicable laws of Texas to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract.

(b) It will timely pay to the Authority the full amount it is required to pay under the provisions of this Contract for the Project pursuant to Sections 3.01 and 3.02 hereof.

(c) That it will plan, construct, maintain, operate and finance its own Water System and set retail rates to individual customers for water service adequate to pay all District obligations secured by and made payable from the revenues derived from the operation of the District's Water System (the "Water System").

(d) The District shall submit an independent annual audit of the District's fiscal accounts and records conducted by a person who is a certified public accountant or public accountant holding a permit from the Texas State Board of Public Accountancy within one hundred and eight (180) days after the close of the District's fiscal year.

(e) That it will cooperate with the Authority in the performance of the duties and responsibilities assigned to the Authority by this Contract.

(f) The District participation in the Project is in connection with the Participating Customers and the District will be responsible for an equal share of the NTMWD South Transmission Pipeline Project.

(g) The District agrees NTMWD will be responsible for planning, construction, maintaining, and operating the Project. The District will enter into any necessary agreements with NTMWD for the supply, maintenance, and operations of the Project.

(h) Release and Waiver of Liability and Indemnity.

1. The District fully understands and acknowledges that:

(i) There are certain risks associated with the Project, including but not limited to the risk of litigation with a contractor, supplier or other parties;

(ii) The damages which could result from these risks described above, could be in the form of litigation expenses and/or the cost to satisfy an adverse judgment;

(iii) These risks may be caused by the action, inaction or negligence or breach of contract of the participant or the action, inaction or negligence or breach of contract of others, including, but not limited to, the Releasee named below; and

(iv) There may be other risks not known to us or are not reasonably foreseeable at this time.

2. The District accepts and assumes all such risks and responsibility for such losses and/ or damages, however caused and whether caused in whole or in part by the breach of contract or negligence of the Releasee named below.

3. In consideration for Authority executing this contract, The District **RELEASES, WAIVES DISCHARGES AND COVENANTS NOT TO SUE** the Releasee named below, its Board of Directors, its officers, agents, or employees (hereinafter referred to as Releasee) from any and all **liability**, claims, demands, actions and causes of action whatsoever arising out of or related to any loss, damage, or injury, sustained by us, a contractor, supplier or other third party, whether caused by the **breach of contract or negligence** of Releasee or otherwise.

4. The District further agrees to **INDEMNIFY DEFEND AND HOLD HARMLESS** Releasee from any claim, loss, liability, damage or costs, including court costs and attorney fees, that it may incur due to any claims by us, contractors, supplier or third parties relating to the Project, whether caused by a **breach of contract or negligence** of Releasee or otherwise. The District further agrees that this Release, Waiver of Liability, Hold

Harmless and Indemnity Agreement shall be construed in accordance with the laws of the State of Texas.

5. THE DISTRICT HAS READ THIS RELEASE AND WAIVER OF LIABILITY, HOLD HARMLESS AND INDEMNITY AGREEMENT, FULLY UNDERSTANDS ITS TERMS, UNDERSTANDS THAT IT MAY HAVE GIVEN UP SUBSTANTIAL RIGHTS BY SIGNING IT, AND HAS SIGNED IT FREELY AND VOLUNTARILY WITHOUT ANY INDUCEMENT, ASSURANCE OR GUARANTEE BEING MADE TO US AND INTEND ITS SIGNATURE TO BE A COMPLETE AND UNCONDITIONAL RELEASE OF ALL LIABILITY TO THE GREATEST EXTENT ALLOWED BY LAW.

SECTION 2.02: Representations and Agreements of Authority. In connection with its undertakings hereunder, the Authority represents to the District and agrees with the District as follows:

(a) In its capacity as a conservation and reclamation district created by the Act, pursuant to Article XVI, Section 59 of the Texas Constitution, it is empowered under applicable laws of the State of Texas, particularly under the Act, the Interlocal Cooperation Act, and the Texas Water Code, to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract.

(b) The Authority will finance all Costs of the Project not provided by the District and any grant secured for the construction of the Project.

SECTION 2.03: Construction. The Operator agrees to assume responsibility for the construction of the Project and the Authority will enter into such contracts as are necessary to construct the Project. To this end, the Authority and the District agree that:

(a) Unless otherwise agreed by the parties, NTMWD will be responsible for the preparation of final plans and specifications for the Project.

(b) Final plans and specifications for the Project shall be subject to the approval of the Authority, the District, and NTMWD.

(c) All construction contracts shall be let and awarded pursuant to the laws applicable to the Authority.

(d) The Authority shall let and award all construction contracts, subject to the approval of each contract by the District and NTMWD.

(e) The Authority shall deposit from the proceeds from the sale of its Bonds in a special Construction Fund to be created and established by the Bond Resolution(s), an amount of money which shall be specified in said Bond Resolution(s). The Authority shall draw on and use said Construction Fund to pay the cost of acquiring, constructing, improving, extending, enlarging and repairing the Project.

(f) Unless otherwise agreed by the parties, the District shall be responsible for the acquisition of all land, rights-of-way, property rights, easements and interest required to provide the Project, subject to the approval of the District and the Authority.

ARTICLE III FISCAL MATTERS

SECTION 3.01: **Payment for Service.** The Authority will provide from the proceeds received through the issuance and sale of its Bonds such funds as are necessary, when coupled with any funds or property provided by the District and any grant received, for the purpose of providing all or part of the Project. In consideration for the Authority's obligation hereunder, the District recognizes and agrees that the Authority will acquire an undivided interest in the Project equivalent to the percentage of the total cost of the Project provided by the Authority through the issuance and sale of its Bonds. It is further agreed that the District's obligations to make any and all payments specified in this Article and the ownership interest of the Authority in the Project will terminate when all of the Authority's Bonds issued in connection with the Project have been paid in full and retired and are no longer outstanding, ownership of the Project shall automatically transfer to and fully vest in NTMWD. It is further understood and agreed that the Authority's only source of funds to pay the principal of and interest on its Bonds is from the payments to be made by the District to the Authority under this Contract, and the District agrees that it will make to the Authority the following payments:

(a) **Monthly amortization payment** — Such amounts, payable monthly on or before the 25th day of each month, in approximately equal installments, as are necessary to pay (i) the principal coming due on the Authority's Bonds on the next succeeding principal payment date; (ii) the interest coming due on the Authority's Bonds on the next succeeding interest payment date; and, (iii) the fees and charges of the Paying Agent(s) for paying or redeeming the Bonds and interest thereon coming due on each applicable date.

(b) **Reserve Fund Payment** — Such amount as is required to be paid into the Reserve Fund from the Revenue Fund (out of payments to be made by the District) under the Bond Resolution in order to establish, maintain or replenish the Reserve Fund for the security and payment of Bonds.

(c) **Administrative Payment** — An amount sufficient to pay the administrative and overhead expenses of the Authority, directly attributable and chargeable to the Bonds and the Project, including the cost of routine annual accounting reports and the costs of all continuing disclosure undertakings.

(d) **Extraordinary Expense Payment** — Such amounts, as are necessary to pay or reimburse the Authority for any extraordinary or unexpected expenses or costs reasonably and necessarily incurred by the Authority in connection with the Bonds and the Project, such as expenses of litigation, if any, and costs of special studies and special professional services, if and when required by any governmental directive or regulation or as may be agreed between the District and the Authority.

SECTION 3.02: **Time for Making of Payments.** The District agrees to make the payments required by Section 3.01 at the times hereafter specified:

(a) **Monthly Amortization Payments** — the District shall commence making monthly amortization payments at such time as any amount required by the Bond Resolution(s) to be deposited into an escrow account for the payment of interest on the Bonds during the Project construction period has been fully exhausted; provided that such payments shall commence in no event later than the earlier of (i) twelve months prior to the first principal payment date specified in the Bond Resolution(s), or (ii) six months prior to the first interest payment date for

which moneys are not set aside for the payment of the interest coming due on such date from the proceeds of the Bonds. Monthly amortization payments shall continue to be made throughout the term of the Contract and shall be adjusted by the District so as to provide for the accumulation of the full amount of debt service requirements (principal, interest and paying agent fees due on any given payment date) on or before the first day of the month such debt service requirements become due.

(b) Reserve Fund Payment — the District shall commence making these payments on the 25th day of the following month, as may be provided in the Bond Resolution, after the delivery of the initial series of Bonds issued to provide the Project, and upon the issuance of additional Bonds, shall increase the payments in accordance with the Resolution authorizing such additional Bonds.

(c) Administrative Payment — the District shall commence making the administrative payment on the 25th day of the month following the effective date of this Contract, and thereafter such payment shall be made on the 25th day of each month thereafter throughout the term of this Contract.

(d) Extraordinary Expense Payment — the District shall make any extraordinary expense payment immediately upon receipt of the statement therefor.

SECTION 3.03: Maintenance and Operation of the Project. It is agreed that NTMWD will be responsible for maintaining and operating the Project for the entire term of this Contract, and the District shall pay all costs and expenses incurred in regard to the maintenance and operation of the Project to NTMWD. The District will maintain in good condition any agreements with NTMWD for supply, maintenance, and operation of the Project.

SECTION 3.04: Insurance. The District specifically agrees to carry or require NTMWD to carry fire, casualty, public liability, or other insurance on the Project for purposes and in amounts which would ordinarily be carried by a state political subdivision owning and operating such facilities. Such insurance will provide, to the extent feasible and practicable, for the restoration of damages or destroyed properties and equipment so as to minimize the interruption of services of such facilities.

SECTION 3.05: Covenant of Timely Payment. The District covenants that it will timely make (i) the monthly amortization payments and (ii) the additional payments specified hereunder in accordance with the provisions of this Contract as the same shall become due and payable, irrespective of whether service of the Project has been abandoned or discontinued, or if the Project has been rendered wholly or partially unusable by reason of "force majeure". The District recognizes the fact that the Authority will use the payment received from the District hereunder to pay, secure and finance the issuance of the Bonds, and the holders of the Bonds shall be entitled to rely upon the foregoing covenant of payment regardless of any other agreement that may exist between the Authority and the District.

SECTION 3.06: Late Payment Penalty. Should the District fail to make any payment at the time herein specified, interest on such amounts shall accrue at the rate of ten percent (10%) per annum from the date such payment becomes due until paid in full with interest as herein specified. In the event such payment is not made within sixty (60) days from the date such payment becomes due, the Authority may institute a proceeding for a mandatory injunction requiring the payment of the amount due and interest thereon, such action to be instituted in a court of competent jurisdiction.

SECTION 3.07: Priority of Charges - District to Fix Adequate Rates.

(a) The District represents and covenants that all payments to be made by it hereunder shall constitute "operating expenses" of the District's Water System.

(b) The District further agrees to fix and collect such rates and charges for water and services to its customers as will make possible the prompt payment of all expenses of operating and maintaining its Water System, including all payments, obligations and indemnities contracted hereunder.

SECTION 3.08: Nature of Obligation of District. The payments required to be made by the District under the terms of this Contract shall be due and payable in any and all events regardless of whether there shall be, for any reason, a delay in the completion of all or any part of the Project and regardless of whether the Project shall have been wholly or partially destroyed or damaged. The agreements of the District shall be and are separate and independent covenants and the District shall have no rights of set off, recoupment, or counterclaim. The Authority shall never have the right to demand payment of any amounts due hereunder by the District out of funds raised or to be raised by taxation. Any obligations assumed or imposed on either party hereto shall never be construed to be a debt of such party of a kind that would require it to levy and collect taxes to discharge any such obligation, it being expressly understood by the parties hereto that the funds required for all payments due from the District pursuant to this Contract are to be collected from the sources referenced herein, and from no other source.

ARTICLE IV
MISCELLANEOUS PROVISIONS

SECTION 4.01: Contract Term. The obligation of the District to promptly make all prescribed payments shall commence with the effective date of this Contract and continue for the period during which the Bonds are outstanding and unpaid.

SECTION 4.02: Useful Life of Project. The District and Authority agree and mutually find that the anticipated useful life of the Project equals or exceeds the period specified in the Bond Resolution(s) for the maturity of all Bonds authorized to be issued.

SECTION 4.03: Abandonment of Use of Project.

The abandonment of the use of the Project shall have no effect upon the obligations of the District to the Authority provided for by this Contract and all payments provided for by this Contract shall remain obligations of the District of the same nature as provided for by this Contract.

SECTION 4.04: Modification of Provisions. This Contract may be changed and modified only with the consent of the governing bodies of the Authority and the District. Such modification may be requested by either party, in which event a joint meeting of the governing bodies or of their duly authorized and appointed representative shall be held not less than thirty (30) days after the giving of such notice. At such joint meeting, the suggested changes or modifications shall be considered, discussed and settled. No such change or modification may be made which will affect adversely the payment when due of all moneys required to be paid by the District under the terms of this Contract and no such change will be effective which affects adversely or causes a violation of any covenants contained in the Bond Resolution(s).

If for any reason the District may desire the construction of additional facilities over and above those now contemplated, and provided the same are within the legal and economic capabilities of the Authority, provision therefor shall be made by means of a supplement hereto, the terms of which are to be negotiated between the District and the Authority.

SECTION 4.05: Regulatory Provisions. This Contract shall be subject to all valid rules, regulations and laws applicable thereto, as promulgated by the United States of America, the State of Texas, or any other governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

SECTION 4.06: Taxes. In the event any sales or use taxes, or taxes of any nature, are hereafter imposed upon the Project or the Authority on account of the acquisition, existence, ownership, operation and maintenance of the Project, the amount of such taxes shall be treated as operating expenses of the Project.

SECTION 4.07: Notices. Any notice, request, demand, statement or bill provided for in this Contract shall be in writing and shall be considered to have been fully delivered when sent by registered mail, addressed as follows:

To the Authority: 5100 Airport Drive
Denison, Texas 75020
Attention: President, Board of Directors

To the District: 12731 FM 429
Terrell, Texas 75161
Attention: General Manager

as the case may be, except that routine communications may be sent by ordinary mail and except that either party, by the filing of an appropriate written notice to the other, may specify some other individual to whom communications thereafter are to be addressed.

SECTION 4.08: Covenant to Enforce Contractual Obligations. The Authority covenants that it will enforce the obligations of the District hereunder as may be required to accomplish the purpose of this Contract. Either party may enforce any obligations hereunder owed to it by the other party.

SECTION 4.09: Consequences of District Default. The Authority and the District agree that in the event of default or threatened default, in the payment of principal of or interest on the Bonds, any court of competent jurisdiction upon petition of the holders of twenty-five percent (25%) of the principal amount of the then outstanding Bonds of the Authority shall appoint a receiver with authority to collect and receive all resources pledged to the payment of the Bonds, enforce all rights arising from default, if any, by the District in making payment under this Contract, and take charge of the pledged funds on hand and manage the proprietary affairs of the Authority insofar as such affairs relate to the Project. The court may further vest the receiver with such powers and duties as the court may find necessary for the protection of the holders of the Bonds.

SECTION 4.10: Further Agreements of the Parties. The parties hereto specifically recognize that to the extent the District has heretofore issued, sold and delivered revenue bonds that were and are payable from and secured by a lien on and pledge of the net revenues of its

Water System, and to the extent such bonds so issued and delivered are outstanding, the District has disclosed to the Authority the existence and terms of all such bonds.

Additionally, the District represents to the Authority that:

- (a) There is no provision in any resolution or order of the District which prohibits the District from entering into and executing this Contract.
- (b) The execution of this Contract and the operation thereunder will not in any way impair the obligation of contract by and between the District and any other person. The Project is in furtherance of governmental policy, not inconsistent with the existing contractual obligations of the District.

SECTION 4.11: Control of Project. The parties hereto recognize and it is specifically agreed that after completion of the Project and during the term of this Contract, NTMWD will operate the Project and the District will enter into any necessary agreements with NTMWD for the supply, maintenance, and operations of the Project.

Except as specified in this Article, the abandonment of the use of all or part of such Project has no effect upon the obligations of the parties.

SECTION 4.12: Force Majeure.

(a) If for any reason of "force majeure" either of the parties hereto shall be rendered unable wholly or in part to carry out its obligation under this Contract, other than the obligation of District to make the payments required under the terms of Section 3.01 hereof, then if such party shall give notice and full particulars of such reasons in writing to the other party within a reasonable time after the occurrence of the event, or cause relied upon, the obligation of the party giving such notice, so far as it is affected by such "force majeure" shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such parties shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lock-outs, or other industrial disturbances, acts of a public enemy, orders or actions of any kind of the Government of the United States of America or of the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakages or accident to dams, machinery, partial or entire failure of water supply and inability on the part of the Authority to deliver water hereunder or to provide sewage treatment or of the District to receive water or to deliver sewage treatment, on account of any other cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lock-outs shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch, shall not require the settlement of strikes and lock-outs by acceding to the demands of the opposing parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. No failure of Authority to meet any obligation by reason for force majeure shall relieve the District from its obligations to make the payments required under the terms of Section 3.01 hereof.

(b) No damage shall be recoverable from Authority by reason of the suspension of the operation of the Project due to any of the causes above mentioned. If Operator's ability to operate the Project is affected by any of such causes, the Operator shall promptly notify the

other party in writing giving the particulars as soon as possible after the occurrence of the cause or causes for such interruption.

(c) It is expressly recognized by District that the Operator may be compelled to make necessary alterations, repairs or extensions of new or additional facilities from time to time during the life of this Contract, and any suspensions of the operation of the Project due to such operation shall not be cause for claim of damage on part of the Operator provided all reasonable effort is used by the Operator to provide District with the service afforded by the Project in accordance with this Contract. In such case, the Operator shall give the other party as much advance notice as may be practicable of the suspension of operation and of the estimated duration thereof.

SECTION 4.13: Easements. The District agrees that the Authority will not be responsible to obtain any easements, right of way or property and NTMWD will obtain any easements, right of way or property for the Project.

SECTION 4.14: Bond Approval by the District.

(a) Prior to the issuance and delivery of any Bonds the governing body of the District shall approve the issuance thereof by the Authority and the facilities to be constructed or acquired by the Authority.

(b) The District and the Authority agree that the holders of the Bonds, and each party deemed a holder of a Bond by virtue of subrogation to the rights of the holders of the Bonds or otherwise, shall be express third-party beneficiaries of this Contract and shall have all available remedies pertaining to enforcement of this Contract.

SECTION 4.15: Severability. The parties hereto agree that if any of the provisions of this Contract contravene or be held invalid under the laws of the State, same shall not invalidate the whole Contract, but it shall be construed as though not containing that particular provision, and the rights and obligations of the parties shall be construed and in force accordingly.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

COLLEGE MOUND SPECIAL UTILITY DISTRICT

(District Seal)

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

AGENDA ITEM XVII



GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION

DATE: August 14, 2025

SUBJECT: AGENDA ITEM NO. XVII

PREPARED BY: Stacy Patrick, Project Manager

SUBMITTED BY: Paul M. Sigle, General Manager

CONSIDER ALL MATTERS INCIDENT AND RELATED TO THE GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2025 (GASTONIA-SCURRY SPECIAL UTILITY DISTRICT PROJECT), INCLUDING THE ADOPTION OF A RESOLUTION APPROVING THE EXECUTION OF A CONTRACT OF INDEMNIFICATION WITH THE GASTONIA-SCURRY SPECIAL UTILITY DISTRICT AND APPROVING THE EXECUTION OF A FINANCING AGREEMENT WITH THE TEXAS WATER DEVELOPMENT BOARD IN CONNECTION THEREWITH.

ISSUE

Consider and act upon authorization to execute a Financing Agreement with Texas Water Development Board ("TWDB") and a Contract of Indemnification with the Gastonia Scurry SUD.

BACKGROUND

The Gastonia Scurry SUD in conjunction with three other entities, requested the Authority's assistance with obtaining funding from the Texas Water Development Board ("TWDB") for a NTMWD South Transmission Pipeline project. The project will construct approximately 37,000 LF of 42" pipeline from the existing NTMWD Tawakoni 42" line to the existing Kaufman 20" line near the College Mound SUD delivery point. This will add a second take point for Gastonia Scurry SUD to provide water for current rising demands and address future concerns. Gastonia Scurry SUD will be responsible for 25 percent of the overall project budget.

On April 10, 2025, the TWDB met and approved an invitation for the Authority to apply for funding through the TWDB's State Water Implementation Fund for Texas (SWIFT"). The Authority has applied for SWIFT funding following Board approval on July 24, 2025. The total amount of funds sought through the SWIFT program are \$10,800,000.

CONSIDERATIONS

The TWDB requires Financing Agreements for their SWIFT Program. These agreements commit us to the funding prior to the TWDB going to market to fund the entire SWIFT program. If we do not end up pursuing the funding, then there are liquidated damage clauses that kick-in and require a penalty payment. The TWDB does not want to issue debt for entities that are not planning to borrow it.

Kristen Savant, Bond Counsel, has drafted a Contract of Indemnification to accompany the Financing Agreement. The Contract of Indemnification would be to execute between Gastonia Scurry SUD and GTUA. The primary goal of that contract is to make the SUD liable for liquidated damages should they decide not to go forward with the Bonds.



GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION

PAGE 2

STAFF RECOMMENDATIONS

The Authority Staff recommends that the Board authorize the execution of the Contract of Indemnification. In addition, the staff recommends authorization to execute the Financing Agreement contingent upon the Gastonia Scurry SUD's approval and executing the Contract of Indemnification.

ATTACHMENTS

TWDB Financing Agreement
Contract of Indemnification

A RESOLUTION by the Board of Directors of the Greater Texoma Utility Authority approving and authorizing the execution of a "Contract of Indemnification" with the Gastonia-Scurry Special Utility District in connection with the issuance of contract revenue bonds on behalf of the District; approving and authorizing the execution of a Financing Agreement with the Texas Water Development Board; and resolving other matters incident and related thereto.

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2025 (Gastonia-Scurry Special Utility District Project)" (the "Bonds") for the purpose of financing water system projects on behalf of the Gastonia-Scurry Special Utility District (the "District") (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing Water Financial Assistance Bonds (the "TWDB Bonds") solely for the purpose of funding the TWDB commitment, and, as a condition to the TWDB commitment, the Authority is required to execute a Financing Agreement prepared by the TWDB; and

WHEREAS, Section 4 of the Financing Agreement sets forth provisions relating to penalties and costs should the Authority fail to deliver the Bonds by December 12, 2025; and

WHEREAS, the Board of Directors hereby finds and determines that such penalties and costs referenced in Section 4 of the Financing Agreement should be the responsibility of the District and not the Authority since the Authority is issuing the Bonds on behalf of the District; and

WHEREAS, the Board of Directors hereby finds and determines that the Contract of Indemnification with the District substantially in the form and content attached hereto as Exhibit A and the Financing Agreement with the TWDB substantially in the form and content attached hereto as Exhibit B should be approved and authorized to be executed as hereinafter provided; now, therefore

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

SECTION 1. The Contract of Indemnification by and between the Authority and the District substantially in the form and content attached hereto as **Exhibit A** and incorporated herein for all purposes, together with such changes or revisions as the General Manager deems necessary to carry out the purpose thereof, is hereby approved for and on behalf of the Authority. The General Manager of the Authority is hereby authorized and directed to execute such contract for and on behalf of the Authority and as its act and deed, and such contract as executed by the General Manager shall be deemed approved by the Board of Directors and constitute the Contract of Indemnification herein approved.

SECTION 2. The Financing Agreement by and between the Authority and the TWDB, substantially in the form and content attached hereto as **Exhibit B** and incorporated herein for all purposes, together with such changes or revisions as the General Manager deems necessary to carry out the purpose thereof, is hereby approved for and on behalf of the Authority subject to the approval thereof by the Board of Directors of the District. Following the

approval of the Contract of Indemnification by the District, the Financing Agreement is hereby authorized to be executed by the General Manager for and on behalf of the Authority and as the act and deed of this Board of Directors, and such agreement as executed by the General Manager shall be deemed approved by the Board of Directors and constitute the Financing Agreement herein approved.

SECTION 3. This Resolution shall take effect and be in force from and after its passage.

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PASSED AND APPROVED, this August 18, 2025.

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(Authority Seal)

EXHIBIT A

CONTRACT OF INDEMNIFICATION

CONTRACT OF INDEMNIFICATION

THIS CONTRACT ("Contract") is made and entered into as of _____, 2025, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the GASTONIA-SCURRY SPECIAL UTILITY DISTRICT (hereinafter referred to as the "District"), duly created and existing under the laws of the State of Texas:

RECITALS

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2025 (Gastonia-Scurry Special Utility District Project)" (the "GTUA Bonds") for the purpose of financing water system projects on behalf of the District (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing its Water Financial Assistance Bonds (the "TWDB Bonds") solely for the purpose of funding the TWDB commitment; and,

WHEREAS, as a condition to the TWDB commitment, the Authority is required to execute a Financing Agreement prepared by the TWDB (a form of such Financing Agreement being attached hereto as Exhibit A); and

WHEREAS, the Financing Agreement, specifically Section 4, sets forth provisions relating to penalties and costs should the Authority fail to deliver the GTUA Bonds by December 12, 2025; and

WHEREAS, SINCE THE AUTHORITY IS ISSUING THE BONDS AND ENTERING INTO FINANCING AGREEMENT ON BEHALF OF, AND FOR THE BENEFIT OF, THE DISTRICT, THE DISTRICT AGREES THAT ANY COSTS OR PENALTIES IMPOSED BY THE TWDB AGAINST THE AUTHORITY PURSUANT TO THE FINANCING AGREEMENT SHALL BE THE SOLE RESPONSIBILITY OF THE DISTRICT AND NOT THE AUTHORITY;

WHEREAS, the Authority and the District, acting through their duly constituted governing bodies have mutually agreed upon the terms and conditions of this Contract; now, therefore

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

Section 1. **THE DISTRICT AND THE AUTHORITY HEREBY AGREE THAT ANY AND ALL COSTS, PENALTIES, TERMINATION PAYMENTS OR OTHER AMOUNTS OWED BY THE AUTHORITY TO THE TWDB PURSUANT TO THE FINANCING AGREEMENT, SPECIFICALLY SECTION 4 OF THE FINANCING AGREEMENT, SHALL BE PAID BY THE DISTRICT TO THE AUTHORITY TO INDEMNIFY THE AUTHORITY FOR SUCH COSTS, PENALTIES, TERMINATION PAYMENT OR OTHER AMOUNTS OWED, NOTWITHSTANDING ANY NEGLIGENCE ON THE PART OF AUTHORITY. SUCH PAYMENT SHALL BE MADE BY THE DISTRICT TO THE AUTHORITY NO LATER THAN MARCH 1, 2026. THE AUTHORITY SHALL HAVE NO RESPONSIBILITY WITH RESPECT TO SUCH AMOUNTS OWED PURSUANT TO THE FINANCING AGREEMENT AND THE**

DISTRICT SHALL HOLD HARMLESS THE AUTHORITY FOR ANY SUCH COSTS, PENALTIES, TERMINATION PAYMENTS OR ANY OTHER AMOUNTS OWED TO THE TWDB PURSUANT TO THE FINANCING AGREEMENT. The District will not be liable for any failure due to force majeure pursuant to section 12 of the Financing Agreement.

Section 2. The Authority agrees to timely comply with the requirements of the TWDB set forth in Section 5 of the Financing Agreement.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By: _____
General Manager

GASTONIA-SCURRY SPECIAL UTILITY
DISTRICT

(District Seal)

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

EXHIBIT A
FINANCING AGREEMENT

EXHIBIT B

FINANCING AGREEMENT



FINANCING AGREEMENT

This FINANCING AGREEMENT (Agreement) is entered into between the TEXAS WATER DEVELOPMENT BOARD (TWDB), and the GREATER TEXOMA UTILITY AUTHORITY (Authority). The TWDB and the Authority may be referred to as the "Party or the Parties" in this Agreement.

RECITALS

WHEREAS, the TWDB adopted Resolution 25-104 (Attachment A referred to as the Resolution) on July 24, 2025, making a commitment to the Authority for financial assistance in a total amount of \$43,200,000 (TWDB Commitment) from the Financial Assistance Account of the Development Fund II (DFund II) administered by the TWDB; and

WHEREAS, through this Agreement, the Authority intends to sell to the TWDB the Authority's \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Gastonia-Scurry Special Utility District Project) (Authority Bonds) for the TWDB's financial assistance from DFund II, as further described in Attachment B; and

WHEREAS, DFund II is funded, in part, with proceeds of the expected issuance of TWDB's Water Financial Assistance Bonds (TWDB Bonds) authorized under Texas Water Code § 17.959 and Texas Constitution, Article III, Sections 49-d-8, 49-d-9, 49-d-11, and money received as repayment of financial assistance provided from DFund II which is used to pay the principal and interest on such TWDB Bonds; and

WHEREAS, the Resolution provides that funding the TWDB Commitment is contingent on a future sale of TWDB Bonds or on the availability of funds on hand; and

WHEREAS, the TWDB intends to provide financial assistance from DFund II to the Authority with proceeds of TWDB Bonds; and

WHEREAS, the TWDB and the Authority desire to enter into this Agreement to set forth the obligations of the Parties with respect to the TWDB providing financial assistance to the Authority.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants contained in this Agreement, the TWDB and the Authority agree as follows:

AGREEMENT

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.

SECTION 1. MUTUAL COMMITMENT. As further described in the Resolution, the TWDB committed to the Authority and the Authority hereby commits to borrow from the TWDB an amount not to exceed \$10,800,000 from DFund II to be evidenced by the issuance and delivery of Authority Bonds to the TWDB consistent with the terms and conditions described in this Agreement, Attachment A and Attachment B.

SECTION 2. TRANSACTION SCHEDULE AND EARLY REDEMPTION. By execution of this Agreement, the Authority acknowledges and represents that it has a current need for financial assistance from the TWDB and will take all necessary steps to issue and deliver the Authority Bonds to evidence the TWDB Commitment described in Section 1.

To confirm the terms of the Authority Bonds, the Authority must execute this Agreement. The foregoing notwithstanding, the TWDB consents to early redemption, or prepayment, of the Authority Bonds, as provided for in this Agreement and the accompanying TWDB Resolution attached as Attachment A. The Authority Bonds may be prepaid by the Authority on any date beginning on or after the first scheduled interest payment date that occurs no earlier than 10 years from the dated date of the Authority Bonds.

To mutually assure the performance of the Parties under this Agreement, the Parties agree that the issuance and delivery of the DFund II Bonds and the issuance and delivery of the Authority's Bonds to TWDB must occur not more than sixty-four (64) days apart as reflected in Attachment C. Failure by the Authority to issue and deliver to the TWDB the Authority's Bonds will result in the Authority being liable to the TWDB for the stipulated damages agreed to by the Parties in Section 3 of this Agreement.

SECTION 3. BINDING COMMITMENT. The TWDB agrees to take all necessary steps to issue the DFund II Bonds for the purposes described in this Agreement and in the Resolution upon receipt of this Agreement, which shall be signed and delivered by the Authority to the Executive Administrator of the TWDB at least seventeen (17) days before the initiation of the pricing of the DFund II Bonds, as set forth in Attachment C. The Authority acknowledges that the schedule provided in Attachment C is a best estimate by the TWDB and is subject to change by the TWDB. The TWDB expressly reserves the right to modify Attachment C at any time and shall provide the Authority with an updated Attachment C as soon as practicable upon any modification; provided that, if such modification of Attachment C occurs before the initiation of pricing of the DFund II Bonds and such modification results in an earlier scheduled pricing date, no such modification of Attachment C may result in the Authority having fewer than five (5) days between the receipt of the modified schedule and the TWDB posting the Preliminary Official Statement for the DFund II Bonds.

SECTION 4. BREACH OF AGREEMENT, LIQUIDATED DAMAGES.

A. The Parties agree that the Authority may terminate this Agreement in writing with *Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.*

no penalty at any time up to fourteen (14) days before the initiation of the pricing of the DFund II Bonds, as set forth in Attachment C.

- B. The Authority understands and agrees that the Authority may terminate this Agreement in writing between thirteen (13) days and six (6) days prior to the initiation of the pricing of the DFund II Bonds (currently estimated to occur on September 25, 2025) as set forth in Attachment C, provided the Authority agrees to reimburse the TWDB from lawfully available funds of the Authority for its proportional share of transaction costs incurred by the TWDB, such as, but not limited to, any fees or costs related to any rating agency, financial advisor, legal counsel, or other similar party or related costs pertaining to the DFund II Bonds in an amount not to exceed \$12,947.00 (Transaction Cost Payment). The Authority shall be obligated to pay such costs to the TWDB no later than March 4, 2026.
- C. The Authority understands and agrees that the Authority may terminate this Agreement in writing within five (5) days prior to the initiation of the pricing of the DFund II Bonds as set forth in Attachment C and no later than 9:00 am Central Standard Time on the day before the TWDB Bond Pricing, provided the Authority agrees to pay to the TWDB from lawfully available funds 1.0 percent of the amount of the commitment authorized in Section 1 of this Agreement (Pre-pricing Termination Payment), and additionally shall reimburse the TWDB from lawfully available funds of the Authority its Transaction Cost Payment. The Authority shall be obligated to pay such costs to the TWDB no later than March 4, 2026. The Authority understands and agrees that termination under this section will result in a total penalty amount of \$120,947.00.
- D. The Authority understands and agrees that TWDB would suffer and incur severe and irreparable damages if the Authority Bonds are not issued and delivered. Failure to issue the Authority Bonds by the date specified in Attachment C, as contemplated in this Agreement, shall be a breach of this Agreement and the Authority shall pay, from lawfully available funds of the Authority, a "Post-pricing Termination Payment" to the TWDB. The Post-pricing Termination Payment shall be an amount equal to 5.0 percent of the amount of the commitment authorized in Section 1 of this Agreement. The Authority shall pay the Post-pricing Termination Payment to the TWDB no later than March 4, 2026. The Authority shall also reimburse the TWDB from lawfully available funds of the Authority, its Transaction Cost Payment, plus the Authority's proportional share of the underwriters' discount incurred by the TWDB, no later than March 4, 2026. The Authority understands and agrees that failure by the Authority to issue the Authority Bonds by the date specified in Attachment C, will result in a total penalty amount pursuant to this section not to exceed \$604,708.00.

SECTION 5. AMORTIZATION STRUCTURE. The Authority shall provide the TWDB a maturity schedule in the form set forth in Attachment B at the time of execution of this Agreement. A final amortization structure will be required at least fourteen (14) days

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein is subject to change upon further review of the TWDB.

before the initiation of pricing of the DFund II Bonds in accordance with the provisions of this Agreement. The par amount included in Attachment B may be revised, subject to approval by the Executive Administrator of the TWDB, at any time up to the fourteenth (14) day before the initiation of pricing of the DFund II Bonds with no penalty.

The final amortization schedule adopted by the Authority as included in the Authority's Private Placement Memorandum and Bond Resolution must reflect the final amortization structure set forth in Attachment B. The Authority must provide the TWDB a final amortization schedule at least seven (7) days prior to adoption of Authority's Bond Resolution. To the extent the amortization schedule included in Attachment B does not match the amortization schedule included in the finally adopted bonds, the Authority will be subject to the penalty described above in Section 4D.

SECTION 6. CONTINGENCIES AND TERMINATION.

- A. The Parties agree that the TWDB's obligation to purchase the Authority's Bonds with the DFund II is contingent upon the TWDB receiving all legally required approvals for the issuance of the DFund II Bonds from the Legislative Budget Board, the Bond Review Board, and the Texas Attorney General. The TWDB's obligation to purchase the Authority's Bonds with the DFund II is also contingent upon the purchase and delivery of the DFund II Bond proceeds by the underwriters pursuant to the Bond Purchase Agreement relating to the DFund II Bonds.

Accordingly, if any contingency described in the preceding paragraph above is unmet, the TWDB, upon delivery of written notice thereof to the Authority, may extend or terminate this Agreement together with all of its obligations and duties without incurring any cost, fee, or penalty for either the TWDB or the Authority.

- B. The Parties agree that the Authority's obligation to issue and deliver the Authority Bonds is contingent upon approval by the Texas Attorney General of the Authority Bonds. The Authority agrees to use its best efforts to obtain approval by the Texas Attorney General of the Authority Bonds to satisfy the closing requirements set forth in Section 2 of this Agreement. To this end, the Authority agrees as follows:
- (1) Authority shall timely file the transcript of proceedings for the Authority Bonds with the Texas Attorney General in accordance with the schedule contained in Attachment C;
 - (2) Authority shall comply with the requirements and conditions contained in the Resolution;
 - (3) Authority shall provide the TWDB with a copy of the preliminary approval letter from the Texas Attorney General promptly upon receipt;

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(4) Authority shall provide the TWDB with a copy of its responses to the preliminary approval letter concurrently with the submission of such responses to the Texas Attorney General; and

(5) Authority shall allow TWDB to brief the Texas Attorney General on any issues noted in the preliminary approval letter and initiate or participate in conferences with the Texas Attorney General related to the approval of the Authority Bonds.

Accordingly, if, after the Authority employs its best efforts to obtain approval by the Texas Attorney General and such approval cannot be obtained by the date specified in Attachment C, the TWDB, as a matter of law, at its sole discretion, may terminate this Agreement and upon termination the Authority shall pay, from any of its lawfully available funds, the Post-pricing Termination Payment no later than March 4, 2026, as provided in Section 4D. The Authority shall also reimburse the TWDB from lawfully available funds of the Authority its Transaction Cost Payment plus the Authority's proportional share of the underwriters' discount no later than March 4, 2026. The Authority understands and agrees that if the Authority does not obtain approval from the Texas Attorney General and issue its Authority Bonds by the date specified in Attachment C, it will be subject to a total penalty amount pursuant to this section not to exceed \$604,708.00.

SECTION 7. REDEMPTION OF OUTSTANDING DEBT. Proceeds of the Authority Bonds shall not be used, in whole or in part, to redeem outstanding bonds, commercial paper, or other obligations issued by the Authority. The Authority agrees that it will not take or fail to take any action that will cause the DFund II Bonds to be considered to be advance refunding bonds under Section 149(d) of the Internal Revenue Code of 1986, as amended.

SECTION 8. NOTICES. All notices, agreements or other communications required by this Agreement will be given, and will be deemed given, when delivered in writing to the address, facsimile, or email of the identified Party or Parties set forth below:

<p>Texas Water Development Board Development Fund Manager P.O. Box 13231 Austin, Texas 78711-3231 Telephone (512) 475-4584 Facsimile (512) 475-2053 Finance-Debt-Management@twdb.texas.gov</p>	<p>Greater Texoma Utility Authority Attn: General Manager 5100 Airport Drive Denison, Texas 75020 Telephone: (903) 786-4433 E-mail: paul@gtua.org</p>
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SECTION 9. SEVERABILITY. In the event any provision of this Agreement is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate, render unenforceable or otherwise affect any other provisions.

SECTION 10. AMENDMENTS, SUPPLEMENTS AND MODIFICATIONS. This Agreement may be amended, supplemented, or modified only in a writing executed by duly authorized
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representatives of the Parties.

SECTION 11. APPLICABLE LAW. This Agreement and any amendments will be governed by and construed in accordance with the laws of the State of Texas.

SECTION 12. STATE AUDIT. By executing this Agreement, the Authority accepts the Authority of the Texas State Auditor's Office to conduct audits and investigations in connection with all state funds received pursuant to this Agreement. The Authority must comply with any directive from the Texas State Auditor and will cooperate in any such investigation or audit. The Authority agrees to provide the Texas State Auditor with access to any information the Texas State Auditor considers relevant to the investigation or audit. The Authority also agrees to include a provision in any contract or subcontract related to this Agreement that requires the contractor and the subcontractor to submit to audits and investigations by the Texas State Auditor's Office in connection with any state funds received pursuant to the contract or subcontract.

SECTION 13. FORCE MAJEURE. Either Party to this Agreement may be excused from performance under this contract for any period when performance is prevented as the result of an act of God, strike, war, civil disturbance, or epidemic, provided that the Party experiencing the event of Force Majeure has prudently and promptly acted to take any and all steps that are within the Party's control to ensure performance and to shorten the duration of the event of Force Majeure. The Party suffering an event of Force Majeure must provide notice of the event to the other Party as soon as practicable but not later than five business days after the event. Subject to this provision, such nonperformance will not be deemed a breach or a ground for termination.

SECTION 14. EFFECTIVE DATE. This Agreement is effective as of the date of the last signature below.

SECTION 15. BINDING AGREEMENT. The execution of this Agreement has been authorized by the governing boards of both Parties. The individuals executing this Agreement have the legal Authority to bind each respective Party to the terms and conditions of this Agreement. The respective commitments of the TWDB and the Authority set forth above is binding upon the TWDB and the Authority upon both Parties' execution of this Agreement.

[Remainder of Page Intentionally Left Blank]

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EXECUTED in multiple counterparts, each of which shall be deemed to be an original.

GREATER TEXOMA UTILITY AUTHORITY

By: _____

Name: Paul M. Sigle

Title: General Manager

Date: _____

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TEXAS WATER DEVELOPMENT BOARD

By: _____

Name: Bryan McMath

Title: Executive Administrator

Date: _____

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ATTACHMENT A

TWDB RESOLUTION NO. 25-104

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$43,200,000 TO GREATER TEXOMA UTILITY AUTHORITY
THROUGH THE PROPOSED PURCHASE IN ONE OR MORE SERIES OF
\$43,200,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS,
PROPOSED SERIES 2025**

(25-104)

Recitals:

The Greater Texoma Utility Authority (Authority), located in Grayson County, has filed an application for financial assistance in the amount of \$43,200,000 to finance the planning, acquisition, design, and construction of a water supply project identified as Project No. 51104 (Project).

The Authority qualifies for financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase in one or more series of \$43,200,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Obligations), together with all authorizing documents, all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff.

The Authority has offered a pledge of contract revenues as sufficient security for the repayment of the Obligations.

The commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 363.1307.

The interest rate subsidies as approved by the Board at its April 10, 2025 meeting, are based on assumptions necessary to generate an optimum debt service structure for the anticipated TWDB SWIFT bond issuance and are subject to modification as necessary to preserve and maintain the integrity of the SWIFT Program.

The Authority is a rural political subdivision as defined by the Texas Water Code § 15.992.

In accordance with Texas Water Code § 17.124, the TWDB has considered all matters required by law and in particular the following:

1. The needs of the area to be served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans.
2. And the availability of revenue to the Authority, from all sources, for the ultimate repayment of the cost of the water supply project, including interest.

Findings:

1. The application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M; or the requirements of Chapter 17, Subchapters D, E, and L, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A.
2. The Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a).
3. The public interest requires state assistance in the financing of this project, in accordance with Texas Water Code § 17.125(a)(1).
4. The Authority, a wholesale water supplier, and all other contracting parties have submitted and implemented water conservation plans in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1).
5. The Authority is a rural political subdivision as defined by the Texas Water Code § 15.992.
6. The Authority acknowledges its legal obligation to comply with any applicable requirements of federal law related to contracting with disadvantaged business enterprises and any applicable state law related to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

NOW THEREFORE, based on these findings, the TWDB commits to the following:

1. A commitment is made by the TWDB to the Greater Texoma Utility Authority for financial assistance in the amount of \$43,200,000 from the Financial Assistance Account of the Texas Water Development Fund II to be evidenced by the TWDB's proposed purchase of:
 - a. \$10,800,000 Proposed Series 2025 (Becker-Jiba Special Utility District Project), to expire on December 31, 2025;
 - b. \$10,800,000 Proposed Series 2025 (College Mound Special Utility District Project), to expire on December 31, 2025;
 - c. \$10,800,000 Proposed Series 2025 (Gastonia-Scurry Special Utility District Project), to expire on December 31, 2025; and
 - d. \$10,800,000 Proposed Taxable Series 2025 (North Kaufman Water Supply Corporation Project), to expire on December 31, 2025.

The commitment is subject to the following:

Standard Conditions:

1. This commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand as determined by the TWDB.

2. This commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Authority has complied with all of the requirements of the laws under which the Obligations were issued; that the Obligations were issued in conformance with the Constitution and laws of the State of Texas; and that the Obligations are valid and binding obligations of the Authority.
3. This commitment is contingent upon the Authority's continued compliance with all applicable laws, rules, policies, and guidance as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement.
4. This commitment is contingent upon the Authority executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting the executed agreement to the TWDB consistent with the terms and conditions described in it.
5. Interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator.
6. The Authority shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2) and shall require the paying agent/registrar to provide a copy of all receipts documenting debt service payments to the TWDB and to the TWDB's designated Trustee.

Required Obligation Conditions:

7. The Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date that is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption.
8. The Obligations must provide that the Authority will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
9. The Obligations must provide that the Authority must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.
10. The Obligations must contain a provision requiring the Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
11. The Obligations must include a provision wherein the Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Authority's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by the

Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of SEC rule 15c2-12, the continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers the Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to the bonds under SEC Rule 15c2-12.

12. The Obligations must require the Authority to use any surplus financial assistance proceeds from the Obligations remaining after completion of the Project and completion of a final accounting in a manner approved by the Executive Administrator.
13. The Obligations must provide that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.
14. Financial assistance proceeds are public funds. Therefore, the Obligations must require that these proceeds be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.
15. Financial assistance proceeds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils or media at the Project site. The Obligations must provide that the Authority is solely responsible for liability resulting from acts or omissions of the Authority, its employees, contractors, or agents arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law.
16. The Obligations must require the Authority to report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312.
17. The Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry-only form in accordance with 31 TAC § 363.42(c)(1).
18. The Authority must abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G and Texas Water Code § 17.183.

19. The Authority must immediately notify TWDB in writing of any suit against it by the Attorney General of Texas under Texas Government Code § 2.103 and Texas Penal Code § 1.10(f), related to federal laws regulating firearms, firearm accessories, and firearm ammunition.
20. The Obligations must require the Authority to submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.
21. The Obligations must include a provision that, if the collateral or credit pledged by the Authority securing the Obligations is rated by a nationally-recognized statistical rating agency, the Authority, or other obligated person, will not discontinue the rating issued by a nationally-recognized statistical rating agency until the underlying Obligations are retired or no longer held by TWDB.

Tax-Exempt Conditions Applicable To The \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Becker-Jiba Special Utility District Project), \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (College Mound Special Utility District Project), and \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Gastonia-Scurry Special Utility District Project):

22. The Obligations must prohibit the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of section 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated under it (Regulations).
23. The Obligations must provide that no portion of the proceeds of the financial assistance will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of section 148(a) of the Code and Regulations, including to acquire or to replace funds that were used, directly or indirectly, to acquire Nonpurpose Investments, as defined in the Code and Regulations, that produce a yield materially higher than the yield on the TWDB's bonds issued to provide the financial assistance (Source Series Bonds), other than Nonpurpose Investments acquired with;
 - a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until the proceeds are needed for the facilities to be financed;
 - b. amounts invested in a bona fide debt service fund within the meaning of section 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent the amounts do not exceed the lesser of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations.

24. The Obligations must require the Authority to take all necessary steps to comply with the requirement that amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of section 148 of the Code. The Obligations must provide that the Authority will:
- a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures, and investments thereof) and retain all records of the accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its financial assistance with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of the Gross Proceeds and the obligations acquired with the Gross Proceeds;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financial assistance, not less frequently than each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Regulations, and the associated rulings. The Authority shall maintain a copy of the calculations for at least six years after the final Computation Date;
 - c. pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date as additional consideration for providing financial assistance and in order to induce providing financial assistance by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners of TWDB's Bonds for federal income tax purposes;
 - d. exercise reasonable diligence to ensure that no errors are made in the calculations required by paragraph (b) and, if an error is made, to discover and promptly correct the error within a reasonable amount of time, including payment to the United States of any interest and any penalty required by the Regulations.
25. The Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes.
26. The Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of section 149(b) of the Code.
27. The Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of the borrower's obligations in contravention of section 149(d) of the Code (related to "advance refundings").

28. The Obligations must provide that neither the Authority nor a party related to it will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB.

Pledge Conditions:

29. Upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review.
30. The Obligations must require the Authority to maintain and enforce the contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority's obligations arising from the operation of the water system.
31. The Obligations must provide that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations.
32. Before closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. The contracts must include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges, and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

Conditions To Close Or For Release Of Funds:

33. Before closing, if not previously provided with the application, the Authority shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel for the Project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator.
34. Before closing, when any portion of financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB.
35. Before closing, the Authority shall provide certification that the average weighted maturity of the Obligations purchased by the TWDB does not exceed 120% of the average reasonably expected economic life of the Project.
36. Before closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment

of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. The contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

37. Before closing, the Authority shall submit to the escrow agent a closing memo signed by the Executive Administrator.

Tax-exempt Conditions To Close Or For Release Of Funds Applicable To The \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Becker-Jiba Special Utility District Project), \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (College Mound Special Utility District Project), and \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2025 (Gastonia-Scurry Special Utility District Project):

38. Before closing, the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion.
39. Before closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion.
40. The transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure, and investment of the proceeds of the Obligations.
41. The transcript must include evidence that the information reporting requirements of section 149(e) of the Internal Revenue Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of section 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply.

Special Conditions:

42. Before the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of the Project that proposes surface water or groundwater development, the Executive Administrator must have either issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction.

43. Before the release of construction funds for that portion of a Project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the Authority has the right to use the water that the Project financed by the TWDB will provide.

APPROVED and ordered of record this the 24th day of July 2025.



TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney
L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: 7/24/25

ATTEST:

Bryan McMath
Bryan McMath, Executive Administrator

ATTACHMENT B

DESCRIPTION OF BORROWER BONDS

Title of Borrower Bonds: \$10,800,000 Greater Texoma Utility Authority Contract Revenue Bonds, Series 2025 (Gastonia Scurry Special Utility District Project)

Project Name: Greater Texoma Utility Authority South Transmission Pipeline Project

Project Number: 51104

Aggregate Principal Amount of Borrower Bonds: \$10,800,000

Anticipated Closing Date: 11/18/2025

Dated Date: 11/18/2025

First Principal Payment Date: 8/15/2026

First Interest Payment Date: 2/15/2026

Maturity Schedule:

Maturity		Principal Amount	
Maturity Date	Principal Payment	Maturity Date	Principal Payment
8/15/2026	\$320,000	8/15/2041	\$330,000
8/15/2027	\$215,000	8/15/2042	\$345,000
8/15/2028	\$220,000	8/15/2043	\$360,000
8/15/2029	\$225,000	8/15/2044	\$375,000
8/15/2030	\$230,000	8/15/2045	\$390,000
8/15/2031	\$235,000	8/15/2046	\$410,000
8/15/2032	\$240,000	8/15/2047	\$430,000
8/15/2033	\$250,000	8/15/2048	\$445,000
8/15/2034	\$255,000	8/15/2049	\$470,000
8/15/2035	\$265,000	8/15/2050	\$490,000
8/15/2036	\$275,000	8/15/2051	\$515,000
8/15/2037	\$285,000	8/15/2052	\$535,000
8/15/2038	\$295,000	8/15/2053	\$565,000
8/15/2039	\$305,000	8/15/2054	\$590,000
8/15/2040	\$320,000	8/15/2055	\$615,000

ATTACHMENT C
FINANCING SCHEDULE*

DATE	ACTION
07/24/2025	TWDB approval of commitments
09/1/2025	<i>Labor Day Holiday**</i>
09/5/2025	<i>Financing agreement – last day to execute (17 calendar days prior to initiation of pricing)</i>
09/8/2025	Financing agreement (Sec. 4A) - last day political subdivisions can terminate without penalty (14 calendar days prior to initiation of pricing)
09/8/2025	Financing agreement (Sec. 5) - last day political subdivisions can modify maturity schedule (14 calendar days prior to initiation of pricing)
09/16/2025	Financing agreement (Sec. 4B) - last day political subdivisions can terminate with costs of issuance (6 calendar days prior to initiation of pricing)
09/21/2025	Financing agreement (Sec. 4C) - before 9:00 a.m. CDT political subdivisions can terminate with costs of issuance and 1% penalty (1 calendar day prior to pricing).
09/22/2025	TWDB bond pricing initiation (pre-pricing begins)
09/24/2025	TWDB bond pricing
10/2/2025	TWDB approves interest rates available to political subdivisions
10/10/2025	TWDB bond closing (political subdivisions must close within 64 calendar days)
10/10/2025 to 12/12/2025	Closings on political subdivision obligations
10/13/2025	Columbus Day Holiday (TWDB open)**
Various	Political subdivisions adopt bond resolutions and/or master agreements
Various	Political subdivisions submit transcripts to Texas Attorney General in preparation of closing
11/11/2025	<i>Veteran's Day Holiday**</i>
11/27/2025	<i>Thanksgiving Holiday**</i>
11/28/2025	<i>Thanksgiving Holiday**</i>
12/12/2025	Last day to close on political subdivision obligations
12/15/2025	Financing agreement (Sec. 4D) - penalty applied to any political subdivision failing to issue debt Start of post - pricing termination payment period (includes costs of issuance, underwriters' discount and 5% penalty)
03/4/2026	Last due date for payment of penalties

**Preliminary, subject to change*

***State agency holidays are reflected to show when TWDB is closed; they are counted towards deadlines.*

AGENDA ITEM XVIII



GREATER TEXOMA UTILITY AUTHORITY

AGENDA COMMUNICATION

DATE: August 14, 2025

SUBJECT: AGENDA ITEM NO. XVIII

PREPARED BY: Stacy Patrick, Project Manager
AND SUBMITTED BY: Paul M. Sigle, General Manager

CONSIDER ALL MATTERS INCIDENT AND RELATED TO THE APPROVAL AND EXECUTION OF A WATER FACILITIES FUNDING AGREEMENT BY AND BETWEEN THE GREATER TEXOMA UTILITY AUTHORITY AND THE GASTONIA-SCURRY SPECIAL UTILITY DISTRICT IN CONNECTION WITH THE NORTH TEXAS MUNICIPAL WATER DISTRICT SOUTH TRANSMISSION PIPELINE PROJECT, INCLUDING THE ADOPTION OF A RESOLUTION PERTAINING THERETO.

ISSUE

Approval of the Water Facilities Funding Agreement with the Gastonia Scurry SUD.

BACKGROUND

The Gastonia Scurry SUD in conjunction with three other entities, requested the Authority's assistance with obtaining funding from the Texas Water Development Board ("TWDB") for a NTMWD South Transmission Pipeline project. The project will construct approximately 37,000 LF of 42" pipeline from the existing NTMWD Tawakoni 42" line to the existing Kaufman 20" line near the College Mound SUD delivery point. This will add a second take point for Gastonia Scurry SUD to provide water for current rising demands and address future concerns. Gastonia Scurry SUD will be responsible for 25 percent of the overall project budget.

On April 10, 2025, the TWDB met and approved an invitation for the Authority to apply for funding through the TWDB's State Water Implementation Fund for Texas (SWIFT"). The Authority has applied for SWIFT funding following Board approval on July 24, 2025. The total amount of funds sought through the SWIFT program are \$10,800,000.

STAFF RECOMMENDATIONS

The Authority Staff recommend the Board approve the Water Facilities Funding Agreement.

ATTACHED

Water Facilities Funding Agreement

A RESOLUTION by the Board of Directors of the Greater Texoma Utility Authority authorizing the execution and delivery of a "Water Facilities Funding Agreement" with the Gastonia-Scurry Special Utility District in connection with the North Texas Municipal Water District South Transmission Pipeline Project and resolving other matters incident and related to the execution and delivery of such Contract.

WHEREAS, negotiations have been conducted between the Greater Texoma Utility Authority (the "Authority") and the Gastonia-Scurry Special Utility District (the "District"), with respect to the execution of a water facilities funding agreement (the "Contract"), whereby the Authority will issue bonds for the purpose of providing funds for the construction of improvements to connect to the North Texas Municipal Water District's regional water system (the "NTMWD South Transmission Pipeline Project") to meet the current and future water needs of the District's Participating Customers (as defined in the Contract), including the District; and

WHEREAS, said contract has been prepared and submitted to this governing body for approval, and it has been determined by the Board of Directors of the Authority that such contract should be approved for the purpose of accomplishing the financing of the NTMWD South Transmission Pipeline Project; now, therefore,

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

SECTION 1. That the "Water Facilities Funding Agreement" by and between the Authority and the District in substantially the form attached hereto as **Exhibit A**, with such changes, additions, or amendments thereto as the General Manager determines to be necessary or proper to carry out the purpose and intent of the Board of Directors in authorizing the Contract, is hereby approved for an on behalf of the Authority. The President or Vice President are hereby authorized and directed to execute such Contract for and on behalf of the Authority and as the act and deed of this Board of Directors.

SECTION 2. This Resolution shall take effect and be in force from and after its passage.

PASSED AND APPROVED, this August 18, 2025.

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(Authority Seal)

EXHIBIT A

WATER FACILITIES FUNDING AGREEMENT

NORTH TEXAS MUNICIPAL WATER DISTRICT
SOUTH TRANSMISSION PIPELINE PROJECT

WATER FACILITIES FUNDING AGREEMENT

NORTH TEXAS MUNICIPAL WATER DISTRICT
SOUTH TRANSMISSION PIPELINE PROJECT

THIS CONTRACT ("Contract") is made and entered into as of _____, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the GASTONIA-SCURRY SPECIAL UTILITY DISTRICT, a Texas political subdivision (hereinafter referred to as the "District"), duly created and existing under the laws of the State of Texas.

W I T N E S S E I H:

WHEREAS, the North Texas Municipal Water District ("NTMWD") is a regional water provider that supplies treated water to its member cities and customer entities throughout North Texas; and

WHEREAS, NTMWD and the Participating Customers (as defined below) have entered into prior, current, and/or pending Potable Water Supply Contracts under which NTMWD provides treated water to the Participating Customers; and

WHEREAS, the Authority, acting pursuant to the Act, has issued or proposes to issue, or both, its bonds for the purposes of providing for the construction of improvements to connect to the NTMWD regional water system (referred to herein as the "NTMWD South Transmission Pipeline Project") to meet the current and future water needs of the NTMWD's Participating Customers, including the District; and

WHEREAS, the Participating Customers will each finance separately bonds for their equal share of the total costs associated with the NTMWD South Transmission Pipeline Project; and

WHEREAS, certain revenues to be received by the Authority from the District under this Contract are to be pledged to the payment and security of the bonds (the "Bonds" as defined below) to be issued by the Authority for the benefit of the District for the District's participation in the NTMWD South Transmission Pipeline Project and will constitute the basis for the Authority's credit in financing such facilities and issuing such Bonds; and

WHEREAS, the Authority and the District, acting through their duly constituted governing bodies pursuant to authority granted by Texas Government Code, Section 791.026, as amended, have mutually agreed upon the terms and conditions of this Contract; and

WHEREAS, the NTMWD is referenced herein for context and coordination purposes only and is not a party to this Agreement, nor shall any provision herein be construed to create any obligation or liability on the part of NTMWD; now, therefore,

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

ARTICLE I DEFINITIONS

SECTION 1.01: Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this Contract and any contract amendatory or supplemental to this Contract shall be construed or used and are intended to have meanings as follows:

- (a) "Authority" shall mean the Greater Texoma Utility Authority, or its successor.
- (b) "Board" and "Board of Directors" shall mean the Board of Directors of the Authority.
- (c) "Bond Resolution" shall mean any resolution of the Board of Directors authorizing the issuance of the Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted, where the proceeds from the sale of the Bonds will be used to discharge the cost of the Project.
- (d) "Bonds" shall mean any bonds payable from revenues to be received by the Authority from the District under this Contract and to be issued by the Authority for the purpose of providing funds to pay the necessary costs of the Project, whether in one or more series or issues, or any bonds issued to refund the same.
- (e) "Cost of the Project" shall mean all cost and expense incurred in connection with the acquisition, construction, improvements, enlargement, extension and repair of the Project, including, without limiting the generality of the foregoing, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest and administrative expenses expected to accrue during the period of construction, the funding of any reserve funds created by the Bond Resolution(s), cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, improving, enlarging, extending, or repairing the Project, and such other expense as may be necessary or incident to the acquisition, construction, improvement, enlargement, extension or repair of the Project and all legal fees, printing and other cost, fees and expenses necessary for or incident to the issuance of the Bonds.
- (f) "District" shall mean the Gastonia-Scurry Special Utility District.
- (g) "Engineer" shall mean a registered, professional engineer selected by NTMWD. The District and Authority agree that the Engineer may be a different firm on different aspects of the Project and that any Project will be acquired, constructed, improved, enlarged, extended and repaired in accordance with the plans and specifications prepared under the supervision of the Engineer. It is further agreed that an Engineer may be changed or added and the scope of duties adjusted by the NTMWD.
- (h) "Fiscal Year" shall mean the twelve month operating period (under this Contract) commencing October 1st of each year, provided such twelve month period may be changed one time in any three calendar year period by agreement of the Authority and the District (which agreement, if made, shall be attached hereto as an exhibit).

(i) "Maintenance and Operation Expense of the Project" shall mean the expense of maintenance and operation of the Project including all salaries, labor, materials, interest, repairs, and replacements necessary to render efficient service, or which might be necessary to meet some physical accident or condition which would otherwise impair the security of the Bonds. Such term shall not include depreciation.

(j) "NTMWD" shall mean North Texas Municipal Water District, a conservation and reclamation district created by and functioning under Chapter 62, Acts of 1951, 52nd Legislature, Regular Session, as amended, pursuant to Article 16, Section 59 of the Texas Constitution.

(k) "Operator" shall mean North Texas Municipal Water District, unless otherwise agreed by the parties.

(l) "Participating Customers" shall mean Gastonia-Scurry Special Utility District, Gastonia-Scurry Special Utility District, Gastonia-Scurry Special Utility District, and Becker-Jiba Special Utility District who are currently direct or indirect customers of North Texas Municipal Water Corporation.

(m) "Project" shall mean the 25% undivided interest in the NTMWD South Transmission Pipeline Project consisting of the construction of improvements to connect to NTMWD's regional water system including but not limited to storage and transmission facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the District under this Contract or obtained as grant funds, from any source, for the purpose of paying all or part of the Cost of the Project described in each resolution or order of the District, duly passed prior to or subsequent to the date of this Contract, authorizing the issuance of Bonds by the Authority to finance the Costs of the Project.

ARTICLE II REPRESENTATIONS AND AGREEMENTS

SECTION 2.01: The District's Representations and Agreements. In connection with its undertakings hereunder, the District represents to the Authority and agrees with the Authority as follows:

(a) In its capacity as a duly organized political subdivision of the State of Texas, it is empowered under applicable laws of Texas to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract.

(b) It will timely pay to the Authority the full amount it is required to pay under the provisions of this Contract for the Project pursuant to Sections 3.01 and 3.02 hereof.

(c) That it will plan, construct, maintain, operate and finance its own Water System and set retail rates to individual customers for water service adequate to pay all District obligations secured by and made payable from the revenues derived from the operation of the District's Water System (the "Water System").

(d) The District shall submit an independent annual audit of the District's fiscal accounts and records conducted by a person who is a certified public accountant or public accountant holding a permit from the Texas State Board of Public Accountancy within one hundred and eight (180) days after the close of the District's fiscal year.

(e) That it will cooperate with the Authority in the performance of the duties and responsibilities assigned to the Authority by this Contract.

(f) The District participation in the Project is in connection with the Participating Customers and the District will be responsible for an equal share of the NTMWD South Transmission Pipeline Project.

(g) The District agrees NTMWD will be responsible for planning, construction, maintaining, and operating the Project. The District will enter into any necessary agreements with NTMWD for the supply, maintenance, and operations of the Project.

(h) Release and Waiver of Liability and Indemnity.

1. The District fully understands and acknowledges that:

(i) There are certain risks associated with the Project, including but not limited to the risk of litigation with a contractor, supplier or other parties;

(ii) The damages which could result from these risks described above, could be in the form of litigation expenses and/or the cost to satisfy an adverse judgment;

(iii) These risks may be caused by the action, inaction or negligence or breach of contract of the participant or the action, inaction or negligence or breach of contract of others, including, but not limited to, the Releasee named below; and

(iv) There may be other risks not known to us or are not reasonably foreseeable at this time.

2. The District accepts and assumes all such risks and responsibility for such losses and/ or damages, however caused and whether caused in whole or in part by the breach of contract or negligence of the Releasee named below.

3. In consideration for Authority executing this contract, The District **RELEASES, WAIVES DISCHARGES AND COVENANTS NOT TO SUE** the Releasee named below, its Board of Directors, its officers, agents, or employees (hereinafter referred to as Releasee) from any and all **liability**, claims, demands, actions and causes of action whatsoever arising out of or related to any loss, damage, or injury, sustained by us, a contractor, supplier or other third party, whether caused by the **breach of contract or negligence** of Releasee or otherwise.

4. The District further agrees to **INDEMNIFY DEFEND AND HOLD HARMLESS** Releasee from any claim, loss, liability, damage or costs, including court costs and attorney fees, that it may incur due to any claims by us, contractors, supplier or third parties relating to the Project, whether caused by a **breach of contract or negligence** of Releasee or otherwise. The District further agrees that this Release, Waiver of Liability, Hold

Harmless and Indemnity Agreement shall be construed in accordance with the laws of the State of Texas.

5. THE DISTRICT HAS READ THIS RELEASE AND WAIVER OF LIABILITY, HOLD HARMLESS AND INDEMNITY AGREEMENT, FULLY UNDERSTANDS ITS TERMS, UNDERSTANDS THAT IT MAY HAVE GIVEN UP SUBSTANTIAL RIGHTS BY SIGNING IT, AND HAS SIGNED IT FREELY AND VOLUNTARILY WITHOUT ANY INDUCEMENT, ASSURANCE OR GUARANTEE BEING MADE TO US AND INTEND ITS SIGNATURE TO BE A COMPLETE AND UNCONDITIONAL RELEASE OF ALL LIABILITY TO THE GREATEST EXTENT ALLOWED BY LAW.

SECTION 2.02: Representations and Agreements of Authority. In connection with its undertakings hereunder, the Authority represents to the District and agrees with the District as follows:

(a) In its capacity as a conservation and reclamation district created by the Act, pursuant to Article XVI, Section 59 of the Texas Constitution, it is empowered under applicable laws of the State of Texas, particularly under the Act, the Interlocal Cooperation Act, and the Texas Water Code, to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract.

(b) The Authority will finance all Costs of the Project not provided by the District and any grant secured for the construction of the Project.

SECTION 2.03: Construction. The Operator agrees to assume responsibility for the construction of the Project and the Authority will enter into such contracts as are necessary to construct the Project. To this end, the Authority and the District agree that:

(a) Unless otherwise agreed by the parties, NTMWD will be responsible for the preparation of final plans and specifications for the Project.

(b) Final plans and specifications for the Project shall be subject to the approval of the Authority, the District, and NTMWD.

(c) All construction contracts shall be let and awarded pursuant to the laws applicable to the Authority.

(d) The Authority shall let and award all construction contracts, subject to the approval of each contract by the District and NTMWD.

(e) The Authority shall deposit from the proceeds from the sale of its Bonds in a special Construction Fund to be created and established by the Bond Resolution(s), an amount of money which shall be specified in said Bond Resolution(s). The Authority shall draw on and use said Construction Fund to pay the cost of acquiring, constructing, improving, extending, enlarging and repairing the Project.

(f) Unless otherwise agreed by the parties, the District shall be responsible for the acquisition of all land, rights-of-way, property rights, easements and interest required to provide the Project, subject to the approval of the District and the Authority.

ARTICLE III FISCAL MATTERS

SECTION 3.01: **Payment for Service.** The Authority will provide from the proceeds received through the issuance and sale of its Bonds such funds as are necessary, when coupled with any funds or property provided by the District and any grant received, for the purpose of providing all or part of the Project. In consideration for the Authority's obligation hereunder, the District recognizes and agrees that the Authority will acquire an undivided interest in the Project equivalent to the percentage of the total cost of the Project provided by the Authority through the issuance and sale of its Bonds. It is further agreed that the District's obligations to make any and all payments specified in this Article and the ownership interest of the Authority in the Project will terminate when all of the Authority's Bonds issued in connection with the Project have been paid in full and retired and are no longer outstanding, ownership of the Project shall automatically transfer to and fully vest in NTMWD. It is further understood and agreed that the Authority's only source of funds to pay the principal of and interest on its Bonds is from the payments to be made by the District to the Authority under this Contract, and the District agrees that it will make to the Authority the following payments:

(a) **Monthly amortization payment** — Such amounts, payable monthly on or before the 25th day of each month, in approximately equal installments, as are necessary to pay (i) the principal coming due on the Authority's Bonds on the next succeeding principal payment date; (ii) the interest coming due on the Authority's Bonds on the next succeeding interest payment date; and, (iii) the fees and charges of the Paying Agent(s) for paying or redeeming the Bonds and interest thereon coming due on each applicable date.

(b) **Reserve Fund Payment** — Such amount as is required to be paid into the Reserve Fund from the Revenue Fund (out of payments to be made by the District) under the Bond Resolution in order to establish, maintain or replenish the Reserve Fund for the security and payment of Bonds.

(c) **Administrative Payment** — An amount sufficient to pay the administrative and overhead expenses of the Authority, directly attributable and chargeable to the Bonds and the Project, including the cost of routine annual accounting reports and the costs of all continuing disclosure undertakings.

(d) **Extraordinary Expense Payment** — Such amounts, as are necessary to pay or reimburse the Authority for any extraordinary or unexpected expenses or costs reasonably and necessarily incurred by the Authority in connection with the Bonds and the Project, such as expenses of litigation, if any, and costs of special studies and special professional services, if and when required by any governmental directive or regulation or as may be agreed between the District and the Authority.

SECTION 3.02: **Time for Making of Payments.** The District agrees to make the payments required by Section 3.01 at the times hereafter specified:

(a) **Monthly Amortization Payments** — the District shall commence making monthly amortization payments at such time as any amount required by the Bond Resolution(s) to be deposited into an escrow account for the payment of interest on the Bonds during the Project construction period has been fully exhausted; provided that such payments shall commence in no event later than the earlier of (i) twelve months prior to the first principal payment date specified in the Bond Resolution(s), or (ii) six months prior to the first interest payment date for

which moneys are not set aside for the payment of the interest coming due on such date from the proceeds of the Bonds. Monthly amortization payments shall continue to be made throughout the term of the Contract and shall be adjusted by the District so as to provide for the accumulation of the full amount of debt service requirements (principal, interest and paying agent fees due on any given payment date) on or before the first day of the month such debt service requirements become due.

(b) Reserve Fund Payment — the District shall commence making these payments on the 25th day of the following month, as may be provided in the Bond Resolution, after the delivery of the initial series of Bonds issued to provide the Project, and upon the issuance of additional Bonds, shall increase the payments in accordance with the Resolution authorizing such additional Bonds.

(c) Administrative Payment — the District shall commence making the administrative payment on the 25th day of the month following the effective date of this Contract, and thereafter such payment shall be made on the 25th day of each month thereafter throughout the term of this Contract.

(d) Extraordinary Expense Payment — the District shall make any extraordinary expense payment immediately upon receipt of the statement therefor.

SECTION 3.03: Maintenance and Operation of the Project. It is agreed that NTMWD will be responsible for maintaining and operating the Project for the entire term of this Contract, and the District shall pay all costs and expenses incurred in regard to the maintenance and operation of the Project to NTMWD. The District will maintain in good condition any agreements with NTMWD for supply, maintenance, and operation of the Project.

SECTION 3.04: Insurance. The District specifically agrees to carry or require NTMWD to carry fire, casualty, public liability, or other insurance on the Project for purposes and in amounts which would ordinarily be carried by a state political subdivision owning and operating such facilities. Such insurance will provide, to the extent feasible and practicable, for the restoration of damages or destroyed properties and equipment so as to minimize the interruption of services of such facilities.

SECTION 3.05: Covenant of Timely Payment. The District covenants that it will timely make (i) the monthly amortization payments and (ii) the additional payments specified hereunder in accordance with the provisions of this Contract as the same shall become due and payable, irrespective of whether service of the Project has been abandoned or discontinued, or if the Project has been rendered wholly or partially unusable by reason of "force majeure". The District recognizes the fact that the Authority will use the payment received from the District hereunder to pay, secure and finance the issuance of the Bonds, and the holders of the Bonds shall be entitled to rely upon the foregoing covenant of payment regardless of any other agreement that may exist between the Authority and the District.

SECTION 3.06: Late Payment Penalty. Should the District fail to make any payment at the time herein specified, interest on such amounts shall accrue at the rate of ten percent (10%) per annum from the date such payment becomes due until paid in full with interest as herein specified. In the event such payment is not made within sixty (60) days from the date such payment becomes due, the Authority may institute a proceeding for a mandatory injunction requiring the payment of the amount due and interest thereon, such action to be instituted in a court of competent jurisdiction.

SECTION 3.07: Priority of Charges - District to Fix Adequate Rates.

(a) The District represents and covenants that all payments to be made by it hereunder shall constitute "operating expenses" of the District's Water System.

(b) The District further agrees to fix and collect such rates and charges for water and services to its customers as will make possible the prompt payment of all expenses of operating and maintaining its Water System, including all payments, obligations and indemnities contracted hereunder.

SECTION 3.08: Nature of Obligation of District. The payments required to be made by the District under the terms of this Contract shall be due and payable in any and all events regardless of whether there shall be, for any reason, a delay in the completion of all or any part of the Project and regardless of whether the Project shall have been wholly or partially destroyed or damaged. The agreements of the District shall be and are separate and independent covenants and the District shall have no rights of set off, recoupment, or counterclaim. The Authority shall never have the right to demand payment of any amounts due hereunder by the District out of funds raised or to be raised by taxation. Any obligations assumed or imposed on either party hereto shall never be construed to be a debt of such party of a kind that would require it to levy and collect taxes to discharge any such obligation, it being expressly understood by the parties hereto that the funds required for all payments due from the District pursuant to this Contract are to be collected from the sources referenced herein, and from no other source.

ARTICLE IV
MISCELLANEOUS PROVISIONS

SECTION 4.01: Contract Term. The obligation of the District to promptly make all prescribed payments shall commence with the effective date of this Contract and continue for the period during which the Bonds are outstanding and unpaid.

SECTION 4.02: Useful Life of Project. The District and Authority agree and mutually find that the anticipated useful life of the Project equals or exceeds the period specified in the Bond Resolution(s) for the maturity of all Bonds authorized to be issued.

SECTION 4.03: Abandonment of Use of Project.

The abandonment of the use of the Project shall have no effect upon the obligations of the District to the Authority provided for by this Contract and all payments provided for by this Contract shall remain obligations of the District of the same nature as provided for by this Contract.

SECTION 4.04: Modification of Provisions. This Contract may be changed and modified only with the consent of the governing bodies of the Authority and the District. Such modification may be requested by either party, in which event a joint meeting of the governing bodies or of their duly authorized and appointed representative shall be held not less than thirty (30) days after the giving of such notice. At such joint meeting, the suggested changes or modifications shall be considered, discussed and settled. No such change or modification may be made which will affect adversely the payment when due of all moneys required to be paid by the District under the terms of this Contract and no such change will be effective which affects adversely or causes a violation of any covenants contained in the Bond Resolution(s).

If for any reason the District may desire the construction of additional facilities over and above those now contemplated, and provided the same are within the legal and economic capabilities of the Authority, provision therefor shall be made by means of a supplement hereto, the terms of which are to be negotiated between the District and the Authority.

SECTION 4.05: Regulatory Provisions. This Contract shall be subject to all valid rules, regulations and laws applicable thereto, as promulgated by the United States of America, the State of Texas, or any other governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

SECTION 4.06: Taxes. In the event any sales or use taxes, or taxes of any nature, are hereafter imposed upon the Project or the Authority on account of the acquisition, existence, ownership, operation and maintenance of the Project, the amount of such taxes shall be treated as operating expenses of the Project.

SECTION 4.07: Notices. Any notice, request, demand, statement or bill provided for in this Contract shall be in writing and shall be considered to have been fully delivered when sent by registered mail, addressed as follows:

To the Authority: 5100 Airport Drive
Denison, Texas 75020
Attention: President, Board of Directors

To the District: 8560 Page Lane
Scurry, Texas 75158
Attention: General Manager

as the case may be, except that routine communications may be sent by ordinary mail and except that either party, by the filing of an appropriate written notice to the other, may specify some other individual to whom communications thereafter are to be addressed.

SECTION 4.08: Covenant to Enforce Contractual Obligations. The Authority covenants that it will enforce the obligations of the District hereunder as may be required to accomplish the purpose of this Contract. Either party may enforce any obligations hereunder owed to it by the other party.

SECTION 4.09: Consequences of District Default. The Authority and the District agree that in the event of default or threatened default, in the payment of principal of or interest on the Bonds, any court of competent jurisdiction upon petition of the holders of twenty-five percent (25%) of the principal amount of the then outstanding Bonds of the Authority shall appoint a receiver with authority to collect and receive all resources pledged to the payment of the Bonds, enforce all rights arising from default, if any, by the District in making payment under this Contract, and take charge of the pledged funds on hand and manage the proprietary affairs of the Authority insofar as such affairs relate to the Project. The court may further vest the receiver with such powers and duties as the court may find necessary for the protection of the holders of the Bonds.

SECTION 4.10: Further Agreements of the Parties. The parties hereto specifically recognize that to the extent the District has heretofore issued, sold and delivered revenue bonds that were and are payable from and secured by a lien on and pledge of the net revenues of its

Water System, and to the extent such bonds so issued and delivered are outstanding, the District has disclosed to the Authority the existence and terms of all such bonds.

Additionally, the District represents to the Authority that:

- (a) There is no provision in any resolution or order of the District which prohibits the District from entering into and executing this Contract.
- (b) The execution of this Contract and the operation thereunder will not in any way impair the obligation of contract by and between the District and any other person. The Project is in furtherance of governmental policy, not inconsistent with the existing contractual obligations of the District.

SECTION 4.11: Control of Project. The parties hereto recognize and it is specifically agreed that after completion of the Project and during the term of this Contract, NTMWD will operate the Project and the District will enter into any necessary agreements with NTMWD for the supply, maintenance, and operations of the Project.

Except as specified in this Article, the abandonment of the use of all or part of such Project has no effect upon the obligations of the parties.

SECTION 4.12: Force Majeure.

(a) If for any reason of "force majeure" either of the parties hereto shall be rendered unable wholly or in part to carry out its obligation under this Contract, other than the obligation of District to make the payments required under the terms of Section 3.01 hereof, then if such party shall give notice and full particulars of such reasons in writing to the other party within a reasonable time after the occurrence of the event, or cause relied upon, the obligation of the party giving such notice, so far as it is affected by such "force majeure" shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such parties shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lock-outs, or other industrial disturbances, acts of a public enemy, orders or actions of any kind of the Government of the United States of America or of the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakages or accident to dams, machinery, partial or entire failure of water supply and inability on the part of the Authority to deliver water hereunder or to provide sewage treatment or of the District to receive water or to deliver sewage treatment, on account of any other cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lock-outs shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch, shall not require the settlement of strikes and lock-outs by acceding to the demands of the opposing parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. No failure of Authority to meet any obligation by reason for force majeure shall relieve the District from its obligations to make the payments required under the terms of Section 3.01 hereof.

(b) No damage shall be recoverable from Authority by reason of the suspension of the operation of the Project due to any of the causes above mentioned. If Operator's ability to operate the Project is affected by any of such causes, the Operator shall promptly notify the

other party in writing giving the particulars as soon as possible after the occurrence of the cause or causes for such interruption.

(c) It is expressly recognized by District that the Operator may be compelled to make necessary alterations, repairs or extensions of new or additional facilities from time to time during the life of this Contract, and any suspensions of the operation of the Project due to such operation shall not be cause for claim of damage on part of the Operator provided all reasonable effort is used by the Operator to provide District with the service afforded by the Project in accordance with this Contract. In such case, the Operator shall give the other party as much advance notice as may be practicable of the suspension of operation and of the estimated duration thereof.

SECTION 4.13: Easements. The District agrees that the Authority will not be responsible to obtain any easements, right of way or property and NTMWD will obtain any easements, right of way or property for the Project.

SECTION 4.14: Bond Approval by the District.

(a) Prior to the issuance and delivery of any Bonds the governing body of the District shall approve the issuance thereof by the Authority and the facilities to be constructed or acquired by the Authority.

(b) The District and the Authority agree that the holders of the Bonds, and each party deemed a holder of a Bond by virtue of subrogation to the rights of the holders of the Bonds or otherwise, shall be express third-party beneficiaries of this Contract and shall have all available remedies pertaining to enforcement of this Contract.

SECTION 4.15: Severability. The parties hereto agree that if any of the provisions of this Contract contravene or be held invalid under the laws of the State, same shall not invalidate the whole Contract, but it shall be construed as though not containing that particular provision, and the rights and obligations of the parties shall be construed and in force accordingly.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

GASTONIA-SCURRY SPECIAL UTILITY
DISTRICT

(District Seal)

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

AGENDA ITEM XIX



GREATER TEXOMA UTILITY AUTHORITY

AGENDA COMMUNICATION

DATE: August 14, 2025

SUBJECT: AGENDA ITEM NO. XIX

PREPARED BY: Stacy Patrick, Project Manager

SUBMITTED BY: Paul Sigle, General Manager

CONSIDER AND ACT UPON A RESOLUTION BY THE BOARD OF DIRECTORS OF THE GREATER TEXOMA UTILITY AUTHORITY REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD, AUTHORIZING THE FILING OF AN APPLICATION FOR ASSISTANCE, AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH (LAKE KIOWA SUD WATER SYSTEM IMPROVEMENTS PROJECT).

ISSUE

Consider a resolution to request an application for participation by the Texas Water Development Board (TWDB) to finance the planning, acquisition, design, and construction of Lake Kiowa SUD Water System Improvements Project.

BACKGROUND

Lake Kiowa SUD, General Manager, Rodney Brown contacted the Authority General Manager requesting assistance to continue the existing waterline project. This project includes replacement of all waterlines within the orange section of the attached map.

The Texas Water Development Board (TWDB) Texas Water Development Fund (DFund) was selected as the funding source for these improvements. The DFund program offers below-market interest rates and is often the best source for funding projects of this nature.

Lake Kiowa SUD has requested assistance in obtaining funding for the Water System Improvements Project. After discussing the project with Lake Kiowa SUD, Authority Staff have determined that funding through Texas Water Development Board's DFund meets the needs of Lake Kiowa SUD.

In December 2024, the Board authorized the submission of a \$6,200,000 application to the Texas Water Development Board (TWDB). Since the application was filed, increases in material and construction costs have raised the total project amount to \$8,015,000.

STAFF RECOMMENDATIONS

The staff recommends that the Board authorize the submission of an application to the TWDB for funds to be used by the Authority for Lake Kiowa SUD Improvements Project in the amount not to exceed \$8,015,000.

ATTACHMENTS

Resolution

Application Filing and Authorized Representative Resolution

A RESOLUTION by the _____ of the _____ requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith.

BE IT RESOLVED BY THE _____ OF THE _____:

SECTION 1: That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not to exceed \$_____ to provide for the costs of _____.

SECTION 2: That _____ be and is hereby designated the authorized representative of the _____ for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

SECTION 3: That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent the _____ before any hearing held by the Texas Water Development Board on such application, to wit:

Financial Advisor: _____

Engineer: _____

Bond Counsel: _____

PASSED AND APPROVED, this the _____ day of _____, 20____.

ATTEST: _____

By: _____

(Seal)

AGENDA ITEM XX



GREATER TEXOMA UTILITY AUTHORITY

AGENDA COMMUNICATION

DATE: August 14, 2025

SUBJECT: AGENDA ITEM NO. XX

PREPARED AND SUBMITTED BY: Paul Sigle, General Manager

REVIEW AND DISCUSSION ON AN UPDATED GTUA PERSONNEL HANDBOOK.

ISSUE

Review and discuss new Personnel Handbook.

BACKGROUND

The *Greater Texoma Utility Authority Personnel Handbook* serves as a comprehensive compilation of Board-approved policies governing personnel management and administration. It outlines the consistent and systematic application of procedures intended to guide employees and ensure compliance with applicable state laws.

The previous version of the Employee Handbook was last amended in 2017. While the new Handbook builds upon foundational elements of its predecessors, it also incorporates significant updates to reflect changes in legislation and modern workplace practices.

Notable additions and revisions in the new Handbook include a Weapons Policy, a Work-from-Home Policy, and expanded sections addressing the use of Authority vehicles, the Drug-Free Workplace policy, harassment and discrimination, and other personnel-related topics.

A draft of the handbook is attached for discussion with the Board and Authority Staff will review the major changes with the updated Personnel Handbook.

CONSIDERATIONS

Based on the Board's discussion at the July meeting, the Drug and Alcohol Testing Policy and the Weapons Policy have been updated to incorporate the suggested changes.

Weapons Policy:

Weapons are now prohibited in Authority-owned vehicles.

Drug and Alcohol Testing Policy:

All references to testing procedures have been moved to Appendix B, which now serves as a standalone Drug and Alcohol Testing Procedure. This appendix provides additional detail on the testing process, includes random testing for safety-sensitive positions, and expands provisions for reasonable suspicion testing. The procedures were adapted from the City of Sherman's policy.

ATTACHMENT

Draft Personnel Handbook



PERSONNEL HANDBOOK

ADOPTED XXXXXX
GREATER TEXOMA UTILITY AUTHORITY
5100 Airport Drive
Denison, TX 75020

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CHAPTER 1: DEFINITIONS

Authority or GTUA is an abbreviation for Greater Texoma Utility Authority.

Authority premises refers to any location where an employee performs official duties on behalf of the Greater Texoma Utility Authority (GTUA), including but not limited to: property owned, leased, or controlled by GTUA; facilities and vehicles operated by GTUA; and any sites owned or operated by contracted customers where GTUA employees are authorized to work or perform services under an agreement or assignment.

Break is defined as a short, non-work-related period during which an employee temporarily leaves their assigned work area for personal reasons, such as but not limited to smoking, taking a walk, or making a personal phone call. Breaks are not intended to include brief, incidental activities such as using the restroom or engaging in casual conversation with coworkers while remaining at the workstation. All breaks must be taken in accordance with Authority policy and may be limited or adjusted by supervisors based on operational needs.

Calendar Year is defined as a period beginning January 1 and ending December 31.

Catastrophic Illness or Injury is defined as a severe illness or injury requiring prolonged hospitalization or recovery, as certified by a licensed physician. The catastrophic illness or injury of a spouse, domestic partner, or child under the age of 18 years will be considered if the employee is needed to provide care. Normal pregnancy is excluded. In the event of a question concerning what is classified as an injury or illness that is catastrophic, the General Manager shall make the final decision.

Commuting refers to travel between an employee's personal residence and main or regular place of work or workstation.

Day is defined as an 8-hour period.

Demotion is the assignment of an employee from a position/classification of higher Authority/classification to a position of lower Authority/classification. An employee may be administratively demoted at his or her own request, or at the request of the position's supervisor or the General Manager if at any time an employee fails to satisfactorily meet performance standards established for that position. Demotion may also be used at any time as an alternative to a layoff or disciplinary dismissal. The demotion of an employee may be accomplished at any time. Any demotion shall not necessarily be considered a disciplinary action or disqualify the employee involved from consideration for later promotion.

Driver is any person operating a personal or Authority vehicle for a legitimate business purpose.

Eligible Employee is defined as a full-time employee with the Greater Texoma Utility Authority.

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Exempt Employee means any individual who is salaried and not eligible for overtime compensation, working in the service of the Authority in an official, paid capacity, or who is on unpaid leave of absence, including but not limited to, an employee who occupies an executive, administrative or professional position as defined by the Fair Labor Standards Act.

Harassment is unwelcome verbal, nonverbal, and/or physical conduct toward an individual or group because of race, color, religion, sex (including sexual orientation, gender identity, or pregnancy), national origin, older age (beginning at age 40), disability, physical appearance or genetic information (including family medical history).

Immediate Family, Family Member or Related Person is defined as spouse, parent, stepparent, parent in-law, child, stepchild, brother, sister, stepbrother/sister, step brother-in-law/sister-in-law, stepparent-in-law, grandparent or grandchild.

Licensed Practitioner is Defined as an individual who is practicing within the scope of his or her healthcare license as defined by the Texas Insurance Code.

Non-Exempt Employee means any employee who is paid on an hourly basis, is eligible for overtime compensation, and who does not occupy an executive, administrative or professional position as defined by the Fair Labor Standards Act.

Pool Administrator is defined as the General Manager, or any other person designated by the Board of Directors to administer the sick leave pool program using the criteria established in this policy.

Premises are any location, public or private, that requires the presence of an Authority employee to perform any job duty related to Authority business.

Prohibited Substances includes illegal drugs, alcohol, or prescription drugs not taken in accordance with a prescription given to the employee.

Prolonged Period is defined as a period of thirty (30) or more calendar days.

Promotion is the assignment of an employee from a lower Authority/classification to a position of higher Authority/classification having a higher salary. All Authority employees may apply for a promotion to a vacant position. To be eligible for a promotion, an employee must meet the current minimum requirements for the vacant position and have completed at least six (6) months of employment in their current position prior to consideration for the promotion.

Sexual Harassment is defined as unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature.

Transfer is the assignment of an employee from one position/classification to another position with similar qualifications, duties, or reporting Authority. The new position is within the same salary range as the original position. A transfer not involving promotion or demotion may be affected at any time with the approval of the General Manager. To be eligible for transfer, an

employee must meet the current minimum requirements for the vacant position and the employee must not have received corrective action in their current position within the past twelve (12) months.

Vehicle is a motor vehicle, truck, or any other type of motorized equipment that may operate on roadways, streets, highways and/or public or privately owned property. Vehicle may refer to either an Authority owned vehicle or a personally owned vehicle used to conduct authorized Authority business.

Weapon is any instrument that is made or adapted for the purpose of inflicting or capable of serious bodily injury or death, including but not limited to clubs, firearms, handguns, knives (with blades longer than 3 inches), explosives, crossbows, bows and arrows, throwing stars and knuckles.

Workplace is any premise, public or private, that requires the presence of an Authority employee to perform any job duty related to Authority business.



CHAPTER 2: INTRODUCTION

SECTION 1: Objectives

The purpose of the Greater Texoma Utility Authority's (Authority) Personnel Policies (Policies) outlined in this Personnel Handbook (Handbook) is to create a high degree of understanding, cooperation, efficiency, and unity through the systematic application of established procedures in personnel management and administration and to provide a resource for all employees of the Authority. Objectives of the Authority personnel management effort, which includes these rules, are:

- A. To promote and increase efficiency and responsiveness to the public and economy in the Authority.
- B. To provide fair and equal opportunity for qualified people to enter and progress in Authority employment in a manner based on merit and fitness as ascertained through fair and practical personnel management methods.
- C. To maintain employment practices, enhance the attractiveness of a public service career, and encourage each employee to give his or her best effort to the Authority and the public.
- D. To maintain consistent, up-to-date position classification and compensation plans based on the relative duties and responsibilities of jobs in the Authority.
- E. To promote high morale among Authority employees by fostering good working relationships and by providing consistent personnel policies, opportunities for advancement, and consideration of employee needs and desires.

The Handbook is designed to provide information regarding working conditions, employee benefits, and policies affecting employment. Employees should read, understand, and comply with all provisions of the Handbook and employment policies. The Handbook summarizes many employee responsibilities and outlines the employee benefit programs developed by the Authority.

Employment with the Authority is “**AT-WILL**” permitting the employee at will or the Authority to end the employment relationship with or without cause at any time. This Handbook and the policies contained in it do not alter the at-will employment relationship between the Authority and its at will employees in any manner. It shall not be construed as a contract of employment, does not guarantee employment for any specific duration, and is not all-inclusive of every situation that may be encountered. No contrary verbal representation or statement of an employee's terms and conditions of employment is binding upon the Authority. In the event of any conflict between the Handbook and current federal, state or local law, ordinance, or regulations, the law, ordinance, or regulation shall apply.



SECTION 2: Equal Employment Opportunity

The Authority is an Equal Employment Opportunity Employer. Discrimination, harassment, and retaliation based upon a protected class, in any form, as defined in federal, state or local law/ordinance, will not be tolerated. Protected classes include race, color, religion, creed, sex, gender, pregnancy status, genetic information, sexual orientation, gender identity, national origin, ethnicity, age, disability, and veteran status or other legally protected class.

To the extent reasonably possible, the Authority will accommodate individuals with disabilities in the application, hiring, promotion, and employment process. Reasonable accommodation is available to all disabled employees and applicants, so long as the accommodation does not create an undue hardship for the Authority and can be provided without posing a substantial or imminent safety risk. Any disabled individual requiring accommodations should notify their immediate supervisor. The Authority should have sufficient notice and be given a reasonable amount of time to arrange any requested accommodation.

It is the responsibility of all Authority employees to ensure compliance with the Authority's policies on equal employment and disability and to provide a work environment free of discrimination, harassment, and retaliation against any protected class. Any employee who feels these policies have been violated should address the complaint with their supervisor. If the complaint is about the employee's immediate supervisor, or if the employee is otherwise uncomfortable filing the complaint with the employee's immediate supervisor, the complaint may be filed with the General Manager or another person with similar authority (i.e. a human resource representative, or another department supervisor).

SECTION 3: Applicability, Dissemination, and Amendment

This Handbook, and the accompanying Policies shall apply to all employees unless superseded by federal, state, or local law, ordinance, or regulations. All Authority employees are responsible for knowing and following all Authority policies, procedures, and other provisions as outlined in this Handbook.

The provisions of this Handbook and the policies are effective immediately on the date of approval by the Board of Directors (Board). All Authority employees will be provided with a copy of the Handbook for reference. Replacement copies of the Handbook may be requested from the Finance Office.

The rules, policies, and procedures provided in the Handbook may be changed, supplemented, superseded, or amended at any time as provided by the Board. Due to the variety of services provided by the Authority, it may be necessary for the departments of the Authority to develop additional rules, procedures, or operational policies to accomplish departmental responsibilities. All specific departmental policies may be more restrictive, but not less restrictive than the Handbook and its accompanying policies.

SECTION 4: Responsibility

Except for matters reserved to the Board, the general and final authority for personnel administration rests with the General Manager, or his designee (when the authority is not limited to the General Manager). Each supervisor is responsible for enforcing and communicating the provisions of the Handbook and accompanying policies as well as department policy or directives related to the employees' work assignments. Employees are responsible for adhering to all policies and procedures provided for in the Handbook and by department operational directives. Any employee who violates Authority policies and procedures provided for in the Handbook or departmental directives may be subject to disciplinary action up to and including, dismissal from employment.

SECTION 5: Severability

The provisions of this Handbook and the Policies are severable, and if any provision or part of a provision is held invalid, illegal, or unenforceable, this shall not affect the validity of the remaining provisions or parts of provisions, which shall remain in force and effect. Changes in state and/or federal laws and/or regulations will supersede the Policies and/or departmental policies from the effective date of the laws and/or regulations forward.



CHAPTER 3: RECRUITMENT AND EMPLOYMENT PROCESS

SECTION 1: Application and Eligibility for Employment

The General Manager and/or hiring supervisor will determine a job vacancy. Any job vacancy announcements may be communicated or advertised in any manner deemed appropriate by the hiring supervisor and/or the General Manager. Any job announcement, insofar as practicable, shall specify the title and description of the job, the qualifications for employment, and the method of application for the job vacancy. Each announcement in writing shall contain a statement that the Authority is an equal opportunity employer.

Applications for initial employment or promotion shall be submitted to the General Manager in the manner prescribed in the applicable vacancy announcements. Only applications officially received in the prescribed manner shall be considered. All applications submitted during the prescribed filing period shall be entitled to equal consideration.

The General Manager and/or hiring supervisor shall determine the most appropriate means of evaluating applicants against job requirements as stated in the job description/classification in order to identify the most qualified persons.

If deemed appropriate, the General Manager and hiring supervisor may request an applicant complete a performance test(s), written test(s), and/or other screening device(s) to determine an applicant's suitability for a particular job. Any such screening device must be relevant to the position applied for, required of all applicants applying for the position, and all applicants for the position must be evaluated by the same process.

SECTION 2: Nepotism and Conflict of Interest

No person related to any member of the Board of Directors or to the General Manager shall be appointed to any paid office, position, clerkship, or other position of service to the Authority. This prohibition shall not apply to individuals who shall have been employed by the Authority prior to and at the time of the appointment of members of the Board of Director or the appointment of the General Manager.

Employment of relatives is permitted; however, employees may not appoint or employ immediate family members, nor use their position to influence their appointment or employment. Employees shall not be placed in positions in which they would supervise or be supervised by an immediate family member; or be in a position where immediate family members could affect each other's employment, promotion, salary administration, or other related management or personnel transactions.



Failure by a supervisor or an employee to disclose their knowledge of a familial relationship between employees that is prohibited by this section (including relationships involving the supervisor) to the General Manager may result in disciplinary action, up to and including dismissal.

SECTION 3: Verification of Employment Eligibility

As part of a pre-employment review prior to making a job offer, all information submitted in connection with applying for employment with the Authority shall be subject to verification. Verification of employment information, employment references, and credentials may be completed in accordance with procedures as outlined by the General Manager. Credential verification may include confirmation that the candidate has required college hours or degrees, professional licenses, certificates, and/or acceptable driving records.

After a conditional offer of employment has been made, a prospective or transferring employee will be required to take a pre-employment drug test and complete a pre-employment physical to determine the candidates' suitability for the job requirements. Physical exams may not be required of an employee or applicant unless all employees in that job category are required to take one and the exam is job specific and required by business necessity. The physical examination may be performed by a physician designated by the General Manager or by a qualified medical professional of the employee or applicant's choice. Reasonable out-of-pocket expenses related to drug testing or pre-employment physical examination will be reimbursed by the Authority.

The General Manager can require any applicant for an open position to have a criminal background check.

An applicant shall be disqualified from consideration if the applicant:

- A. Is determined to not be physically able to perform required job duties.
- B. Is in an organizational or personal relationship considered to be a conflict of interest to the Authority (nepotism).
- C. Does not meet the qualifications necessary for performance of the job duties.
- D. Does not pass the required pre-employment drug-test.
- E. Does not pass a criminal background check.
- F. Has made a false statement of material facts in applying for Authority employment.
- G. Has committed or attempted to commit a fraudulent act at any stage of the selection process.
- H. Is determined to not be legally permitted to work in the US.

The applicant may be disqualified from consideration upon other reasonable grounds relating to job requirements.

CHAPTER 4: WORKPLACE CONDITIONS

The following concerns workplace conditions for all employees, either full-time, part-time, or considered temporary.

SECTION 1: Harassment

It is the policy of the Authority that all employees have the right to work in an environment free of harassment. Harassment is strictly prohibited and is generally defined as unwelcome verbal, nonverbal, and/or physical conduct toward an individual or group because of race, color, religion, sex (including sexual orientation, gender identity, or pregnancy), national origin, older age (beginning at age 40), disability, or physical appearance, or genetic information (including family medical history).

Harassment can create a hostile work environment when such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or otherwise adversely affects an individual's employment opportunities.

Employees shall not engage in prohibitive conduct whether on-duty or off-duty, on job premises or not, which could reasonably be considered to be harassment or that creates a hostile work environment. Prohibited conduct is not allowed at any public or private premises outside the workplace including but not limited to business trips, professional conferences, and attendance at any public or private event, etc.

Prohibited Conduct: This following list of prohibited conduct includes examples of behavior that constitutes harassment and is not an exhaustive list of conduct prohibited under this policy:

- A. Use of epithets, innuendos, names, comments, foul language or slurs because of an individual's protected class.
- B. Jokes, pranks or other banter, including stereotyping based on a protected class; or,
- C. Distribution, display, viewing, downloading or discussion of any written or graphic material, including cartoons, that are sexually suggestive or show hostility toward an individual or group based on a protected class is strictly prohibited in written or verbal communication through voicemail, e-mail, text-messages, calendars, posters, or any form of social media, Such conduct will not be tolerated and may result in disciplinary action up to, and including, discharge.
- D. Use of derogatory or disrespectful language or behavior related to a person's appearance, economic standing, or other personal characteristics.

SECTION 2: Sexual Harassment

The Authority is committed to providing a work environment that is free of sexual harassment. Sexual Harassment is defined as unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when:



- A. Submission to such conduct is made either explicitly or implicitly as a term or condition of an individual's employment; or
- B. Submission to, or rejection of, such conduct by an individual is used as a basis for an employment decision affecting that individual; or
- C. Such conduct has a purpose or effect of substantially interfering with an individual's professional performance or creating an intimidating, hostile, or offensive employment environment.

Sexual Harassment of any type, including jokes, the exhibition of pictures, diagrams, and cartoons, is strictly prohibited and shall not be tolerated. Any employee who engages in such objectionable conduct is subject to discipline up to, and including, discharge.

An employee may make any complaint of sexual or other prohibited harassment to a supervisor or a representative of management other than the employee's immediate supervisor. Supervisory personnel are required to take immediate and positive steps to eliminate any form of sexual harassment when it comes to their attention.

SECTION 3: Drug-Free Workplace

The Authority intends to provide a safe and drug-free work environment for our employees. Employees under the influence of drugs or alcohol while on the job may pose serious safety, health, and security risks to the public and to other employees.

The Authority explicitly prohibits:

- A. The use, possession, solicitation for, or sale of narcotics or other prohibited substances on Authority premises or while conducting Authority business.
- B. Working or reporting for work while impaired or under the influence of prohibited substances.
- C. The presence of any detectable amount of prohibited substances in the employee's system while at work, while on the premises of the Authority, or while conducting Authority business.
- D. Refusal or failure to submit to a required or requested drug and/or alcohol test within the prescribed time frame.
- E. Falsifying a drug and/or alcohol test.

The Authority will conduct drug and/or alcohol testing under any of the following circumstances in accordance with the Authority's Drug and Alcohol Testing Procedure. Authority employees who violate the drug-free workplace policy may be disciplined up to and including immediate dismissal of employment.

FOR CAUSE TESTING

The Authority may ask an employee to submit to a drug and/or alcohol test at any time it feels that the employee may be under the influence of drugs or alcohol, including, but not limited to, the

~~following circumstances: evidence of drugs or alcohol on or about the employee's person or in the employee's vicinity, unusual, or criminal conduct on the employee's part that suggests impairment or influence of drugs or alcohol, negative performance patterns, or excessive and unexplained absenteeism or tardiness.~~

POST-ACCIDENT TESTING

~~Any employee involved in an on-the-job accident or injury under circumstances that suggest possible use or influence of drugs or alcohol in the accident or injury event may be asked to submit to a drug and/or alcohol test. "Involved in an on-the-job accident or injury" means not only the one who was or could have been injured, but also any employee who potentially contributed to the accident or injury event in any way.~~

MANDATORY DRUG TESTING:

~~Mandatory Drug Testing will be conducted in the following circumstances:~~

- ~~A. New Hire Candidates~~
- ~~B. Motor vehicle accident that results in~~
 - ~~a. A fatality~~
 - ~~b. Bodily injury to a person who, because of the injury, requires immediate medical treatment away from the scene of the accident.~~
 - ~~c. One or more motor vehicles involved in the accident incurs disabling damage that requires the vehicle to be towed away from the scene.~~

~~All accidents (including vehicle accidents) that occur on work premises, or in the performance of job duties, should be reported immediately to the employee's supervisor, or the General Manager if the supervisor cannot be reached. The supervisor (or General Manager) will inform the employee if drug/alcohol testing is mandatory.~~

~~If medically approved and the appropriate use of prescription or over the counter drugs adversely affects the employee's work performance or the safety of the employee or others, the Authority reserves the right to limit, suspend, or modify the employee's work activity, or otherwise reasonably minimize potential adverse effects and/or risks associated with the use of medically approved medication.~~

~~If an employee is tested for drugs or alcohol, including outside of the employment context, and the results indicate a violation of this policy, or if an employee refuses a request to submit to testing under this policy, the employee may be subject to appropriate disciplinary action, up to and including discharge from employment. In such a case, the employee will be given an opportunity to explain the circumstances prior to any final employment action becoming effective.~~



CONFIDENTIALITY OF DRUG AND ALCOHOL TESTING

All drug and alcohol test results are considered confidential medical records and will be handled accordingly. Access to such records shall be strictly limited to individuals with a legitimate need to know in accordance with applicable federal and state privacy laws, including but not limited to the Americans with Disabilities Act (ADA) and the Health Insurance Portability and Accountability Act (HIPAA), where applicable.

The test results will be:

1. Maintained in a separate, secure file from general personnel records.
2. Shared only with authorized personnel on a need-to-know basis.
3. Released to third parties only with the written consent of the employee, unless required by law or regulation.

EMPLOYEE RIGHTS REGARDING DRUG AND ALCOHOL TESTING

Employees have the right to challenge or explain the results of any drug or alcohol test. If an employee believes a positive result is inaccurate or caused by lawful or legitimate use of a substance, the employee may:

1. Request a retest of the original sample at a certified laboratory of the Authority's choosing (or as allowed by state law).
2. Submit documentation from a licensed medical provider regarding prescription or over-the-counter medications taken.
3. File a written explanation or rebuttal to be placed in their personnel file.

The employee's request for a retest must be submitted in writing within five (5) business days of notification of a positive test result.

The Authority will consider the employee's explanation and any supporting documentation prior to taking disciplinary action.

SECTION 4: Smoke Free Work Environment

E-Cigarettes, vaping, and other forms of smoking pose a significant health risk, and it is the policy of the Authority to comply with all applicable state and/or federal laws and/or regulations regarding a smoke free work environment that promotes productivity for the well-being of the Authority employees. Accordingly, the smoking of tobacco products, as well as the use of electronic cigarettes and/or "vaping" is prohibited in all interior space owned, rented or leased by the Authority, including vehicles. Employees are prohibited from smoking or allowing others to smoke except in designated smoking areas. A designated smoking area generally should not be near outdoor air intakes or vents that could allow smoke to enter the workplace or areas in which the general public routinely has access or in which non-smoking employees work.

SECTION 5: Workplace Violence

The Authority expressly prohibits any acts or threats of violence by any Authority employee toward Authority employees, associates, visitors, or any other person(s), including one's own self. All such threats of harm will be taken seriously and even jokes about committing acts of violence are strictly prohibited. No employee shall brandish a weapon in a manner that can be considered a threat of bodily harm to another person.

All employees of the Authority have an obligation to report any suspicious workplace activity, situation, or incident that they may be aware of is in violation of this policy. Employee reports of such activity will be held in the strictest confidence and the Authority will not condone any form of retaliation against any employee making such a report. Authority employees who violate the workplace violence policy may be disciplined up to and including immediate dismissal of employment.

SECTION 6: Weapons

PURPOSE

To ensure a safe and secure workplace environment for all employees, clients, and visitors, this policy outlines the regulations regarding the possession of weapons on Authority property.

POLICY STATEMENT

The company prohibits the possession, use, or transport of weapons on company premises by an employee, with the following limited exception.

PERMITTED EXCEPTION

Employees who are legally authorized to possess a weapon may keep it in their personal vehicle located at Authority premises under the following strict conditions:

1. Locked Container: The weapon must be stored in a locked container or secured compartment within the employee's vehicle at all times.
2. Responsibility and Liability: The employee assumes full personal responsibility and liability for the possession and any use of the weapon. The Authority disclaims all liability for any incidents or consequences arising from the employee's possession of a weapon on company Authority premises, even if stored in accordance with this policy, including weapons lost or stolen.

~~Employees who are legally authorized to possess a weapon may keep it in their designated Authority-owned vehicle under the following strict conditions:~~

- ~~1. Locked Container: The weapon must be stored in a locked container or secured compartment within the employee's designated vehicle at all times.~~



2. ~~Notification Requirement: The employee must notify their direct supervisor, in writing, of the presence of the weapon in their designated Authority owned vehicle. This notice requirement does not apply to weapons stored in personal vehicles. This notice must include:~~
 - a. ~~Confirmation of legal ownership and authorization~~
 - b. ~~Acknowledgment of compliance with this policy~~
 - c. ~~Description of the storage method~~
3. ~~Responsibility and Liability: The employee assumes full personal responsibility and liability for the possession and any use of the weapon. The Authority disclaims all liability for any incidents or consequences arising from the employee's possession of a weapon on Authority premises, even if stored in accordance with this policy, including weapons lost or stolen.~~
4. ~~The right to store a weapon in an Authority owned vehicle can be revoked at any time by the General Manager for any reason.~~

PROHIBITED CONDUCT

At no time may an employee:

1. Carry a weapon on their person while on Authority premises.
2. Display or use a weapon while on Authority premises.
3. Store a weapon in any location other than a locked container or secured compartment in a personal vehicle, only or their designated Authority owned vehicle.

VIOLATIONS

Any violation of this policy may result in disciplinary action, up to and including termination of employment, and may involve legal action where appropriate.

ACKNOWLEDGMENT

~~Employees permitted to store a weapon in their designated Authority owned vehicle under this policy must sign a written acknowledgment of their understanding and acceptance of the terms.~~

SECTION 7: Safety

The Authority recognizes the importance of the health and safety of its employees and strives to provide a safe and healthy environment in which to work. Management will provide health and safety programs for the Authority to be in compliance with current OSHA and other applicable federal, state and local laws and regulations.

SECTION 8: Appearance

Employees are expected to present a favorable personal appearance, including but not limited to grooming and hygiene standards during the performance of their responsibilities. The standards shall be in a manner that is normally accepted in similar public and private work environments.

All employees are expected to maintain a professional appearance appropriate to their roles and responsibilities. For office staff, the standard dress code is business casual. Jeans are acceptable, provided they are clean, in good condition, and free of holes, rips, or excessive wear.

On Board meeting days, employees must wear business casual attire, and jeans are not permitted.

The following clothing items are not permitted in the workplace unless specifically authorized by the General Manager:

- Shorts
- Graphic t-shirts (including those displaying logos, slogans, or images)
- Sweatpants
- Athletic wear
- Pajama pants

Employees are expected to use good judgment and maintain a neat, clean, and professional appearance appropriate to their job duties and work environment.

Supervisors may set additional dress code requirements specific to their department's operational needs, but these must be approved in advance by the General Manager. Reasonable accommodation for religious, cultural, or medical needs, as well as special events or designated casual days, will be considered upon request to the General Manager or the employee's supervisor.

Uniforms may be required for operations and field positions that require interaction with the public and eligible employees will have a clothing allowance for approved purchases.

SECTION 9: Information, Data and Communication

The Public Information Act (the Act) applies to all recorded information (data) related to Authority business and is the property of the Authority. All recorded information is governed under the Act and applies whether the information is created or stored on Authority or personal equipment or devices. Recorded information is subject to open records requests under the Act, and applies to recorded information in practically any form including: paper, document, letter, film, tape, mylar, linen, silk, vellum, computer printout, photograph, microfiche, microfilm, photostat, sound recording, map, drawing, voice recording, data/video presentation, email, text message, internet posting, and other forms of electronic communication.

Information security is the responsibility of every Authority employee, and every effort should be maintained to limit the access and use of any Authority information to authorized personnel only, whether the information exists in a physical form such as document, or in a digital form such as an electronic file.

To facilitate business communications and work-related research, the Authority provides employees access to various types of telecommunications equipment, including but not limited to the following: internet, phones, voicemail, wireless devices, computers and related equipment, and



e-mail. All materials, information and software created, transmitted, downloaded or stored on the Authority's computer system are the property of the Authority, and employees have no reasonable expectation of privacy in such information.

In accordance with the Texas Government Code, employees will be required to complete cybersecurity or other such training to safeguard the information and information systems of the Authority from unauthorized access, use, disclosure, disruption, modification, or destruction.

All programs installed on computers must be fully licensed for that computer. No personal or downloaded programs are to be installed unless granted an exception by the General Manager.

Employees may access the internet and use equipment for appropriate non-business purposes during breaks in accordance with the provisions of this policy.

Inappropriate use includes but is not limited to the following:

- A. transmitting, accessing, displaying, posting, recording, downloading or distributing obscene, harassing, sexually explicit, racially offensive, or any other material that would violate the Authority's discrimination and harassment policies.
- B. Using the equipment and/or systems for personal financial gain, political, religious or charitable campaigning, or soliciting for outside, non-Authority-related organizations or commercial ventures.
- C. Transmitting any confidential or proprietary information.
- D. Transmissions covered by this policy include email, text messages, instant messages, and on-line applications and postings.

Employees who post material on social networking and other internet sites, blogs, or other public forums must take extreme caution not to appear to be representing the Authority in any manner, whether during or after their working hours.

This policy does not, however, prohibit employees from exercising their First Amendment rights. Employees have the right to speak out as private citizens on matters of public concern, so long as the speech does not unduly disrupt the operations or mission of the Authority. Harassing, bullying or demeaning coworkers or customers, or creating a hostile, discriminatory or retaliatory workplace through on-line posting violates this policy.

Employees are reminded that other Authority policies and directives concerning communications, ethics, harassment, and other topics are to be followed when using social media including but not limited to:

- A. Employees are prohibited from disclosing, posting, or discussing any information that is confidential, including pending litigation.
- B. Employees may not communicate on behalf of the Authority or give the impression of speaking on behalf of Authority, without prior authorization and as otherwise required by their job duties.

- C. Employees are prohibited from making any statements and/or comments that disparage any race, color, religion, gender, age, sexual orientation, gender identity, genetic information, veteran status, disability, pregnancy, national origin or any other protected classification of anyone who works at the Authority or who does business with the Authority.

Copies of e-mail messages should be sent only for valid business reasons. No employee shall send e-mail under another employee's name without authorization. The Authority's confidential information must be protected from improper dissemination to unauthorized employees or to third parties.

Employees shall not access, copy, alter, or destroy anyone else's computer files, or portions thereof, without explicit permission (unless authorized or required to do so by law or regulation). Electronic access to a file does not imply permission to access.

Employees determined to be in non-compliance with the Authority's policies regarding safety, security, and authorized access to Authority confidential information will be subject to disciplinary action. The employee may also be subject to criminal prosecution if the non-compliance also violates federal, state, or local law.

SECTION 10: Use of Authority Credit Card

Greater Texoma Utility Authority (Authority) may provide employees with credit cards that can be used for business-related expenses. This policy outlines the responsibilities for employees who are issued credit cards.

Regular, full-time employees may be issued a credit card by filling out the information below. The request must be approved by your immediate supervisor. To be eligible for a credit card, an employee must meet one of the following criteria:

1. hold a position that requires frequent travel.
2. purchase significant volumes of goods and services for use by the employer.
3. incur other regular frequent business expenses of a kind appropriately paid by credit card.

The credit card cannot be used to obtain cash advances, bank checks, traveler's checks, electronic cash transfers or for personal expenses. Misuse of the card will result in cancellation of the card and withdrawal of the employee's credit card privileges. If the card is used for an employee's personal expenses, the employer reserves the right to recover these monies from the employee cardholder.

Each credit card will be limited to a maximum of \$1,000. Increases to the established maximum may be made on a case-by-case basis by the general manager of the Authority.



Original receipts and/or documentation of credit card purchases must be submitted to the accounting department by the 1st of each month. Cardholders who have not submitted receipts or written explanation for missing receipts by the 1st of the month deadline, will be considered in non-compliance of Authority policy and asked to rectify immediately. Continued or repeated non-conformance of Authority policy will result in cancellation of the card and such other actions as appropriate, including revocation of the employee's credit card privileges.

Lost or stolen cards must be reported immediately to the accounting department.

SECTION 11: Authority Vehicles

It is the policy of the Authority that drivers operating vehicles while on Authority business obey all applicable laws and regulations pertaining to operation of motor vehicles, trucks, and any other type of motorized equipment that may operate on roadways, streets, highways, and/or public or privately owned property. Authority employees are required to always observe safe and courteous driving habits to prevent accidents and maintain compliance with all safety, traffic, and criminal laws of this state.

LICENSE AND INSURANCE REQUIREMENTS

Employees required to drive as part of their job duties are responsible for maintaining a current, valid, and vehicle-appropriate driver's license of their resident state. Such employees must also maintain a safe driving record so that the individual is compliant with the applicable Authority job description and continue to be insured by the Authority insurance carrier. Employees with poor driving records may still be insurable but cause the Authority to incur extra costs due to assignment to a higher driver-risk category. In such instances, the Authority may revoke driving privileges, which may result in termination, or require the employee to be responsible for the added insurance expense. Employees with driving responsibilities must report immediately to the Authority any changes to their driver's license status, including license restrictions, suspension, revocation, or expiration.

SEAT BELTS

All employees and vehicle occupants must always wear seat belts when operating or riding in a vehicle.

DOCUMENTS KEPT IN VEHICLE

It is the responsibility of the driver to make sure that all Authority required documents are present in a vehicle used for Authority business, including 1) Authority Accident Report Form 2) TWA Accident Form and 3) Texas Automobile Insurance Identification Card.

DRIVER IMPAIRMENT

It is strictly prohibited to operate any vehicle on Authority business while under the influence of alcohol and/or drugs, including prescription medication that impede the safe operation of a vehicle.

If the approved and appropriate use of prescription or over-the-counter medication adversely affects your ability to safely operate a vehicle, please contact your supervisor to request a work activity modification to accommodate the adverse effect or risk. All medical information will be kept confidential.

VEHICLE ACCIDENT

In the event of a vehicle accident, the following steps will be taken by the employee:

1. Report the accident to the appropriate law enforcement agency.
2. If any other vehicles or persons are involved, obtain the driver/person's name, address, license number, and insurance provider.
3. Report your accident to your supervisor or General Manager.
4. Report for after-accident drug testing if required/requested.
 - a. After-Accident drug testing will be required in the following instances:
 - i. The accident results in human fatality.
 - ii. The accident resulted in a bodily injury requiring treatment away from the scene AND a citation was issued to the driver.
 - iii. The accident resulted in disabling damage to any motor vehicle requiring tow away AND a citation was issued to the driver.
 - b. After-Accident drug testing may be requested by your supervisor at their discretion regardless of the presence of mandatory conditions.
5. Fill out the TWA Accident Report Form
6. Fill out the Authority Accident Report Form

All documents for a vehicle accident (including accidents in personal vehicles while conducting Authority business) are to be given to your supervisor or department manager as soon as practicable.

FOR PERSONAL USE VEHICLES

A driver will submit an expense report form for reimbursement at the federal standard mileage rate for any business mileage incurred for authorized Authority business.

FOR AUTHORITY OWNED VEHICLES

Authority vehicles are operated and maintained for official work purposes only. The privilege of assignment of an Authority owned vehicle may be revoked at any time without notice. Authority vehicles shall be used for official purposes only. Personal and social uses of any nature, including transporting passengers who are not directly involved in official Authority business, are prohibited. Improper use of an Authority vehicle by an employee would be subject to disciplinary action, including dismissal.



GPS TRACKING AND PERSONAL USE

All Authority-owned vehicles are equipped with GPS tracking to monitor location, usage, and speed, promote safety and efficiency, support maintenance, aid in theft recovery, and ensure policy compliance. Employees should not expect privacy when operating these vehicles. Company vehicles are strictly for business purposes; any personal use requires prior approval and must not interfere with operations. Unauthorized use may lead to disciplinary action, including termination. Employees must drive safely, comply with all laws, avoid tampering with GPS devices, and report any vehicle or tracking issues promptly. Violations of this policy may result in loss of vehicle privileges or further disciplinary measures.

SERVICE, MAINTENANCE, AND VEHICLE CARE

Drivers assigned an Authority Vehicle are responsible for ensuring it is properly maintained, including fuel, oil, necessary repairs, inspections, and the periodic cleaning of the interior of the vehicle. Drivers must immediately report any malfunctions or services needed. Drivers must turn in gas receipts within 7 business days and complete periodic mileage logs which are due on the last pay period of the month. When out of service, drivers must properly park and secure vehicles and never leave keys in the vehicle.

VEHICLE PASSENGERS

Authority vehicles are operated and maintained for official work purposes. Only designated drivers may drive an Authority vehicle. Vehicle passengers, who are not also Authority employees, should only be present in the course of conducting legitimate work duties. Such passengers may include contractors, consultants, service providers, vendors, or other public agency employees, etc. Family members or any other person not connected to Authority business will not be allowed to ride as passengers, except in emergency situations.

TRAFFIC CITATIONS AND PENALTIES

Traffic citations for violations of the law while operating an Authority vehicle, and any resulting monetary penalties, are the responsibility of the driver. Unless the mechanical condition of a vehicle is at fault, or other contributing conditions are present that are determined by the Authority to be beyond the control of the driver.

TAKE HOME OR OVERNIGHT USE OF AUTHORITY VEHICLES

Generally, Authority vehicles will be left at the Authority premises overnight. In certain circumstances, a driver may be assigned an Authority vehicle as a take-home vehicle to always be available to the driver for Authority business. Circumstance may include, but are not limited to, the driver's residence is geographically closer to the driver's workstation than the Authority's regular place of business or the driver may need to have immediate access to the vehicle for after-hour emergencies. Circumstances must have a justified, job-related reason, and require supervisor approval.

To maintain eligibility for an assignment of a Take Home/Overnight Vehicle the following will be taken into consideration:

1. Commute distance – A driver's commute distance, as measured between the driver's residence and driver's workstation, should not be greater than 30 miles or require on average more than 45 minutes (if the distance is greater). If the vehicle is a take-home vehicle, any changes to the driver's residence should be reported to your supervisor for reevaluation of eligibility.
2. Authority's business purpose for assignment of take-home vehicle

A driver assignment of a take-home vehicle may be revoked by the Authority at any time without notice.

COMMUTE USE OF AN AUTHORITY OWNED VEHICLE

In the event a driver has been assigned a take-home vehicle, the driver's commute mileage will be considered taxable wages and will be added to the driver's gross pay at the end of each quarter. Taxable wages will be calculated using the commuting valuation rule (Treas. Reg. Section 1.61-21(f)). The value of commuting will be based on IRS standard Commuting Valuation Rule value and will be calculated for each day of work. Under no circumstances should a driver's commute time be considered compensable time. Compensable time begins at your arrival at your workstation and ends when you depart your workstation for the day.

SECTION 12: Ethics, Gifts, and Other Conflicts of Interest

It is the responsibility of each employee to maintain the highest standards of integrity and personal conduct, and to prevent and report others engaging in unethical behavior. All Authority employees must follow federal, state, and local laws and regulations.

Bribes, kickbacks, and other unlawful payments are specifically prohibited. Any unlawful or unethical activities of employees, officers, vendors, contractors, suppliers, or consultants must be reported immediately. Engaging in or failing to report unlawful or unethical activities will result in disciplinary action up to and including termination.

Employees are not to solicit or accept any gift, favor, or gratuity that might reasonably tend to influence that individual in the performance of official duties or that the official or employee knows or should know has been offered with the intent to influence or reward official conduct.

Selection of outside vendors and consultants shall be based on the business or individual's merits, and there should be no actual or appearance of improper bias or profit or personal motive in selection. If any employee has a family, financial, employment, management, officer/board membership, or ownership interest in a business being considered for contract with the Authority, the employee must notify the General Manager and must remove themselves from the decision-making process.



SECTION 13: Authority Equipment and Property

Employees will be furnished the necessary tools, equipment, facilities, and supplies to accomplish their assignments and will be expected to follow appropriate rules and guidelines for the use of such materials and facilities. Employees of the Authority are expected to exercise due care in the maintenance of all assigned items. When assigned items become unserviceable, unusable, or unsightly, employees shall report such to their supervisor to authorize repair and/or replacement. Any employee using Authority equipment or equipment provided by clients shall be responsible for the condition of that equipment. Responsibility for properly functioning safety equipment and general inspection of equipment rests with the individual operator. All furnished tools, equipment, facilities, and supplies shall be returned by employees upon separation from employment with the Authority.

Authority employees are expected to report all accidents to their supervisor and seek first aid for all injuries, however minor, and report any unsafe work conditions, equipment or practices to their supervisor as soon as possible. Careless, abusive, negligent, or reckless handling or operation including improper use or disposal of any furnished vehicles, tools, equipment, facilities, and supplies by any employee may result in disciplinary action up to, and including, dismissal.

SECTION 14: Outside Employment

All Authority employees are prohibited from engaging in other employment which would interfere with the performance of their Authority duties, including “on-call” duties, and are prohibited from engaging in other employment which would represent a conflict of interest under this handbook and/or federal, state, or local laws and/or regulations. An employee who intends to maintain secondary employment, including self-employment, must advise their immediate supervisor. Should outside employment create any workplace problems including but not limited to a violation of the Authority’s conflict of interest policy, the employee may be required to discontinue the outside employment and/or be subject to disciplinary action.

SECTION 15: Political Activities

Employees are encouraged to exercise their legal right to vote and to be involved in activities in their community. However, employees shall not be required to contribute to any political fund or render any political service to any person or political party, and no employee shall be removed, reduced in job position or compensation, or otherwise prejudiced for failure to do so.

Employees will not engage in political campaigning or related activities during normal working hours, or while wearing Authority uniforms, badges, or insignia, nor while using Authority equipment. Employees are permitted to serve on boards or commissions but are prohibited from serving on the City Council of a Member City or on the Board of Directors of any entity that has a contractual relationship with the Authority. Employees who run for such political offices must

resign their employment with the Authority upon the announcement of candidacy, unless otherwise approved by the General Manager and the Board of Directors.

SECTION 16: Use of Authority Resources, Name, or Letterhead

Unauthorized use of Authority resources, name, or letterhead is strictly prohibited. Employees are prohibited from using Authority facilities, equipment, supplies, employee time, any other Authority resource for personal use. The General Manager may allow limited personal use of office equipment like telephones for local calls, cell phones, scanning documents, or copy machines provided the use is not excessive, does not interfere with operational needs of the Authority, is not considered inappropriate use under section 8 and any costs associated with the equipment use, is reimbursed to the Authority. Employees have no legitimate expectation of privacy when using these resources.

SECTION 17: Searches

Authority owned or leased property including but not limited to vehicles, offices, computers, lockers, desks, or cabinets is subject to search, inspection, or monitoring from time to time by the Authority. By accepting continued employment with the Authority, employees consent to any searches, inspections, or monitoring of such property. Employees have no expectation of privacy relative to any Authority owned or leased property whether or not such property has a locking device, password, or code on it. No unauthorized locks, or keys to locks, for Authority property may be utilized by an Authority employee. Any use of unauthorized locks or keys is subject to confiscation, removal, and/or destruction by the Authority.

SECTION 18: Retaliation

Any individual or employee that has made a report or formal grievance of harassment, or violations of conduct prohibited by law, regulation, or by Authority policy, will not be retaliated against for making such a report, or complaint, nor for participating in any resulting investigation. An adverse action taken against an employee for filing a discrimination charge, testifying or participating in an investigation, proceeding, or lawsuit, or for opposing discriminatory employment practices may be deemed retaliation. The Authority also prohibits adverse personnel action against employees because they reported a violation of law to an appropriate law enforcement official in good faith. Retaliation of any kind will not be tolerated, and any employee found to have retaliated against an employee for such a report or complaint will be subject to disciplinary action.

SECTION 19: Personnel Records

Department heads shall maintain appropriate records on all personnel in the organization. Care shall be taken to preserve the integrity of the records and the privacy of employees by preventing unauthorized access or use. Unless otherwise provided by law, personnel records shall not be used or divulged for purposes unconnected with the Authority. Nothing herein shall prevent the dissemination of impersonal statistical information.



The General Manager shall prescribe retention and uniform or minimum content requirements for individual personnel records to ensure proper administration and adherence to equal employment opportunity regulations and other general administrative purposes.

Employees shall have a right to reasonable inspection of their personnel records under procedures prescribed by the General Manager.

Personnel files, with certain exceptions, are public records. Employees who wish to maintain the privacy of personal telephone numbers, home addresses, and family information in the event of an open records request under the Public Information Act must have signed a non-disclosure form prior to the Authority's receipt of an open records request.

SECTION 20: Occupational Injury

Every effort is made by the Authority to provide a safe work environment where employees perform their job duties with minimal hazards, risks, or threats to the employee's physical and psychological well-being. The Authority is committed to providing workplace safety training and maintaining Authority facilities and equipment in proper working order to minimize workplace accidents, injuries, illnesses, and other risks that would reduce employee productivity. Employees are expected to observe all established safety rules, department policies, and supervisor instructions related to completing the employee's job duties safely and efficiently. Employees who work in a careless or negligent manner, or fail to observe safety rules, may forfeit the right to receive occupational injury (workers' compensation) benefits.

INCIDENT REPORTING

If an injury occurs during the scope of employment and the workplace caused or contributed to the condition or significantly aggravated a pre-existing condition, the employee will be eligible for worker's compensation benefits. To be eligible for benefits, the workplace injury must be reported to the supervisor, general manager, or other person of similar authority as soon as practicable regardless of how minor such an injury may seem to the employee. Employees who fail to report an injury will not be eligible for occupational injury (worker's compensation) benefits.

After the injury has been reported, the employee's supervisor may:

- 1) Help the employee fill out an incident report.
- 2) Recommend any follow-up care.
- 3) Require alcohol/substance screening.
- 4) Investigate the incident
- 5) Gather statements from witnesses.
- 6) Provide the employee with information on how to file a worker's compensation claim with the Authority's insurance provider.
- 7) Report the incident to OSHA if required.

- 8) Request a medical evaluation/physician's release for the employee to return to work. If the injury resulted in Occupation Injury Leave, a physician's release will be required.

MEDICAL SERVICES FOR TREATMENT OF OCCUPATIONAL INJURY

State law governs an employee's coverage for Worker's compensation benefits and the Authority will follow the guidelines as set forth by our insurance provider. An employee injured within the scope of employment is entitled to medical aid, hospital services, and other treatments considered medically necessary for the treatment of the injury and at any time, thereafter, as may be necessary to cure and relieve the effects of the injury.

Injuries that require medical treatment beyond first aid should be treated by qualified medical professionals that process workman's compensation claims. Qualified medical professionals may include hospital emergency rooms (large or stand-alone), urgent care facilities, walk-in clinics, or personal physicians. Treatment choices should be made based on the severity of the injury and urgency of treatment. It should be noted that not all facilities or doctors process compensation claims, so whenever practicable, it is important to determine applicability before you choose a provider. Generally, ER facilities, including standalone ER facilities, will treat occupational injuries, as do many Urgent Care Facilities. Employees will be provided with a list of Urgent Care and ER Facilities currently preferred by the Authority.

OCCUPATIONAL INJURY LEAVE

Employees sustaining injuries during the course of employment shall be granted occupational injury leave subject to the following:

- 1) Injury leave may be granted to an injured employee by the General Manager. Injury leave is not counted against sick leave or vacation leave. The General Manager may grant injury leave for up to seven (7) days to allow for a workplace injury to be evaluated and treated by a qualified medical services provider.
- 2) If the employee's injuries necessitate an absence of more than seven (7) days, the employee may be granted additional injury leave at the discretion of the General Manager.
- 3) During the period of Injury leave under this policy, the Authority will continue to pay the employer portion of the health and dental insurance premiums, provided the employee continues to pay the employee portion of the insurance premiums. Any employee-paid premiums will be deducted from the employee's supplemental or sick leave payments, or the employee may pay the Authority directly.

SUPPLEMENTAL PAY

If an injured employee is receiving lost wage benefits as a workman's compensation benefit, the injured employee may be granted supplemental pay to cover the difference between the employee's full compensation and any workmen's compensation benefits allowed by the prevailing Texas



Employers Liability Law. Supplemental pay is not an earned benefit and is not required by law. Supplemental pay must be authorized by the General Manager and may be terminated or revoked at any time.



CHAPTER 5: EMPLOYMENT CLASSIFICATIONS, COMPENSATION, AND WORK STANDARDS

SECTION 1: Job Classifications

REGULAR EMPLOYEE

A regular employee may be either non-exempt or exempt and be considered full-time, part-time, or temporary.

Full-time – a job position/work assignment that requires a work schedule of 40 hours/week for non-exempt employees and 80 hours/ two weeks for exempt employees. Full-time regular employees are eligible for employee benefits according to the benefits outlined in the Employee Handbook.

Part-time – a job position/work assignment that requires a work schedule of on average 25 or less hours per week for a duration of greater than 1 year. Part-time employees will only be eligible for limited employee benefits.

Temporary – a job position/work assignment that requires a work schedule that is considered short-term in duration (less than one year) and to complete a specific project or work assignment. Temporary employees will not be eligible for benefits.

PROVISIONAL EMPLOYEE

A provisional employee is newly hired, reinstated, transferred, or promoted and may be either non-exempt or exempt.

Each exempt or non-exempt employee, whether newly hired, reinstated, or newly promoted will be considered a provisional employee for six (6) months. The provisional employee will be eligible for the same employment benefits as regular employees subject to any rules related to enrollment or other limitations or qualifications as prescribed by the benefits policies and provisions of the Authority.

During the provisional period the employee will be provided with any training or instruction needed to successfully complete the tasks of the job position/work assignment. The position's supervisor will monitor, evaluate, and assist a provisional employee in learning the requirements of the job/work assignment and employment with the Authority. The employee will be advised of satisfactory or unsatisfactory progress and will receive any necessary recommendations for improvement.

A provisional employee that is determined to be unsatisfactory in a job position may be:

1. Separated from employment.
2. Administratively transferred to a more suitable position.

3. Demoted or transferred to a former position held, if the position is vacant.

Once the provisional period has passed, employees that demonstrate the skills and meet the performance levels required of the job position will be considered regular employees.

Successful completion of a provisional period should not be construed as guaranteeing continued employment or creating a contract of employment. Completion of the provisional period does not modify the at-will status of employment.

SECTION 2: Rates of Pay

Authority employees shall be paid salaries or wages in accordance with the compensation plan adopted by the Board of Directors. Rates of pay for Authority job positions will be established using prevailing rates of pay among public and private employers in the relevant labor markets based on the duties, responsibilities, and qualifications required of Authority employees, and other relevant factors.

All employees, whether exempt or non-exempt, must keep daily records showing all hours worked and all leave time taken. Supervisors will review and approve the time sheets. Time sheets must be signed by the employee and by the employee's supervisor.

SECTION 3: Work Schedule

The Authority offers multiple work schedules to accommodate the needs of the employees.

REGULAR WORK SCHEDULE

The standard work schedule for full-time Authority employees is:

- Monday through Friday
- 8:00 a.m. to 5:00 p.m. (with a one-hour unpaid lunch break)
- Totaling 40 hours per workweek

9/80 WORK SCHEDULE OPTION

The Authority offers eligible employees the option to participate in a 9/80 work schedule, subject to supervisory approval and operational feasibility. The 9/80 schedule allows employees to work:

- Nine (9) hours per day, Monday through Thursday
- Eight (8) hours on one Friday (Week A)
- Off the following Friday (Week B)
- Totaling 80 hours over a two-week period

To comply with Fair Labor Standards Act (FLSA) requirements, the official workweek under a 9/80 schedule begins midday Friday (after the first 4-hour work period) and ends the following midday Friday.



ELIGIBILITY AND APPROVAL

The 9/80 schedule is not an entitlement and may not be appropriate for all positions or departments. Participation is subject to the following conditions:

- The employee's duties must support flexible scheduling without compromising performance or coverage.
- The employee must maintain satisfactory attendance and performance.
- Approval must be granted in writing by the employee's supervisor and the General Manager.
- The schedule must not result in overtime unless pre-approved by the General Manager or designee.

MODIFICATIONS AND EXCEPTIONS

The General Manager has sole discretion to:

- Approve, modify, or rescind any individual's work schedule based on business needs.
- Approve special accommodations on a case-by-case basis, including alternate work hours or temporary schedule adjustments for personal or operational reasons.

BREAKS AND REST PERIODS

Employees are permitted reasonable rest periods not to exceed 15 minutes during each half of the workday (morning and afternoon).

- Breaks are considered paid time and should not be used to extend lunch periods, arrive late, or leave early.
- Supervisors may adjust break times based on operational needs.
- Abuse of break periods may result in disciplinary action.

HOLIDAY AND LEAVE CONSIDERATIONS

When a designated Authority holiday falls on a regularly scheduled workday under the 9/80 schedule, the employee will receive paid holiday time in the amount of eight (8) hours. Any deficit or excess in hours must be addressed by using accrued leave or modifying the schedule, subject to supervisor approval.

REVOCATION OF SCHEDULE

The Authority reserves the right to discontinue the 9/80 or alternative schedule option at any time due to changes in operational demands, staffing needs, or employee performance issues.

SECTION 4: Overtime and Compensatory Time

All regular and provisional employees shall be paid based on a 40-hour workweek. The designated start and end time of the work week will be determined by the Board of Directors and communicated in writing as needed to the employees by the General Manager. Department supervisors will determine specific schedules for each staff member necessary to complete the mission of the Authority.

Non-exempt employees are entitled to overtime pay for all hours worked in excess of forty (40) hours in a single workweek. Overtime pay is calculated at one and one half ($1\frac{1}{2}$) times the regular rate of pay. Non-exempt overtime must be approved in advance by the employee's supervisor or General Manager. An employee who works overtime without obtaining approval in advance would be subject to discipline.

Exempt employees are entitled to compensatory time off (Comp-Time) and is calculated at a one-to-one ratio for all hours worked in excess of forty (40) hours in a single workweek. Exempt employees will not be granted compensation for accumulated Comp-Time upon termination of their employment.

Example 1: An employee works 12 hours/day for the first 3 days and takes annual/sick leave for the 4th day. Because 36 hours have already been worked, only 4 hours of annual/sick leave will be used, and no overtime or comp time allowed.

Example 2: An employee works 14 hours/days for the first 3 days and takes annual/sick leave for the 4th day. Because 40 or more hours have already been worked that workweek, no leave can be used, and 2 hours of overtime/comp time will be allowed.

Example 3: An employee on the regular schedule works 9 hours for four days and the 5th day is an Authority holiday ($9+9+9+9+8=44$), 4 hours of overtime/comp time will be earned. An employee on the 9-80 schedule that normally works 9 hours for four days with every other Friday off and the 5th day is an Authority holiday AND their scheduled Friday off; the employee must take a day off during the week to account for the holiday hours or lose the holiday. Any hours worked over 40 hours for that week will be counted as overtime/comp time. "Hours worked" for purposes of calculating overtime or comp-time do not include any time not actually worked (e.g., annual leave or sick leave, etc.). Authority holidays will be counted as "hours worked".

Example: An employee works 12 hours on Monday, calls in sick on Tuesday, works 8 hours Wednesday and Thursday and Friday is a holiday. ($12+8s+8+8+8h=44$). Because 8 of the hours were sick leave hours, they do not count towards the "hours worked". The employee would take only 4 hours of sick leave and no overtime/comp time would be earned.

All employees, whether exempt or non-exempt, must keep daily records showing all hours worked and all leave time taken. Supervisors will review and approve the time sheets. Time sheets must be signed by the employee and by the employee's supervisor.



SECTION 5: Employee Use of Authority Assets and Reimbursements

When appropriate, employees will be furnished with the necessary vehicles, tools, equipment, uniforms, facilities and supplies to accomplish their work assignments and will be expected to follow appropriate rules and guidelines for the use of such assigned vehicles, tools, equipment, facilities, and supplies. In some circumstances, the employee may be expected to personally pay for approved expenses and be reimbursed by the Authority.

BUSINESS TRAVEL, TRAINING, AND OTHER EXPENSE REIMBURSEMENT

Employees will be reimbursed for authorized reasonable and necessary expenses incurred by the employee in the course of Authority business. Mileage for the use of personal vehicles will be reimbursed at the current IRS standard mileage rate. Such expenses should be documented on an expense report form, substantiated with receipts or travel logs, and submitted to the employee's supervisor for approval. Expense reports should be submitted with the employee's timesheets at the end of the pay period when the expense occurred.

CELL PHONE ISSUANCE OR STIPEND

Employees performing field services and critical job duties subject to after-hours calls will be required to carry a cell phone. Such employees will either be eligible for a monthly cell phone stipend in an amount approved by the General Manager or will be issued an Authority owned cell phone. Employees receiving a stipend or an Authority issued phone are responsible for ensuring that the phone is in working order and that work-related emails and texts are retained pursuant to the Authority's records requirements under the Public Information Act.

SECTION 6: Work from Home

PURPOSE

The Authority recognizes that, under certain circumstances, it may be appropriate and beneficial to allow employees to work from home on a temporary and limited basis. This policy establishes guidelines for occasional remote work, subject to prior approval by the General Manager.

POLICY STATEMENT

Employees may be permitted to work from home on a special occasion, provided that such arrangements:

- Are approved in advance by the General Manager
- Are temporary and infrequent in nature
- Do not impair productivity, quality of work, or customer service
- Do not conflict with the operational needs of the Authority

ELIGIBILITY

All full-time employees may request to work remotely under this policy, subject to the following conditions:

- The employee's job duties are suitable for remote work (e.g., administrative or planning work that does not require in-person presence)
- The employee has demonstrated reliable work performance and the ability to work independently
- The employee has the necessary equipment and internet access to work effectively from home

APPROVAL PROCESS

1. The employee must submit a written request (email is acceptable) to their direct supervisor, including the reason and proposed date(s) for remote work.
2. The supervisor will review the request and forward it with a recommendation to the General Manager.
3. The General Manager will determine whether to approve or deny the request in writing based on operational needs and the employee's role and performance.

EXPECTATIONS

- Employees approved to work from home are expected to be available during regular business hours, respond promptly to emails and calls, and perform all assigned duties in a timely and professional manner.
- Employees must comply with all applicable policies, including those governing data security and confidentiality.
- No additional compensation or reimbursement will be provided for home internet use or personal devices, unless previously authorized.

LIMITATIONS

- This policy does not establish a right or entitlement to remote work.
- It is not intended to create a regular telecommuting arrangement.
- The General Manager retains sole discretion to approve, deny, modify, or revoke remote work privileges at any time.



CHAPTER 6: EMPLOYEE BENEFITS

SECTION 1: Holidays and Leave

HOLIDAYS

The following Official Holidays will be observed by the Authority:

- New Year's Day, January 1
- Good Friday (Friday before Easter)
- Memorial Day (Last Monday in May)
- Independence Day, July 4th
- Labor Day (First Monday in September)
- Thanksgiving Day (Fourth Thursday in November)
- Day After Thanksgiving (Friday following Thanksgiving)
- Christmas Eve, December 24th
- Christmas Day, December 25th
- General Manager Designated Holiday (determined each year)
- One Personal/Floating Holiday (determined each year by employee)

Designated holidays may be added or removed, and the schedule may be altered at the Board's discretion. An observed holiday schedule will be provided at the beginning of each calendar year.

Holiday paid leave will follow these guidelines:

1. Full-time regular employees shall be entitled to paid holidays (8 hours each)
2. Part-time regular employees who would normally have worked on a day of the week observed as a holiday shall be entitled to pay for the number of hours they would have worked on that day if the holiday had not occurred.
3. Temporary employees may be granted unpaid holidays.
4. If a holiday falls on a Saturday, the preceding Friday shall be observed, and if a holiday falls on a Sunday, the following Monday shall be observed.
5. When a paid holiday falls on an employee's regularly scheduled day off, the employee will be paid eight hours (or the prorated amount if less than full-time) holiday pay AND be given 8 hours to take off during the same workweek as the holiday.
6. When the scheduled holiday occurs during a day that an employee is scheduled to work greater than 8 hours, the employee may:
 - a. elect to use either vacation or comp-time earned to make up for the time in excess of 8 hours that the employee was originally scheduled to work; or
 - b. elect to forego compensation for the difference; or
 - c. upon supervisor's approval, an employee may work additional hours during the same designated workweek as the holiday, in lieu of using accrued leave.



7. An employee on leave of absence without pay status on the holiday or on the scheduled workday immediately preceding or following shall not receive pay for the holiday.

VACATION LEAVE

Full-time regular employees shall accrue vacation leave at the following rates:

Length of Service	Days
Less than five (5) years of service	Ten (10) days of vacation per year
Greater than five (5) years and less than ten (10) years of service	Fifteen (15) days of vacation per year
Greater than ten (10) years	Fifteen (20) days of vacation per year

The following guidelines will govern the accrual and use of vacation leave:

1. Each eligible employee will be required to have served the equivalent of one (1) year of continuous service with the Authority from the date of their employment, in order to be eligible for his/her full annual vacation; however, at the discretion of the General Manager, an employee may be permitted to use his/her accumulated vacation time after six (6) months continuous service from the date of their employment with the Authority provided that the employee has been placed on regular status.
2. Vacation leave of more than ten (10) working days at any one time will require special permission from the General Manager.
3. Vacation leave shall not be earned for any accrual period during which an employee is in inactive status for more than half the standard number of paid days during a pay period.
4. Vacation leave may be taken in half-hour increments with proper supervisory approvals at any time following employment. This section does not apply to employees serving their initial provisional period.
5. No employee may carry over more than twenty (20) working days or 160 hours of vacation leave from one calendar year to another.
6. Vacation leave requires prior supervisor approval. Department supervisors shall schedule or approve vacations, giving due consideration to the needs of the Authority and the interests of the employees.
7. Employees requesting leave for longer than one working day must submit a written request to the department supervisor at least one week in advance of the requested leave.
8. Vacation leave shall be charged only for the time during which the employee would ordinarily have worked.
9. Employees being transferred, promoted, or demoted shall retain accrued vacation leave.
10. Vacation leave may be advanced to full-time regular employees upon execution of a written agreement in the form and manner prescribed by the General Manager.

11. All full-time regular employees who are separated from Authority employment shall be paid for any accrued and earned vacation leave. Vacation will be paid at the following pay period after separation and will be subject to any unpaid debts owed to the Authority.
12. Vacation leave credits shall not be transferable between employees.

SICK LEAVE

Every regular, full-time employee of the Authority shall accrue ten (10) hours of sick leave per month.

The following guidelines will govern the accrual and use of sick leave:

1. Sick leave may be accumulated on an unlimited basis; however, no employee will be compensated for accumulated sick leave upon termination of their employment.
2. Sick leave shall not be earned for any accrual period during which an employee is in inactive status for more than half the standard number of paid days during a pay period.
3. Sick leave may be taken in increments equivalent to half-hour of work because of illness, injury, quarantine, disaster, serious injury, or serious or contagious illness or death within the employee's immediate family or household, or routine health care appointments which cannot reasonably be scheduled outside of working hours.
4. The General Manager, Department Supervisor, or HR Representative may request verification, documentation, or a written medical return to work release signed by a certified medical professional in the following circumstances:
 - a. An employee uses more than 3 consecutive days of sick leave.
 - b. An employee suffers an on-the-job-injury.
 - c. An employee is returning to work after an injury, illness, temporary disability, surgery, medical procedure, or other circumstances that has required an absence from the workplace.
5. If it is necessary for any employee to be absent due to illness, or accident, the employee must advise his immediate supervisor as soon as possible. Failure to do so within a reasonable period may be cause for the denial of sick pay for the period of absence.
6. Accrued vacation may be used to supplement sick leave. Pay shall be discontinued when authorized leave is exhausted. Sick leave may be advanced to regular full-time employees upon execution of a written agreement in the form and manner prescribed by the General Manager.
7. An employee who becomes ill or injured during a vacation may request that the vacation be terminated, and the time of the illness or injury be charged to sick leave.
8. Sick leave credits shall not be transferable between employees, except as otherwise allowed by the Sick Leave Pool



9. Employees with an illness, injury, or other long-term condition such as surgery, illness treatment plan, pregnancy, or adoption that requires an extended absence from work, may be granted an unpaid leave of absence, at the discretion of the General Manager

The Authority will comply with all applicable State and Federal leave laws regarding necessary medical leave. However, at this time, the Authority employs fewer than fifty (50) employees and is not subject to the provisions of the Family and Medical Leave Act (FMLA). All accommodation will be made to meet the needs of employees requiring extended leave while balancing the needs of the Authority.

MILITARY LEAVE

Military leave shall be granted in accordance with applicable state and federal laws. Members of the state military forces, a reserve component of the armed forces, or a member of a state or federally authorized Urban Search and Rescue Team shall be granted up to fifteen (15) days of paid leave per fiscal year for the purpose of serving in reserve training or duty. Employees on military leave shall be compensated up to their regular rate of pay. Employees preparing to take authorized military leave shall furnish their supervisors with copies of military orders or other appropriate documentation.

JURY DUTY

Employees who are required by the due process of law to render jury service shall receive their regular pay during such service. Employees called for such services may be required to submit proof of service to their supervisor. Employees will not be required to turn over any jury duty fees received to the Authority.

FUNERAL/BEREAVEMENT LEAVE

Regular, full-time employees shall be granted up to three (3) days of accrued leave (sick or vacation) to attend a funeral or memorial service of a family member. Family members are defined as grandparents, parents, children, grandchildren, siblings, or the step/in-law version of similar relationships. Additional leave time may be granted by the General Manager. Employees who wish to attend funerals for other than family members as defined above must use accrued vacation or comp time.

OCCUPATIONAL INJURY

Employees injured while performing duties related to the job shall be eligible to receive the workers' compensation benefits at no expense to the employee. Employees must report any job-related injury to his/her supervisor as soon as practicable, regardless of the severity of the injury.

ADMINISTRATIVE ABSENCE WITH PAY

An administrative absence with pay may be granted at the discretion of the General Manager. Circumstances may include but are not limited to, inclement weather, natural disaster, attendance

at a professional conference, convention, training activity, legislative proceeding, or civic function or meeting, or for any other reason that furthers the business interests of the Authority.

ADMINISTRATIVE ABSENCE WITHOUT PAY

An administrative absence without pay may be granted for certain circumstances at the discretion of the General Manager. Other than for military duty, no unpaid leave of absence or in combination with other periods of leave, may last longer than six months. An employee who for any reason or combination of reasons misses a total of six months of work in a twelve-month period, or a total of nine months in an eighteen-month period, may be separated from employment due to unavailability for work. If the employee is not physically fit to resume the employee's current work assignment, reasonable accommodation will be made under ADA or similar law if the employee will be able to perform the essential duties of the work assignment with the accommodation. In the event, such accommodation cannot be made, and the employee cannot perform the essential function of the employee's work assignment, the employee will be separated from employment. The separated employee may be considered for rehire and may apply for any future vacancies that may exist at any given time.

SECTION 2: Sick Leave Pool

PURPOSE

To establish guidelines for the administration of the voluntary Sick Leave Pool to benefit eligible employees who experience a catastrophic illness or injury, or who have an immediate family member who experiences a catastrophic illness or injury for whom they must provide care. This policy was established by the Greater Texoma Utility Authority pursuant to Water Code §36.068(d), and Government Code, Subchapter A, Chapter 661. The Sick Leave Pool policy allows eligible employees to donate earned sick leave hours to the sick leave pool to be used by other eligible employees. This policy was developed to create a caring environment and because employees have expressed a desire to assist their co-workers. Participation is entirely voluntary. Hours will be allocated on a first come, first serve basis. Once the pool is exhausted in any given year, the program will cease to operate for the balance of that year.

ELIGIBILITY

Requests for hours from the Sick Leave Pool are considered on a first-come, first-serve basis. In order for a request to be considered, employees who submit a request to receive hours from the Sick Leave Pool must meet the following Basic Eligibility Requirements:

Basic Eligibility Requirements:

1. Employee must be a current, full-time employee of GTUA.
2. Employee must apply to the Pool Administrator using the designated forms.
3. Employee must exhaust all sick leave time because of catastrophic illness or injury; or a previous donation of time to the pool prior to becoming eligible to use time from the Sick Leave Pool



4. Employee must provide a Medical Certification of Illness/Injury from the healthcare practitioner who is treating the employee (or family member) for the catastrophic injury/illness.
5. Employee must not be receiving Workers Compensation benefits.
6. Employee must not be claiming a catastrophic illness or injury that occurred during employment with any other employer.

ENROLLMENT, CONTRIBUTIONS AND PROCEDURES:

Employees who enroll in the program must be full-time employees of GTUA. Additionally, contribution to the pool must not cause an employee to drop below forty (40) hours of accumulated sick time at the time of contribution.

Any employee who has accrued the minimum required amount of Sick Leave may contribute one or more days of the employee's earned sick leave hours to the Sick Leave Pool and any contributions made are strictly voluntary. Once made, contributions may not be revoked. Contributions may only be made to the Pool in general and employees may not stipulate who their contribution will go to.

Contributions can be made by employees at any time of the year. It is the responsibility of employees to track their own leave balances and initiate enrollment when they have sufficient balance to do so as described above.

Employees may contribute up to five days or forty (40) hours of accrued sick leave to the Pool each calendar year, in increments of eight (8) hours. Upon termination of employment for any reason: employees may contribute their remaining sick leave to the pool.

LIMITATIONS ON WITHDRAWALS:

Any employee may not withdraw from the sick leave pool in an amount that exceeds the lesser of:

- (1) one-third of the total time in the pool; or
- (2) 90 days.

The pool administrator shall determine the amount of time that an employee may withdraw from the pool.

After each event of a catastrophic illness or injury, any unused Pool leave that remains in an employee's sick leave balance after the employee returns to work will be returned to the Sick Leave Pool. In no case, will disbursed sick leave be eligible for monetary pay if the employee did not use the leave time. An employee who is absent on sick leave received from the Pool will be treated for all purposes as if he or she were on regularly earned sick leave. The estate of a deceased employee who had received Pool leave is not entitled to payment for unused sick leave acquired from the Pool.

SECTION 3: Insurance and Retirement Benefits

The Authority offers medical, dental, vision, life, disability insurance coverage, and retirement benefits to all eligible employees and their dependents.

HEALTH INSURANCE

Employees may choose from three health insurance plans, each with different deductible levels to best suit their needs.

The Authority pays 67% of the total insurance premiums, and the employee is responsible for the remaining 33%.

New employees are automatically enrolled in coverage effective the first day of the month following their start date, unless the employee opts out of coverage. The annual open enrollment period occurs each September, during which employees may make changes to their insurance elections.

Eligible dependents may be added during open enrollment or within 30 days of a qualifying life event (e.g., marriage, birth, or loss of other coverage).

MEDICAL FLEXIBLE SPENDING ACCOUNT (FSA)

The Authority offers a Medical Flexible Spending Account (FSA) as a voluntary benefit to eligible employees. This account allows employees to set aside pre-tax dollars to pay for qualified medical, dental, and vision expenses not covered by insurance, such as copayments, deductibles, certain over-the-counter items, and premiums.

Employees may elect an annual contribution amount up to the IRS limit for the calendar year. Contributions are deducted evenly from each paycheck on a pre-tax basis and are available for reimbursement as expenses are incurred.

Elections must be made during the annual open enrollment period in September or within 30 days of a qualifying life event or employment. Unused funds may be subject to a carryover limit or forfeiture, as determined by IRS guidelines.

Participation in the FSA is optional, and employees are encouraged to review eligible expenses and contribution limits when considering enrollment.

LIFE INSURANCE

Each employee is offered \$100,000 coverage in life insurance and the Authority pays 67% of premium, employee pays 33% of premium.

LONG-TERM DISABILITY INSURANCE

Each employee is offered the opportunity to purchase long-term disability insurance through the Authority. However, the full premium is paid by the employee.



Insurance Benefits for new employees become effective on the first day of the calendar month following processing of enrollment forms and forms must be completed within sixty days of hire. Otherwise, the employee will be required to wait to enroll in the Authority's insurance plans during the prescribed open enrollment period or at any time the employee has experienced a qualifying life event as allowed by federal and state regulations.

RETIREMENT BENEFITS

Each employee is enrolled in the Greater Texoma Utility Authority Retirement Plan at the next available quarter. An employee contribution of 6% is mandatory, the Authority contributes 12%. Below is the vesting schedule for the Authority's contribution.

- § 1 Year of Service – 0% vested
- § 2 years of Service – 20% vested
- § 3 years of Service – 40% vested
- § 4 years of Service – 60% vested
- § 5 years of Service – 80% vested
- § 6 years of Service – 100% vested

SECTION 4: Uniforms and Clothing Allowance

Employees in positions designated as Operators or Technicians, whose duties involve significant field work, are expected to wear appropriate work attire and personal protective equipment (PPE) that reflect the Authority's professional standards and ensure workplace safety.

GENERAL REQUIREMENTS

Eligible employees must wear:

- An Authority-approved shirt displaying the organization's logo
- Appropriate PPE suitable for the tasks assigned
- PPE may include, but is not limited to:
 - Gloves
 - Hats (including hard hats)
 - Work boots
 - Flame-resistant (FR) clothing
 - High-visibility vests

EMPLOYEE-PROCURED CLOTHING

Due to differences in fit and personal preference, eligible employees may purchase and be eligible for reimbursement for their own shirts, jackets, jeans/work pants, and work boots, subject to the following criteria:

Shirts

- Must have a collar and at least half sleeves

- Must be waist-length and constructed of material with a sufficient thread count to prevent transparency
- Must be appropriate for public wear and suitable for the work environment
- Must be solid colored: black, brown, gray, navy, or blue
- Other colors or subtle patterns (e.g., small pinstripes) require approval by the General Manager
- Shirts must be embroidered with the Authority's logo to be eligible for reimbursement and have no design or pattern in the upper left quadrant.

Work Boots

- Must qualify as PPE, such as:
- Steel-toed
- Slip-resistant
- Electrical hazard rated
- Or otherwise compliant with OSHA/industry safety standards

Jeans/Work Pants

- Must be flame-resistant (FR) and specifically designed for industrial or utility work
- Standard retail brands (e.g., regular Levi's or Wranglers) do not qualify unless certified as FR and purchased through approved vendors

Jackets

- Must be suitable for field work and may be lightweight or heavy-duty
- Must be solid colored: black, brown, gray, navy, or blue
- Other colors require approval by the General Manager
- Jackets must be embroidered with the Authority's logo to be eligible for reimbursement

REIMBURSEMENT GUIDELINES

- Eligible items will be reimbursed up to a total of \$300 per fiscal year per employee
- Receipts must be submitted with an expense report for reimbursement
- Shirts and jackets must be submitted for embroidery along with the reimbursement request

EMBROIDERY SCHEDULE

To reduce costs, logo embroidery orders will be processed in March and September each year. Items will be collected and sent in bulk to the embroidery vendor, then returned to employees upon completion.

In the event of a new hire, an additional off-cycle embroidery order will be offered, allowing existing employees to submit items at that time as well



PPE PROVIDED BY THE AUTHORITY

All other required PPE, such as gloves, hard hats, and high-visibility vests, will be purchased and provided directly by the Authority and are not subject to the annual reimbursement limit.

CHAPTER 7: EMPLOYEE PERFORMANCE

SECTION 1: Attendance

Employees shall be at their places of work in accordance with the policies of their departments or other organization unit. Department heads shall establish work schedules and maintain employee attendance records.

An employee failing to report for duty or remain at work as scheduled without proper notification, authorization, or excuse shall be considered absent without leave and subject to disciplinary action, up to dismissal, as deemed appropriate by the employee's supervisor.

SECTION 2: Work Standards

All employees are integral members of the Authority team and, as such, are expected to accept certain responsibilities and adhere to acceptable business principles in matters of personal conduct including but not limited to the policies as outlined in this handbook, departmental procedures, and supervisor instruction. Employee "conduct" includes verbal communications, internet or electronic communication of any kind and physical behavior. All employees must observe the highest standards of professionalism, honesty, and ethical behavior at all times, and contribute to a favorable work environment. Employees are required to behave in an honorable, safety-conscious, and business-like manner, and to treat coworkers, supervisors and the public with respect.

SECTION 3: Physical Fitness

It is the continuing responsibility of each employee to maintain the standards of physical and mental health and fitness required for performing the essential duties of the assigned job position. An employee who becomes aware of physical or mental impairment, which may affect his/her ability to perform the essential duties of the assigned position must inform the immediate supervisor and/or General Manager. When it is suspected that the health condition of an employee constitutes a hazard to persons or property or prevents the employee from effectively performing the essential assigned duties, the employee may be required to submit to a health examination to determine the employee's fitness for duty.

If an employee is unable to perform the essential duties of the assigned job position, reasonable accommodations will be made by the Authority to provide for the employee to perform such duties in accordance with the procedures outlined in the Americans with Disabilities Act ("ADA"). If reasonable accommodation cannot be provided and the employee is unable to perform the essential duties of his assigned position, the employee may be terminated, in accordance with the ADA.



SECTION 4: Records Retention and Public Information

As a public agency, any information related to Authority business, including email, text messages and photographs, must be retained according to record retention laws and guidelines and may be subject to public release under public information laws, agency investigation/audits, and subpoenas, even if it is created, transmitted, downloaded, or stored using personal electronic devices such as a cell phone. If an employee does have a work-related text, photograph or other communication on a personal device it must be transferred to an Authority device as soon as possible, and according to law, no later than 10 days. If the data cannot be preserved by transfer, the employee must continue to save the data on the personal device as an Authority business record and the personal device may have to be surrendered to comply with a request made under the Public Information Act. It is a violation of the Public Information Act (the Act) to delete, destroy, or otherwise make unavailable Authority business records and such obstruction or destruction may be subject to both civil enforcement and criminal prosecution.

SECTION 5: Performance Evaluation Report

Performance evaluations are designed to recognize good performance, identify areas needing improvement, create incentives for increased efficiency and good conduct, provide a record to support employment actions, and improve communications between supervisors and employees. Evaluations also provide a tool for management decisions regarding training, assignment, promotion, and retention of employees. Regular employees shall be evaluated annually by supervisory personnel in accordance with procedures developed by the General Manager. Intermittent evaluations may be performed if authorized by the General Manager. Employees will be provided with copies of their performance evaluations.

SECTION 6: Disciplinary Measures

Every employee is expected to consistently maintain satisfactory performance standards. Continuing performance deficiencies will first be addressed by the mutually cooperative efforts of the supervisor and employee. Disciplinary measures are designed to improve employee performance deficiencies and may be taken, in progression or in any order, depending on the particular circumstances surrounding any deficiency. Possible disciplinary measures include, but are not limited to:

1. Informal counseling – for the first indication of substandard work performance the supervisor may advise the employee of unsatisfactory performance and recommend specific areas for improvement.
2. Documented Counseling/Oral Reprimand- An oral reprimand will normally be given identifying any violations and indicating needed improvement. A written record of the oral reprimand will be maintained with the employee's records. The written record will state the specific deficiencies observed and what further action will result if the employee fails to show satisfactory improvement.

3. Written Reprimand – a written reprimand is a formal warning of policy violation that may result in suspension, demotion, or termination of employment should the violation recur. The employee must be given a copy of the written reprimand. The written reprimand should be signed by both employee and supervisor. If an employee refuses to sign, the supervisor should have a witness sign that a copy was given to the employee. The employee's signature indicates receipt of the document only, not acceptance of its contents. This document should include identification of the violation, indication of necessary improvement, and information concerning further disciplinary action that could result from failure to show improvement within a prescribed time frame (a corrective plan of action).
4. Denial or delay of individual pay increase
5. Suspension without pay for up to thirty (30) calendar days.
6. Transfer or Demotion
7. Termination of Employment

Reasons for immediate dismissal may include but are not limited to:

1. Use or possession of prohibited substances while on duty or in the workplace
2. Severely damaging the Authority's reputation
3. Falsification of official Authority records
4. Theft, willful damage, and/or unauthorized use of Authority property
5. Willful failure to follow established safety guidelines when such failure could result in injury to the employee, co-worker, or other persons.
6. Repeated failure to follow department established standard operating procedures.
7. Violations of the weapons policy
8. Acts and/or threats of violence, stalking, threatening behavior, and/or intimidating or harassing behavior, which occur in the workplace and/or that are work-related or relevant to the employee's job.
9. Failure to maintain an active driver's license and/or other licensure or certificate required to perform the essential job duties.
10. Failure to report for duty or remain at work as scheduled without proper notification, authorization, or excuse.
11. Violation of any Board Policies.

A disciplinary measure will be related to the type and severity of the performance deficiency. Deficiencies shall include, but are not limited to, violations of policies as outlined in this Handbook or other organization or departmental rules, regulations, policies, or procedures that may exist related to a specific job, or any other circumstance that could be considered to harm the reputation of the Authority or interfere with its mission. Factors that may be considered in determining appropriate disciplinary action will include the employee's work record, and any mitigating circumstances surrounding the offense.



Any regular full-time employee who has a grievance concerning a performance evaluation or disciplinary measure may address the grievance with the General Manager and the grievance must be in writing with the evaluation or disciplinary measure being appealed, an explanation of the employee's reason to consider the evaluation or measure as unjust or in error, the remedy or alternative solution sought, and must be signed by the employee making the grievance.

In the event an employee is under investigation for a crime or official misconduct or is awaiting a hearing or trial in a criminal matter, the employee may be suspended without pay for the duration of the investigation or proceeding when such a suspension would be in the best interest of the Authority and the public. If the suspended employee is ultimately cleared to return to work, the suspension shall not be considered to have been disciplinary in nature.

CHAPTER 8: NON-DISCIPLINARY SEPARATION

SECTION 1: Resignation

An employee may leave the Authority in good standing by submitting a resignation according to prescribed procedures at least ten (10) working days in advance. Any portion of the notice period may be waived by the proper authority for good cause. An employee resigning without required notice shall be ineligible for reinstatement.

All records, property, equipment, or information belonging to the Authority in the possession of the separated employee shall be returned before the final paycheck is made. The value of any such records, property, equipment, or information that is not able to be returned at separation may be deducted from the employee's final paycheck.

SECTION 2: Layoff

An employee may be laid off because of changes in duties or Authority reorganization, or for lack of work or funds. Whenever possible, an employee laid off from one organization unit shall be transferred to a suitable position elsewhere. Whenever possible, at least two weeks' notice will be given to an employee prior to layoff.

SECTION 3: Unable to Perform Essential Job Functions

An employee may be separated for inability to perform essential job functions as determined by a qualified medical professional.

If an employee is unable to perform the essential functions of his assigned position, reasonable accommodations will be made by the Authority to provide for the employee to perform such functions in accordance with the procedures outlined in the Americans with Disabilities Act ("ADA"). If reasonable accommodation cannot be provided and the employee is unable to perform the essential functions of his assigned position, the employee may be terminated, in accordance with the ADA.

Separation for inability to perform essential job functions shall not be considered disciplinary action and shall not be used to deny an employee the use of any accrued paid leave or other benefits the employee might otherwise be eligible for.

SECTION 4: Retirement

Eligible employees may be separated by retirement in accordance with plan documents. Any employee wishing to file for retirement benefits will give 90 days' notice of intent to retire to the employee's supervisor.



SECTION 5: Political Office

Except as may be otherwise provided by law, the following restriction on political activity shall apply to Authority employees.

Employees shall refrain from publicly using their positions or influence for or against any candidate for public office in any jurisdiction.

No employee may seek or hold an appointive or elective office of public trust where service would constitute a direct conflict of interest with the Authority, with or without remuneration. Upon an announcement of intention to seek or assume such an office, an employee shall resign or shall be terminated for cause upon failure to do so.

SECTION 6: Reinstatement after Non-Disciplinary Separation

A former employee separated from employment for non-disciplinary reasons including resignation, layoff, or to enter military service shall be eligible for reinstatement if such reinstatement would be in the best interest of the Authority. If the former employee is otherwise qualified for the vacant job position, the former employee will need to complete a physical examination to confirm the former employee can perform the essential duties of the job position. Unless otherwise provided by the General Manager, persons previously earning seniority benefits, or credits for which the employee did not receive payment at the time of separation shall have their credits restored to any maximum permitted.

CHAPTER 9: GRIEVANCES

Authority employees are expected and encouraged to promptly raise questions and concerns regarding alleged violations of Authority policy or local, state and/or federal laws and/or regulations, including, but not limited to, discrimination, harassment, sexual harassment, and or any other prohibited conduct.

Reports or complaints of discrimination, harassment, safety code, or other workplace conditions should be addressed to an employee's immediate supervisor. If after such a report, an employee remains dissatisfied with the response to the matter, the employee may submit a written grievance to the immediate supervisor within five (5) working days thereafter. It is the responsibility of the immediate supervisor to study the grievance and attempt to resolve it within five (5) working days after receipt of the written grievance. Supervisors and employees should make every effort to resolve grievances at the lowest level possible.

If the grievance cannot satisfactorily be resolved within the time limit, the immediate supervisor will refer the matter to the General Manager or the Authority's designated human resources (HR) representative. If the matter is not resolved within the prescribed time limit, the employee may present the grievance directly to the General Manager or HR representative.

If the grievance involves the employee's immediate supervisor, the employee may address the grievance with another similar level supervisor within the organization, or directly to the General Manager or the Authority's designated HR representative.

Any grievance alleging harassment received by a supervisor should be reported to the General Manager as soon as possible. The General Manager or HR Representative will be responsible for the investigation of any grievance alleging harassment. A grievance will be reviewed and investigated promptly to determine the appropriate course of action. An employee found to be in violation of the Authority policy concerning harassment will be subject to disciplinary action as outlined later in this Handbook. The General Manager or HR Representative will advise both the reporting employee and the accused employee of the results of the investigation of grievance and any disciplinary action resulting from the investigation.



APPENDIX A: RECORDS MANAGEMENT POLICY





APPENDIX B: DRUG AND ALCOHOL TESTING PROCEDURES



DRUG AND ALCOHOL TESTING PROCEDURES

Updated August 2025

The Greater Texoma Utility Authority is committed to maintaining a safe, productive, and drug-free workplace. To support this commitment, the Authority has established drug and alcohol testing procedures designed to deter substance abuse, identify potential risks, and ensure compliance with applicable federal and state regulations. These procedures apply to all employees and job applicants as required and outline when testing may be conducted, how it will be administered, and the rights and responsibilities of those subject to testing. All testing will be carried out in a fair, confidential, and legally compliant manner to protect the health and safety of employees and the public we serve.

PRE-EMPLOYMENT TESTING

All applicants offered employment with the Authority shall be screened post-offer/pre-employment. Any conditional offer of employment with the Authority is conditioned on the prospective employee testing “negative” for the use of any drug/substance screened for in a 10-panel drug screen.

Applicants will be notified by the Authority to report to a designated testing facility on a specific date and at a specified time for testing. Notification of testing results will be sent directly from the designated testing facility to the Authority.

Selected applicants will be subjected to a 10-panel urine drug screening. The submitted urine specimen shall be tested at the following cutoff levels for non-Safety Sensitive positions:

<u>DRUG</u>	<u>INITIAL TEST LEVEL</u>
<u>Amphetamines</u>	<u>1,000 ng/ml</u>
<u>Benzodiazepines</u>	<u>300 ng/ml</u>
<u>Cocaine Metabolites</u>	<u>300 ng/ml</u>
<u>Marijuana Metabolites</u>	<u>50 ng/ml</u>
<u>Methadone</u>	<u>300 ng/ml</u>
<u>MDA – Analogues</u>	<u>500 ng/ml</u>
<u>Opiates</u>	<u>2,000 ng/ml</u>
<u>Oxycodone</u>	<u>100 ng/ml</u>

A “Safety Sensitive” position is a job or position where the employee holding the position has the responsibility for his/her own safety or other people’s safety. Because the Authority identified functions for safety sensitive positions as job-related and consistent with the Authority’s business necessity, the use of drugs or alcohol while on the job would compromise an employee’s ability to perform the essential functions of his/her job diligently with a clear mind.

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Employees occupying positions classified as “Safety-Sensitive”, and/or positions subject to testing in accordance with Federal Motor Carrier Safety Administration and U.S. Department of Transportation Rules and Policies, shall be subjected to the following urine drug screening. The submitted urine specimen shall be tested at the following cutoff levels:

<u>DRUG</u>	<u>INITIAL TEST LEVEL</u>
<u>Amphetamine/Methamphetamine</u>	<u>1,000 ng/ml</u>
<u>Cocaine Metabolites</u>	<u>300 ng/ml</u>
<u>Marijuana Metabolites</u>	<u>50 ng/ml</u>
<u>MDA – Analogues</u>	<u>500 ng/ml</u>
<u>Opiates</u>	<u>2,000 ng/ml</u>
<u>Phencyclidine</u>	<u>25 ng/ml</u>
<u>Alcohol</u>	<u>0.02 alcohol content</u>

If the specimen provided by the applicant for screening indicates the presence of a prohibited substance at or above the prescribed initial testing level, then the specimen will be submitted for further confirmation testing to determine the presence of a prohibited substance at or above the prescribed confirmation testing level.

Applicants testing “Positive” as a result of the Pre-Employment Drug Screening, who refuse to submit to testing, and/or who have submitted an altered or substituted specimen sample shall be notified by the Authority that their Conditional Employment Offer has been rescinded.

RANDOM TESTING – SAFETY SENSITIVE POSITIONS

The Authority will test for controlled substances and alcohol at a minimum, 50% of the average number of authorized Safety-Sensitive positions and/or positions subject to testing in accordance with Federal Motor Carrier Safety Administration and U.S. Department of Transportation Rules and Policies in each calendar year.

The Authority will notify appropriate supervisors of the names of employees who have been randomly selected for testing. The supervisors shall then transport the employee to the designated testing facility and remain with the employee until the employee has completed all required drug and/or alcohol testing.

Employees testing “Positive” as a result of random testing, who refuse to submit to testing, and/or who have submitted an altered or substituted specimen sample, shall be removed from duty without pay and shall be subject to disciplinary action up to, and including, dismissal from employment with the Authority.

POST-ACCIDENT TESTING

All Authority employees shall be subject to Post Accident Drug and/or Alcohol testing when employees:

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- Sustain a work-related injury requiring medical treatment;
- Are determined to have caused or contributed to an accident involving motorized/mechanized vehicles, machinery or equipment; and/or
- Are involved in an accident involving motorized/mechanized vehicles, machinery or equipment results in a fatality or bodily injury.

When Post Accident Drug and/or Alcohol testing is required, the supervisor or other shall transport the employee to the designated testing facility and remain with the employee until the employee has completed all required drug and/or alcohol testing. The supervisor shall complete the Post Accident and Alcohol Testing Order form providing a copy to the employee. The form shall specify the type of required testing ordered (drug, alcohol or both).

If testing must be done after hours or on weekends, and not at the designated testing facility, the employee, must be placed on administrative leave with pay until the Authority receives results. The employee and/or the supervisor may be required to return to the testing facility the next business day to witness chain of custody procedures. The employee and/or supervisor MUST comply with the requirement of witnessing chain of custody procedures.

If the specimen provided by an employee for screening indicates the presence of a prohibited substance at or above the prescribed initial testing level, then the specimen will be submitted for further confirmation testing to determine the presence of a prohibited substance at or above the prescribed confirmation testing level. When further testing is needed, the employee will be removed from duty and placed on administrative leave with pay until the Human Resources Department receives a copy of the testing facility determination report.

The designated testing facility shall submit to the Authority, a written report specifying whether or not the result for each drug screened was "Positive" or "Negative". The testing facility shall also submit a written determination to the Authority if an employee submits a sample that is determined to have been altered or substituted.

Employees testing "Positive" as a result of Post-Accident Drug Screening, who refuse to submit to testing and/or who have submitted an altered or substituted specimen sample shall be immediately removed from duty without pay and shall be subject to disciplinary action up to, and including, dismissal from employment with the Authority.

REASONABLE SUSPICION TESTING

All Authority employees shall be subject to Reasonable Suspicion Drug and/or Alcohol testing. Reasonable suspicion shall be deemed to exist when any of the following occurs:

- Observable phenomena, such as direct observation of drug use or possession and/or the physical symptoms of being under the influence of a drug or alcohol (legal intoxication and/or other determination is not required);
- Abnormal conduct or erratic behavior;

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- Arrest or conviction for an alcohol and/or drug-related offense;
- Evidence that an employee has tampered with a previous screening test.

When Reasonable Suspicion testing is required, the supervisor shall:

1. Keep the employee under direct observation until testing has been authorized and completed;
2. Contact the General Manager to obtain authorization for testing;
3. Complete the Reasonable Suspicion Drug and Alcohol Testing Order Form providing a copy to the employee, specifying the type of required testing ordered (drug, alcohol or both);
4. Transport the employee to the designated testing facility and, if the employee appears altered, under the influence, and/or intoxicated, arrange for transportation home. An employee with a recordable breath alcohol level shall not be permitted to operate a motor vehicle. If the employee refuses transportation and attempts to operate a motor vehicle, the supervisor shall immediately contact the appropriate law enforcement agency and document the refusal;
5. Complete the required documentation of reasonable suspicion and submit the documentation to the General Manager by the end of the next business day.

When Reasonable Suspicion Drug and/or Alcohol testing is required, the employee shall submit to a screening conducted by properly trained and certified technicians.

If testing must be done after hours or on weekends, and not at the designated testing facility, the employee must be placed on administrative leave with pay until the Authority receives results. The employee and/or the supervisor may be required to return to the testing facility the next business day to witness chain of custody procedures. The employee and/or supervisor MUST comply with the requirement of witnessing chain of custody procedures.

If the specimen provided by an employee for screening indicates the presence of a prohibited substance at or above the prescribed initial testing level, then the specimen will be submitted for further confirmation testing to determine the presence of a prohibited substance at or above the prescribed confirmation testing level. When further testing is needed, the employee will be removed from duty and placed on administrative leave with pay until the Human Resources Department receives a copy of the testing facility determination report.

The designated testing facility shall submit to the Authority, a written report specifying whether or not the result for each drug screened was "Positive" or "Negative". The testing facility shall also submit a written determination to the Authority if an employee submits a sample that is determined to have been altered or substituted.

Employees testing "Positive" as a result of Reasonable Suspicion Drug/Alcohol Screening, who refuse testing, or who have submitted an altered or substituted specimen sample shall be immediately removed from duty without pay and shall be subject to disciplinary action up to, and including, dismissal from employment with the Authority.

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CONFIDENTIALITY OF DRUG AND ALCOHOL TESTING

All drug and alcohol test results are considered confidential medical records and will be handled accordingly. Access to such records shall be strictly limited to individuals with a legitimate need to know in accordance with applicable federal and state privacy laws, including but not limited to the Americans with Disabilities Act (ADA) and the Health Insurance Portability and Accountability Act (HIPAA), where applicable.

The test results will be:

1. Maintained in a separate, secure file from general personnel records.
2. Shared only with authorized personnel on a need-to-know basis.
3. Released to third parties only with the written consent of the employee, unless required by law or regulation.

EMPLOYEE RIGHTS REGARDING DRUG AND ALCOHOL TESTING

Employees have the right to challenge or explain the results of any drug or alcohol test. If an employee believes a positive result is inaccurate or caused by lawful or legitimate use of a substance, the employee may:

1. Request a retest of the original sample at a certified laboratory of the Authority's choosing (or as allowed by state law).
2. Submit documentation from a licensed medical provider regarding prescription or over-the-counter medications taken.
3. File a written explanation or rebuttal to be placed in their personnel file.

The employee's request for a retest must be submitted in writing within five (5) business days of notification of a positive test result.

The Authority will consider the employee's explanation and any supporting documentation prior to taking disciplinary action.

LIST OF SAFETY SENSITIVE AND/OR DOT RECOGNIZED POSITIONS

*Position list is subject to change at any time by the Authority based on the job responsibilities and/or essential functions of the position.

- Operations Supervisor
- Water and Wastewater Operator
- Maintenance Technician
- Groundwater Field Technician

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APPENDIX CB: FORMS





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