



**GREATER TEXOMA UTILITY AUTHORITY  
BOARD MEETING  
AUGUST 19, 2024**

**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 19, 2024, 12:00 p.m.**

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Notice is hereby given that a meeting of the Board of Directors of the Greater Texoma Utility Authority will be held on the 19th day of August 2024, 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 15, 2024, Meeting.
- V. \* Consider and act upon approval of accrued liabilities for July 2024.
- VI. \* Consider and act upon Change Order No. 6 with Underwood Inc. for City of Whitewright Water Distribution System Improvements Project.
- VII. \* Consider and act upon Change Order No. 2 with Red River Construction Company for CGMA Bloomdale Pump Station, Phase 2 Improvements, Contract A.
- VIII. Citizens to be Heard.
- IX. Receive Quarterly Investment Report.
- X. Consider and act upon an Engagement Letter for Independent Audit Services for Fiscal Year 2023-2024.
- XI. Consider and act upon the award of contract for City of Sherman's Lake Texoma Pump Station Expansion Project.

- XII. Consider and act upon Change Order No. 1 with ANA Site Construction for City of Sherman's Downtown Wastewater Improvements, Phase 1.
- XIII. Consider and act upon the award of contract for Gober MUD's Pump Station Electrical Improvements Project.
- XIV. Consider and act upon the award of contract for City of Bells' Water Mains Installation Project.
- XV. Consider and act upon a resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the contract with THI DBA Hall Resources for the City of Krum Masch Branch Water Well Project as complete.
- XVI. Consider and act upon proposed amendment to the Authority's Policy on Minimum Insurance and Bonding Requirements for Construction Projects.
- XVII. Executive Session
  - Pursuant to Government Code, Sections 551.129 the Board of Directors may adjourn into closed Executive Session to discuss the following:
    - a. Consultations Between Governmental Body and Its Attorney
      - i. Consider GTUA contract negotiations
- XVIII. Consider all matters incident and related to the execution of an amended and restated contract for Water Supply and Sewer Service between Greater Texoma Utility Authority and the City of Sherman, Texas, including the adoption of a resolution pertaining thereto.
- XIX. Consider all matters incident and related to the execution of an amended and restated contract for Water Supply and Sewer Service between Greater Texoma Utility Authority and the Bear Creek Special Utility District, including the adoption of a resolution pertaining thereto.
- XX. Receive General Manager's Report: The General Manager will update the Board on operational and other activities of the Authority.
- XXI. Adjourn.

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

<sup>2</sup>At 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.

<sup>3</sup>PERSONS 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' SPECIAL MEETING  
GREATER TEXOMA UTILITY AUTHORITY**

**MONDAY, JULY 15, 2024**

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

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Members Present: Stanley Thomas, Ken Brawley, Matt Brown, Scott Blackerby, Henry Koehler, Robert Hallberg and Donald Johnston

Members Absent: Brad Morgan and Kristofor Speigel

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

General Counsel: Mike Young, Wynne and Smith

Bond Counsel: Kristen Savant

I. Call to Order

Board Vice President Donald Johnston called the meeting to order at 12:00 p.m.

II. Pledge of Allegiance

Board Vice President Donald Johnston led the group in the Pledge of Allegiance.

III. 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.

IV. \* Consider and act upon approval of Minutes of June 17, 2024, Meeting.

V. \* Consider and act upon approval of accrued liabilities for June 2024.

VI. \* Consider and act upon Change Order No. 1 with Red River Construction for City of Sherman Post Oak Wastewater Treatment Plant Primary Clarifier No. 1 Equipment Replacement and Sludge Transfer Station Rehab.

VII. \* Consider and act upon Change Order No. 6 with Underwood Inc. for City of Whitewright Water Distribution System Improvements Project.

Board Member Ken Brawley made the motion to approve the Consent Agenda. Board Member Matt Brown seconded the motion. Motion passed unanimously.

VIII. Citizens to be Heard.

No citizens wished to be heard.

IX. Consider and act upon appointments to the Budget and Finance Committee for fiscal year 2024-2025.

The following Board Members were appointed to the Budget and Finance Committee Brad Morgan, Henry Koehler, and Kristofor Speigel.

The Board went to Item XVII at this time.

X. Consider and act upon the corrected award of contract for City of Sherman WTP EDR Rehab Chain and Flight Replacement Project.

General Manager Paul Sigle provided background information for the Board. The Board approved an award of contract in the amount of \$1,460,000 at the June Board meeting. Since that award, Sherman requested a new quote, removing installation by WWaterTech, Inc. The corrected quote for the purchase of the equipment is \$1,238,000.00. Board Member Scott Blackerby made the motion to approve the award of contract contingent upon the resolution of the contract between the City of Sherman and GTUA for water supply and sewer service and on the City of Sherman's approval of award of contract. Board Member Ken Brawley seconded the motion. Motion passed unanimously.

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

General Manager Paul Sigle informed the Board that Items XI and XII were connected and provided background information for the Board. As part of the project, Sherman needs to construct a force main and a discharge channel as part of the requirement from the TCEQ discharge permit. Sherman has split the project into two separate projects. City of Sherman received three bids with Triad Service Group, LLC being the lowest bid. Board Member Stanley Thomas made the motion to approve the award of contract contingent upon the resolution of the contract between the City of Sherman and GTUA for water supply and sewer service and on the City of Sherman's approval of award of contract. Board Member Robert Hallberg seconded the motion. Motion passed unanimously.

XII. Consider and act upon the award of contract for City of Sherman Water Treatment Plant Discharge Channel Project.

General Manager Paul Sigle provided background information for the Board. The City of Sherman received two bids with Triad Service Group, LLC in the amount of \$1,687,300.00 being the lowest bid. This is the second part of the project. Discussion was held. Board Member Scott Blackerby made the motion to approve the award of contract contingent upon the resolution of the contract between the City of Sherman and GTUA for water supply and sewer service and on the City of Sherman's approval of award of contract. Board Member Matt Brown seconded the motion. Motion passed unanimously.

- XIII. Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the contract with Red River Construction Company Inc. for the City of Sherman Post Oak Wastewater Treatment Plant Aeration and Other Secondary Treatment Improvements Project as complete.

General Manager Paul Sigle provided background information for the Board. Discussion was held. Board Member Ken Brawley made the motion to approve the award of contract contingent upon the resolution of the contract between the City of Sherman and GTUA for water supply and sewer service. Board Member Robert Hallberg seconded the motion. Motion passed unanimously.

- XIV. Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the contract with W. Brown Enterprises for the City of Sherman Westside Sanitary Sewer Replacement Project as complete.

General Manager Paul Sigle provided background information for the Board. Board Member Robert Hallberg made the motion to approve the award of contract contingent upon the resolution of the contract between the City of Sherman and GTUA for water supply and sewer service. Board Member Stanley Thomas seconded the motion. Motion passed unanimously.

- XV. Consider and act upon the amended Contract for Water Supply and Sewer Services for Arledge Ridge WSC.

General Manager Paul Sigle provided background information for the Board. This contract was approved by GTUA in May, but Arledge Ridge WSC attorney requested minor changes to the contract's reference of government code that doesn't apply to a WSC. Board Member Matt Brown made the motion to approve the revised contract. Board Member Stanley Thomas seconded the motion. Motion passed unanimously.

- XVI. Consider all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Taxable Series 2024 (Arledge Ridge Water Supply Corporation Project)", including the adoption of a resolution approving the issuance of such bonds.

General Manager Paul Sigle provided background information for the Board. The bonds are scheduled to close on August 23, 2024. This issuance is a taxable issuance as Arledge Ridge Water Supply Corporation is a non-profit corporation. Board Member Scott Blackerby made the motion to approve the Greater Texoma Utility Authority Contract Revenue Bonds, Series 2024 (Arledge Ridge Water Supply Corporation Project). Board Member Robert Hallberg seconded the motion. Motion passed unanimously.

- XVII. Update and possible action on the Water Supply and Sewer Service Contract for City of Sherman.

General Manager Paul Sigle provided an update for the Board. City of Sherman and the Authority is finalizing some of the language and City is expected to approve the execution of the contract at the August 5, 2024 Council meeting. The Authority will consider approval of the contract at the August 19<sup>th</sup> meeting.

- XVIII. Discussion and possible action on health insurance plan for employees.

General Manager Paul Sigle provided background information for the Board. Insurance rates are expected to increase by 23%. Discussion was held. The Board suggested that the staff make the decision/action if selecting a different insurance and/or broker.

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

General Manager updated the Board on various activities by the Authority. The Staff has been working on a draft employee manual to update the previous version. The Board was provided with an update on the CGMA system and issued caused by a lost leg from the electric provider. Board held discussions.

XX. Adjourn

Board Member Ken Brawley made the motion to adjourn. Board Member Matt Brown seconded the motion. Board Vice President Donald Johnston declared the meeting adjourned at 12:49 p.m.

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Recording Secretary

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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
<b>GENERAL:</b>			
<u>Fuel and Reimbursements for Mileage</u>			
Paul Sigle (Reimbursement for Mileage)	59.82		
Stacy Packrick (Reimbursement for mileage)	10.52		
Velma Starks (Reimbursement for mileage)	43.01		
Valero Fleet Plus (Fuel - Operations Vehicles)	1,931.21		
<u>Insurance</u>			
TWCA Risk Management (Workers' compensation insurance)	443.00		
<u>Leases/Rental Fees</u>			
North Texas Regional Airport (Lease - administrative offices)	2,494.64		
<u>Legal Fees</u>			
Wynne & Smith, LLC (Agenda, Board Meeting)	926.25		
<u>Maintenance Agreements</u>			
Novatech (Konika-Minolta copier)	374.74		
<u>Meetings and Conferences</u>			
Cackle & Oink (BOD Lunch)	208.00		
<u>Professional Services</u>			
Final Details (Cleaning Service)	585.00		
<u>Repair &amp; Maintenance - Building &amp; Equipment</u>			
Flores Heating & Air Conditioning (Found faulty wireless module for accounting AC unit. Ordered and replaced.)	626.40		
<u>Repair &amp; Maintenance - Administrative and Operations Vehicles</u>			
Grayson County Tax Assessor (2024 Registration renewal for 2016 F150 LP 1286579)	7.50		
Whistlestop (Ford Trucks 2022 Ranger oil change)	97.44		
Whistlestop (Ford Trucks 2022 Ranger inspection fee)	7.00		
<u>Supplies</u>			
American Express (General Office Supplies,GoDaddy Advanced Email Security and Janitorial Supplies)	768.46		
Bank of Texas Visa (General Office Supplies, headset and cords for BT)	51.78		
Office Depot (General Office Supplies, copier paper)	508.95		
<u>Utilities</u>			
ATMOS Energy (Gas)	135.45		
City of Denison (Water)	276.41		
City of Sherman (Trash services)	85.00		
Shell Energy (Electric)	605.53		
Sparklight (Internet)	115.93		
Zutly Inc.(phone lines - local & long distance)	175.97		
Dave Tomlinson (Reimbursement for cell phone expenses)	25.00		
Eric Kyukendall (Reimbursement for cell phone expenses)	25.00		
Nichole Murphy (Reimbursement for cell phone expenses)	25.00		
Paul Sigle (Reimbursement for cell phone expense & internet change)	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		
<b>TOTAL:</b>	<b>\$ 11,221.35</b>	<b>\$ 35,705.09</b>	<b>\$ 26,880.29</b>
<b>SOLID WASTE:</b>			
<u>Utilities</u>			
Grayson-Collin Electric	278.07		
<b>TOTAL:</b>	<b>\$ 278.07</b>	<b>\$ 1,139.12</b>	<b>\$ 1,093.25</b>
<b>WASTEWATER:</b>			
<u>Advertising</u>			
American Express (Sherman 2020 - Ad in Herald Democrat ad to bid on Sherman WWTP Post Oak Lab Bldg. Expansion project)	304.92		
American Express (Sherman 2020 - Ad in McKinney Gazette ad to bid on Sherman WWTP Post Oak Lab Bldg. Expansion project)	414.55		
American Express (Sherman 2020 - Gainesville Daily Register Ad to bid on Sherman WWTP Lab Bldg. Expansion project)	1,560.80		
<u>Construction Contracts</u>			

	CURRENT	PRIOR MONTH	PRIOR YEAR
Archer Western (Pottsboro 2019 - WWTP Expansion & Rehab for .65 MGD flow rate. Pay App #15)	213,750.00		
Archer Western (Pottsboro 2022 - WWTP Expansion & Rehab for .65 MGD flow rate. Pay App #15)	9,404.94		
Kiewit (Sherman 2023 - WWTP MBR Pay App # 9)	6,453,206.19		
Lynn Vessels (Sherman 2019 - Sherman 1st street to Rosedale Sewer Replacement Pay App #3)	122,941.19		
W. Brown Enterprise (Sherman 2021 - Westside Sanitary Sewer Replacement Pay App #4 Final)	34,391.50		
<u>Engineering Fees</u>			
Antero Group (Bells 2022 - Bells Wastewater Engineering 67.73% spent down to date)	13,483.78		
Antero Group (Bells 2022 - Wastewater Engineering Funding, Reviewed drawings & RFIs)	4,897.78		
Geotex (Sherman 2019 - Multiple samples for 1st. Street to Rosedale Sewer project during the period of 6/13/24-6/30/24)	1,483.38		
Geotex (Sherman 2023 - West Side Sanitary Sewer Taylor & West Side for June 2024)	652.00		
Lockwood, Andrews & Newman - (Sherman 2024 - Post Oak Creek Interceptor Services through 7/5/24)	46,750.00		
Mead & Hunt (Sherman 2024 - Post Oak Digester & Blower Rehab for the period of June 2024)	7,987.84		
Mead & Hunt (Sherman 2020 - Sherman Post Oak WWTP Equilization Basin Improvements for June 2024)	1,342.16		
Plummer (Pottsboro 2019 - WWTP PH2 II RPR Services through 06/28/24)	5,635.00		
Plummer (Pottsboro 2019 - WWTP PH2 Construction phase. 79% Complete. Services through 6/28/24)	3,445.50		
Plummer (Sherman 2022 - WWTP Electrical Switchgear Design for electrical generator services through 6/28/24)	27,243.80		
<u>Legal</u>			
Wynne, Smith & Young (Sherman 2024 - Researched indemnification by member cities)	1,218.75		
Wynne, Smith & Young (Sherman 2024 - Researched indemnification by member cities)	2,193.75		
<u>Paying Agent Fees</u>			
Bank of Texas Trust (Kaufman 2019 - GTUAKAUF2020 8/15/24)	300.00		
Bank of Texas Trust (Krum 2012 - GTUACOKCRB12 8/15/24)	300.00		
Bank of Texas Trust (Krum 2012 - GTUACRBS2014 8/15/24)	300.00		
Bank of Texas Trust (Mustang 2018 - GTUAGUNTER18 8/15/24)	300.00		
Bank of Texas Trust (Henrietta 2022 - GTUAHENRIE22 5/15/24)	300.00		
Bank of Texas Trust (North West Grayson WCID 2022 - GTUANWGRAY22 8/15/24)	300.00		
<u>Postage</u>			
Federal Express (Sherman 2024 - Sent Payment, Performance, Maintenance bonds for Post Oak Sanitary Sewer to Western Municipal Construct. Inc.)	67.42		
<b>TOTAL:</b>	<b>\$ 6,954,175.25</b>	<b>\$ 4,129,881.27</b>	<b>\$ 2,391,494.43</b>
<b>WATER:</b>			
<u>Advertising</u>			
American Express - (Bells 2022 - Gainesville Daily Register ad to bid Bells waterline improvements)	1,545.20		
American Express - (Gainesville 2022 - McKinney Gazette Ad to bid Gainesville Water Line Improvements Transmission project)	1,417.55		
Gainesville 2022 - (Gainesville 2022 - McKinney Gazette Ad to bid Gainesville Water Line Improvements Transmission project)	319.44		
Gainesville 2022 - (Gainesville 2022 - Gainesville Daily Register Ad to bid Gainesville Water Line Improvements Transmission project)	1,263.60		
<u>Construction Costs</u>			
Archer Western (Sherman 2022 - WTP Expansion Pkg #1, Pay app #17)	126,522.98		
Cohn & Gregory Supply, LLC (Sherman 20204 - WTP equipment PVC-80 Coupling Socket 8")	281.64		
Garney Companies (Sherman 2023 - CMAR 36" NW/SW water main transmission line Pay App #11)	3,722,250.67		
Hayes Construction (Gober 2021 - FM 68, CR 3710 & CR 3310 Waterline Improvements Pay App #3 Final)	91,917.30		
MVA (Sherman 2023 - WTP Concentrate Discharge & Outfall Design services through 1/8/24, 2/28/24, and 6/28/24)	19,961.48		
Red River Cosntruction (CGMA - Bloomdale Pump Station - rehab 52% complete)	1,067,948.59		
<u>Engineering Fees</u>			
Freese & Nichols (Sherman 2022 - Northwest & Southwest Transmission Pipeline engineering services through 6/30/24)	87,829.05		
Freese & Nichols (Sherman 2023 - Lead & Copper Rule Revision services through 6/30/24)	47,342.04		
Garver (Sherman 2023 - WTP Expansion project. Professional Engineering Services through 6/28/24)	479,694.57		
Geotex (Sherman 2022 - Multiple sample locations for 36" West Sherman Water Main for June 2024)	70,320.17		
McManus (Van Alstyne 2021 - Elevated Storage Tank for construction services through 3/29/24. 2nd payment)	6,250.00		
Pape-Dawson (Sherman 2022 - Sherman Program Management services through 06/28/24. TI infrastructure improvements program)	328,912.81		
Pape-Dawson (Sherman 2023 - WTP Concentrate Discharge & Outfall Design services through 6/28/24)	41,627.50		
Parkhill (Sherman 2021 - Sherman emergency power generation for June 2024 engineering services)	602.00		
<u>Groundwater</u>			
American Express (NTGCD - GoDaddy Advanced Email Security)	479.20		
American Express (RRGCD - GoDaddy Advanced Email Security)	374.09		
AT&T Mobility (NTGCD - W. Parkman - cell phone)	86.51		
Allen Burks (NTGCD - cell phone reimbursement)	12.50		
Allen Burks (RRGCD - cell phone reimbursement)	12.50		
Bank of Texas Visa (NTGCD - Well Monitoring Supplies)	105.17		
Bank of Texas Visa (RRGCD - Grayson County Posting)	3.00		
Kenneth Elliott (NTGCD - cell phone reimbursement)	63.23		
Kenneth Elliott (RRGCD - cell phone reimbursement)	59.72		
Paul Sigle (NTGCD - cell phone reimbursement)	43.77		
Paul Sigle (RRGCD - cell phone reimbursement)	43.77		
Valero Fleet Plus (NTGCD - Fuel)	298.20		
Velma Starks (NTGCD - mileage reimbursement)	22.42		
Velma Starks (RRGCD - mileage reimbursement)	40.27		
Zully, Inc. (NTGCD - 800 line, local & long distance)	175.97		
Zully, Inc. (RRGCD - 800 line, local & long distance)	175.97		

	CURRENT	PRIOR MONTH	PRIOR YEAR
<u>Legal</u>			
Wynne, Smith & Young (Arledge Ridge - Re-review of contract. Review of comments from Arledge's attorney)	187.50		
Wynne, Smith & Young (Sherman 2023A - GTUA Board and review of contract insurance for Red River Construction for Sherman LAS Rapid Mix project)	1,251.25		
<u>Miscellaneous</u>			
BLX Group - (Krum 2017 Interim Arbitrage Rebate Report for period ending 5/15/24 with extra periods)	2,500.00		
FAO, USACE (Lake Tex 2010 - O&M and RR & R costs of water storage space in Texoma Lake for 7/4/23-7/3/24 DACW56-10-WS0005)	56,574.92		
<u>Paying Agent Fees</u>			
Bank of Texas Trust (Bear Creek 2019 - GTUABEARCR19 8/15/24)	250.00		
Bank of Texas Trust (Krum 2017 - GTUAKRUM17 8/15/24)	300.00		
Bank of Texas Trust (Lake Kiowa 2014 - GTUALKIOWA14 8/15/24)	300.00		
Bank of Texas Trust (Lake Kiowa 2017 - GTUALKIOWA17 8/15/24)	300.00		
Bank of Texas Trust (Lake Kiowa 2021 - GTUAKIOWA21 8/15/24)	300.00		
Bank of Texas Trust (Lake Texoma 2010 - GTUACRBS10LT 8/15/24)	300.00		
Bank of Texas Trust (Mustang 2018 - GTUAGUNT18A 8/15/24)	300.00		
<u>CGMA Equipment</u>			
Stewart & Stevenson (CGMA - Bloomdale emergency generator lease. Final month)	6,489.00		
<u>CGMA Repair &amp; Maintenance</u>			
Brenntag Southwest (CGMA - chemicals to treat pump stations water lines)	1,610.50		
Enviromental 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 June & July)	760.00		
Murley Plumbing (CGMA - Replumbed 2 old key style frost proof faucets)	2,414.39		
Reece Supply (CGMA - Bloomingdale - Ritchi BC60 Charging hose)	64.42		
Texas Excavation Safety System, Inc. (CGMA - Message Fees)	185.15		
<u>Supplies</u>			
Bank of Texas Visa (CGMA - Adjustable work platform)	330.37		
Lowes (CGMA - Misc parts and materials for June 2024)	979.07		
HD Supply (CGMA - Bug Remover, ground Clear wand etc.)	201.66		
Matheson Tri Gas - (CGMA - Nigrogen bottles and high presure Nitrogen regulator)	1,175.87		
Tractor Supply (CGMA - Brushtox)	40.04		
USA Bluebook (CGMA - Flag shooter, Hach system Verification chem key, Ammonia Chemkey)	1,119.85		
United Ag & Turf (CGMA - PICCO Slim 61PMM3 50" and slim, oil and filters for leased tractor)	120.73		
<u>CGMA Utilities</u>			
A1 Little John (CGMA - Bloomdale P.S. - Portable toilet rental)	130.44		
AT & T Mobility (CGMA - Emergency back up lines)	112.96		
AT & T U-Verse (CGMA - Bloomdale Pump Station, Internet)	53.76		
North Texas Municipal Water District (Water Usage)	509,134.00		
Shell Energy (Bloomdale Pump Station)	9,350.00		
Waste Connections Lone Star (CGMA - Bloomdale Pump Station trash collection)	97.22		
Paul Sigle (CGMA - Mileage)	35.92		
Valero (CGMA - Fuel for 2023 F250)	626.67		
<b>TOTAL:</b>	<b>\$ 6,696,726.57</b>	<b>\$ 4,265,098.23</b>	<b>\$ 1,775,250.35</b>
<b>GRAND TOTAL:</b>	<b>\$ 13,662,401.24</b>	<b>\$ 8,431,823.71</b>	<b>\$ 4,194,718.32</b>

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. 5

Date of Issuance: \_\_\_\_\_ Effective Date: \_\_\_\_\_  
 Owner: GTUA obo City of Whitewright Owner's Contract No.: WTW007.002  
 Contractor: Underwood, Inc. Contractor's Project No.: WTW007.002  
 Engineer: KSA engineers, Inc. Engineer's Project No.: WTW007.002  
 Project: TWDB Water Distribution System Contract Name: 62831 CID 02  
 Improvements

The Contract is modified as follows upon execution of this Change Order:

Description: Item #1.02 Qty -224 Amount -\$9,632.00  
 Item #1.07 Qty -3 Amount -\$3,975.00  
 Item #1.16 Qty +3 Amount +\$10,200.00  
 Item # 1.32 Qty -1 Amount -\$7,000.00

Attachments:

CHANGE IN CONTRACT PRICE	CHANGE IN CONTRACT TIMES <i>(note changes in Milestones if applicable)</i>
Original Contract Price: \$ 62,421.75	Original Contract Times: Substantial Completion: 270 (10/16/2022) Ready for Final Payment: 300 (11/16/2022) days or dates
[Increase] [Decrease] from previously approved Change Orders No. <u>1</u> to No. <u>5</u> \$ 27,525.00	[Increase] [Decrease] from previously approved Change Orders No. _____ to No. _____ Substantial Completion: _____ Ready for Final Payment: _____ days
Contract Price prior to this Change Order: _____ \$ 779,946.75	Contract Times prior to this Change Order: _____ Substantial Completion: _____ Ready for Final Payment: _____ days or dates
[Increase] [Decrease] of this Change Order: _____ \$ -10,407.00	[Increase] [Decrease] of this Change Order: _____ Substantial Completion: _____ Ready for Final Payment: _____ days or dates
Contract Price incorporating this Change Order: _____ \$ 769,539.75	Contract Times with all approved Change Orders: _____ Substantial Completion: _____ Ready for Final Payment: _____ days or dates

RECOMMENDED:  
By: \_\_\_\_\_  
Engineer (if required)

Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved by Funding Agency (if applicable)

ACCEPTED:  
By: Brandon Sains  
Owner (Authorized Signature)  
Title: Public Works Director  
Date: 7/10/2024  
By: P.W. Sains  
GTUA General Manager  
Date: 7/11/24

ACCEPTED:  
By: \_\_\_\_\_  
Contractor (Authorized Signature)

## **AGENDA ITEM VII**

## CHANGE ORDER No. 2

ENGINEER'S Project No.: **21029**

PROJECT: **Bloomdale Pump Station – Phase 2 Improvements – Contract "A"**

CONTRACTOR: **Red River Constructions**

ORIGINAL CONTRACT Amount: **\$ 5,426,800**      CONTRACT Date: June 28, 2023

TO: **Red River Construction, Inc.**  
CONTRACTOR

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

Greater Texoma Utility Authority  
Owner

By: \_\_\_\_\_

Dated: 8/14/2024

### NATURE OF CHANGES:

Activity	Description	Total Price
1	Additional Sidewalk around loda bank and by the new ramp	\$ 8,192.00
2	Credit back to Owner for uninstalled Precast Concrete Electrical Box	\$ (1,000.00)
3	New Double Hollow Metal Doors and Hardware	\$ 5,742.20
4	Door Opening Enlargement	\$ 15,573.52
	Total for Change Order No. 2	\$ 28,507.72

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

Original Contract Price: \$ 5,426,800.00

Previous Change Orders: \$ 21,512.53

This Change Order: \$ 28,507.72

New Contract Price: \$ 5,476,820.25

Percent Change: 0.921%

Original Time for Project Completion 364-378 days

Additional Time Allowed Per This Change Order 0 Days



The Above Changes are Recommended for Approval:

Freeman-Millican, Inc.

Engineer

By:   
Damir Lulo, P.E.

Dated: August 14, 2024

Red River Construction, Inc.  
Contractor

By: \_\_\_\_\_

Dated: \_\_\_\_\_

## **AGENDA ITEM IX**



*Greater Texoma Utility Authority*  
**QUARTERLY INVESTMENT REPORT**

**For the Quarter Ended**

**June 30, 2024**

**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.

Paul Sigle  
General Manager

Digitally signed by Paul Sigle  
DN: O=GTUA, CN=Paul Sigle, E=paul@gtua.org  
Reason: I am approving this document  
Location:  
Date: 2024.08.15 09:59:53-05'00'  
Foxit PDF Editor Version: 2023.2.0

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, 2024			June 30, 2024		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Demand Accounts	1.04%	\$ 1,205,056	\$ 1,205,056	1.05%	\$ 4,216,185	\$ 4,216,185
NOW/MMA/MMF/ICS	5.43%	86,053,989	86,053,989	5.44%	82,082,006	82,082,006
Local Government Pools	5.34%	95,107,415	95,107,415	5.31%	73,398,721	73,398,721
CDs/Securities	5.28%	447,010,660	447,010,660	5.32%	430,755,414	430,755,414
<b>Totals</b>		<b>\$ 629,377,121</b>	<b>\$ 629,377,121</b>		<b>\$ 590,452,326</b>	<b>\$ 590,452,326</b>

#### Quarter End Average Yield (1)

Total Portfolio 5.30%

Rolling Three Month Treasury 5.47%  
Rolling Six Month Treasury 5.34%  
TexPool 5.31%

#### Interest Revenue (3)

Quarterly Interest Income \$ 7,933,270 Approximate  
Year-to-date Interest Income \$ 27,255,816 Approximate

#### Fiscal Year-to-Date Average Yield (2)

Total Portfolio 5.31%

Rolling Three Month Treasury 5.48%  
Rolling Six Month Treasury 5.40%  
TexPool 5.33%

#### Bank Fee Offset

Quarterly Bank Fees Offset \$ 6,839  
Year-to-date Bank Fees Offset \$ 17,431

(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.

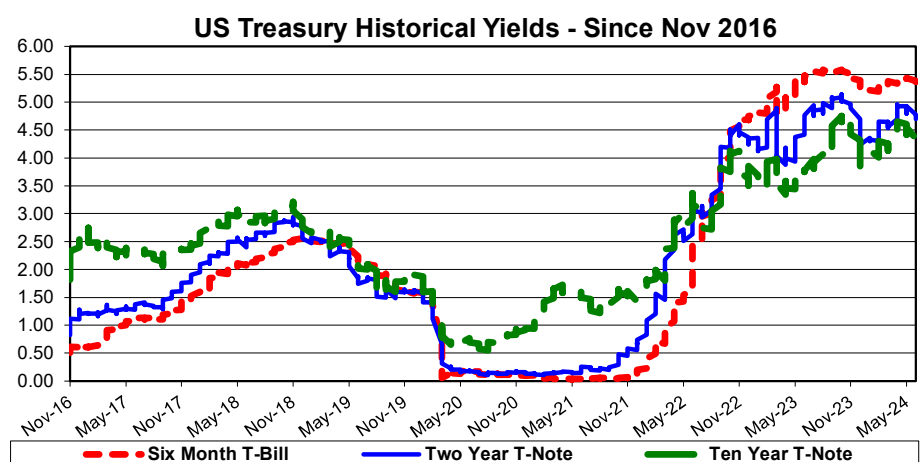
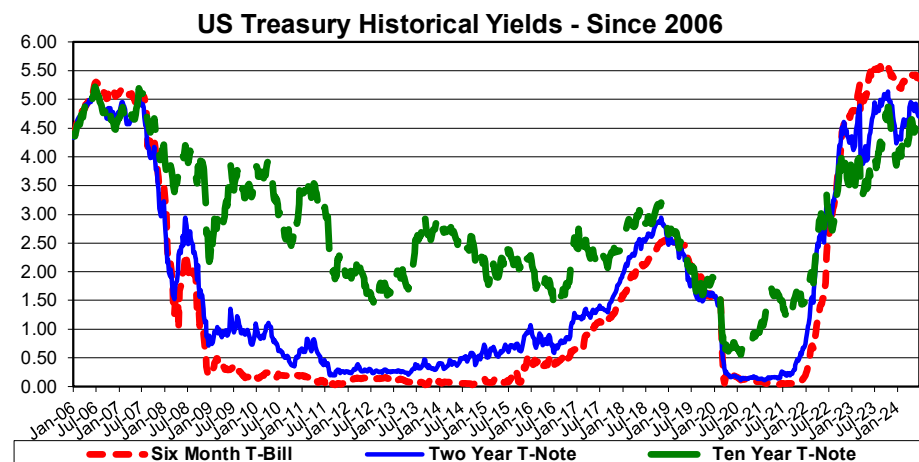
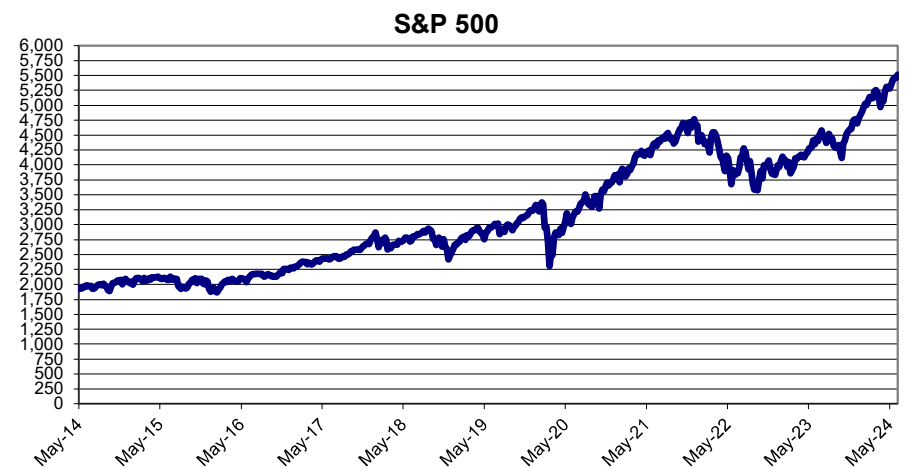
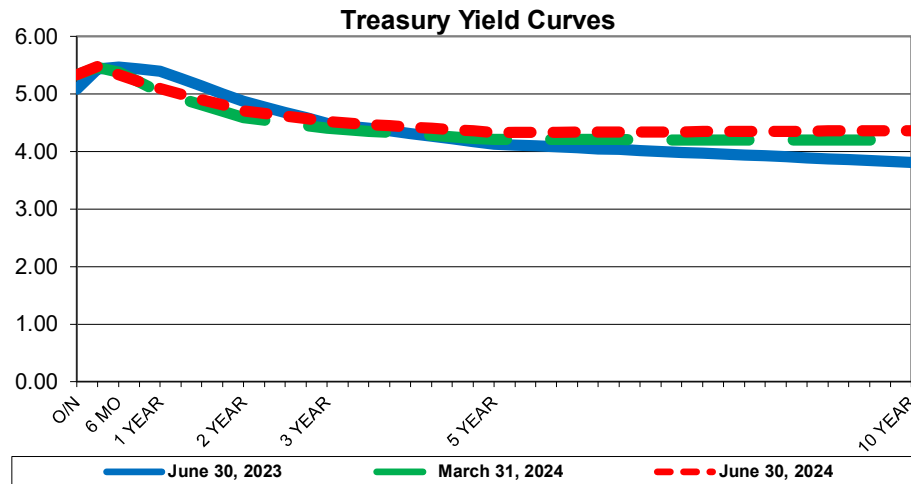
(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

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

## Economic Overview

6/30/2024

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range 5.25% - 5.50% (Effective Fed Funds are trading +/-5.33%). Expectations are for reduced future rates, but any actions will be meeting-by-meeting and "data-dependent." June Non-Farm Payroll slightly exceeded expectations at 206k new jobs, but the previous two months were revised down causing the Three Month Rolling Average to fall to 177k. Final First Quarter 2024 GDP reported +1.4%. The S&P 500 Stock Index created new highs above +/-5,500. The yield curve remains inverted but longer yields rose slightly. Crude Oil trades over \$80 per barrel. Inflation declined slightly but remains above the FOMC 2% target (Core PCE +/-2.6% and Core CPI +/-3.4%). Reduced global economic outlooks and ongoing/expanding military conflicts continue increasing uncertainty.



**Investment Holdings**  
**June 30, 2024**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/ Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
BOT DDA		1.048%	07/01/24	06/30/24	\$ 4,216,185	\$ 4,216,185	1.00	\$ 4,216,185	1	1.05%
BOT Escrow MMF		5.210%	07/01/24	06/30/24	9,793,108	9,793,108	1.00	9,793,108	1	5.21%
Invesco Govt & Agy Inst MMMF		5.220%	07/01/24	06/30/24	2,424	2,424	1.00	2,424	1	5.22%
Veritex Bank MMA Escrow		5.460%	07/01/24	06/30/24	249,668	249,668	1.00	249,668	1	5.46%
NexBank ICS		5.550%	07/01/24	06/30/24	59,210,386	59,210,386	1.00	59,210,386	1	5.55%
NexBank ICS Escrow		5.550%	07/01/24	06/30/24	2,188,018	2,188,018	1.00	2,188,018	1	5.55%
InterBank MMA		5.780%	07/01/24	06/30/24	19,794	19,794	1.00	19,794	1	5.78%
East West Bank MMA		5.030%	07/01/24	06/30/24	10,618,609	10,618,609	1.00	10,618,609	1	5.03%
TexPool	AAAm	5.312%	07/01/24	06/30/24	36,687	36,687	1.00	36,687	1	5.31%
TexSTAR	AAAm	5.313%	07/01/24	06/30/24	73,362,034	73,362,034	1.00	73,362,034	1	5.31%
East West Bank CD		5.510%	07/08/24	08/11/23	36,660,066	36,660,066	100.00	36,660,066	8	5.66%
Veritex Bank CD		5.520%	07/08/24	08/09/23	36,648,334	36,648,334	100.00	36,648,334	8	5.66%
East West Bank CD		5.510%	07/08/24	08/09/23	735,419	735,419	100.00	735,419	8	5.66%
East West Bank CD		5.510%	07/08/24	08/09/23	1,050,598	1,050,598	100.00	1,050,598	8	5.66%
Texas Capital Bank CD		3.410%	07/13/24	09/13/22	500,000	500,000	100.00	500,000	13	3.41%
East West Bank CD		5.280%	07/15/24	02/06/24	2,093,753	2,093,753	100.00	2,093,753	15	5.42%
East West Bank CD		5.670%	08/05/24	11/03/23	10,381,440	10,381,440	100.00	10,381,440	36	5.83%
East West Bank CD		5.670%	08/08/24	11/08/23	518,669	518,669	100.00	518,669	39	5.83%
Texas Capital Bank CD		3.425%	08/13/24	09/13/22	400,000	400,000	100.00	400,000	44	3.43%
American Nat'l B&T CDARS		5.000%	08/15/24	08/17/23	10,343,436	10,343,436	100.00	10,343,436	46	5.13%
East West Bank CD		5.280%	08/15/24	02/06/24	2,236,741	2,236,741	100.00	2,236,741	46	5.42%
East West Bank CD		5.590%	08/30/24	08/30/23	1,047,976	1,047,976	100.00	1,047,976	61	5.75%
Veritex Bank CD		5.600%	09/03/24	08/31/23	1,047,632	1,047,632	100.00	1,047,632	65	5.75%
Texas Capital Bank CD		3.430%	09/09/24	09/09/22	1,372,000	1,372,000	100.00	1,372,000	71	3.43%
Veritex Bank CD		5.620%	09/09/24	08/09/23	5,188,066	5,188,066	100.00	5,188,066	71	5.77%
Veritex Bank CD		5.620%	09/09/24	08/09/23	26,199,164	26,199,164	100.00	26,199,164	71	5.77%
East West Bank CD		5.430%	09/11/24	03/11/24	1,143,900	1,143,900	100.00	1,143,900	73	5.58%
East West Bank CD		5.430%	09/11/24	03/11/24	2,542,001	2,542,001	100.00	2,542,001	73	5.58%
Texas Capital Bank CD		4.325%	09/13/24	09/13/22	300,000	300,000	100.00	300,000	75	4.33%
East West Bank CD		5.280%	09/16/24	02/07/24	5,248,944	5,248,944	100.00	5,248,944	78	5.42%
East West Bank CD		5.280%	09/16/24	02/07/24	6,277,288	6,277,288	100.00	6,277,288	78	5.42%
East West Bank CD		5.060%	10/15/24	02/07/24	22,844,591	22,844,591	100.00	22,844,591	107	5.17%
East West Bank CD		5.590%	11/08/24	11/08/23	2,073,604	2,073,604	100.00	2,073,604	131	5.74%
East West Bank CD		5.590%	11/08/24	11/08/23	933,122	933,122	100.00	933,122	131	5.74%
East West Bank CD		5.590%	11/11/24	11/09/23	310,993	310,993	100.00	310,993	134	5.74%
East West Bank CD		5.590%	11/11/24	11/09/23	1,243,972	1,243,972	100.00	1,243,972	134	5.74%
East West Bank CD		5.590%	11/11/24	11/09/23	1,036,643	1,036,643	100.00	1,036,643	134	5.74%
East West Bank CD		5.590%	11/11/24	11/09/23	1,554,965	1,554,965	100.00	1,554,965	134	5.74%
East West Bank CD		5.590%	11/11/24	11/09/23	207,329	207,329	100.00	207,329	134	5.74%
East West Bank CD		5.060%	11/13/24	02/07/24	23,783,270	23,783,270	100.00	23,783,270	136	5.19%
East West Bank CD		5.230%	12/12/24	03/12/24	1,143,035	1,143,035	100.00	1,143,035	165	5.37%
East West Bank CD		5.230%	12/12/24	03/12/24	1,016,031	1,016,031	100.00	1,016,031	165	5.37%
East West Bank CD		5.060%	12/16/24	02/08/24	16,118,558	16,118,558	100.00	16,118,558	169	5.19%
East West Bank CD		5.710%	12/18/24	06/18/24	225,353	225,353	100.00	225,353	171	5.62%
East West Bank CD		5.470%	12/18/24	06/18/24	12,023,400	12,023,400	100.00	12,023,400	171	5.62%
East West Bank CD		5.470%	12/20/24	06/20/24	1,201,980	1,201,980	100.00	1,201,980	173	5.62%
East West Bank CD		4.830%	01/15/25	02/08/24	19,161,652	19,161,652	100.00	19,161,652	199	4.95%

**Investment Holdings**  
**June 30, 2024**

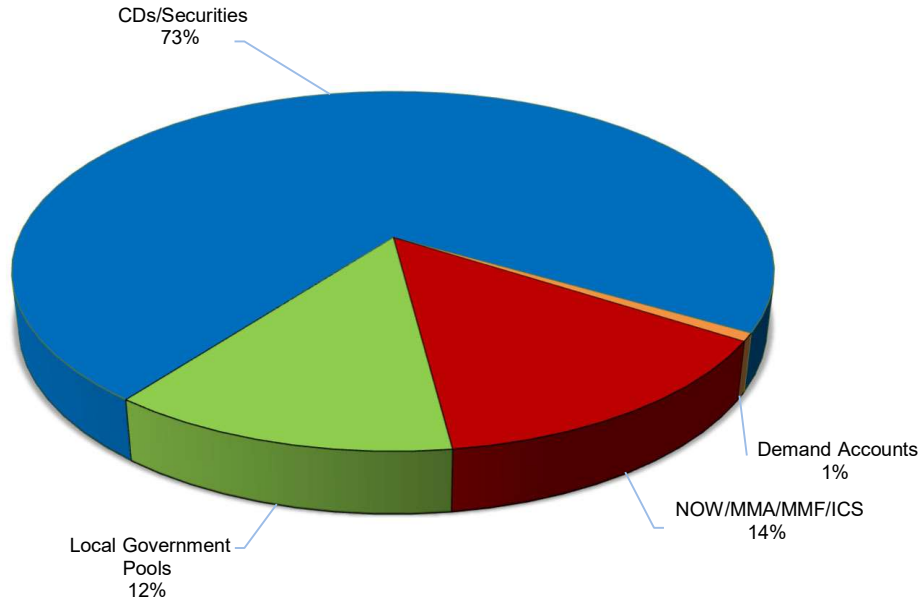
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/ Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
East West Bank CD		4.830%	02/13/25	02/08/24	15,043,935	15,043,935	100.00	15,043,935	228	4.95%
Veritex Bank CD		5.330%	03/10/25	08/09/23	27,704,203	27,704,203	100.00	27,704,203	253	5.46%
Veritex Bank CD		5.330%	03/10/25	08/09/23	5,175,567	5,175,567	100.00	5,175,567	253	5.46%
Veritex Bank CD		5.330%	03/10/25	08/09/23	14,736,792	14,736,792	100.00	14,736,792	253	5.46%
East West Bank CD		5.020%	03/12/25	03/12/24	1,015,382	1,015,382	100.00	1,015,382	255	5.15%
Origin Bank CD		4.560%	03/13/25	02/08/24	4,530,676	4,530,676	100.00	4,530,676	256	4.64%
Origin Bank CD		4.560%	03/13/25	02/08/24	13,803,478	13,803,478	100.00	13,803,478	256	4.64%
BOK Financial CDARS		5.098%	03/13/25	03/14/24	1,142,258	1,142,258	100.00	1,142,258	256	5.23%
East West Bank CD		5.360%	03/18/25	06/18/24	1,502,866	1,502,866	100.00	1,502,866	261	5.51%
East West Bank CD		5.360%	03/18/25	06/18/24	12,022,929	12,022,929	100.00	12,022,929	261	5.51%
East West Bank CD		5.360%	03/21/25	06/21/24	600,882	600,882	100.00	600,882	264	5.51%
East West Bank CD		5.360%	03/21/25	06/21/24	2,002,939	2,002,939	100.00	2,002,939	264	5.51%
East West Bank CD		5.360%	03/21/25	06/21/24	751,102	751,102	100.00	751,102	264	5.51%
East West Bank CD		5.360%	03/21/25	06/21/24	1,201,763	1,201,763	100.00	1,201,763	264	5.51%
Origin Bank CD		4.550%	04/15/25	02/08/24	9,343,665	9,343,665	100.00	9,343,665	289	4.63%
East West Bank CD		5.250%	04/30/25	04/30/24	605,374	605,374	100.00	605,374	304	5.39%
East West Bank CD		5.250%	04/30/25	04/30/24	4,768,331	4,768,331	100.00	4,768,331	304	5.39%
Origin Bank CD		4.480%	05/15/25	02/08/24	7,218,873	7,218,873	100.00	7,218,873	319	4.56%
Origin Bank CD		4.440%	06/13/25	02/08/24	5,802,841	5,802,841	100.00	5,802,841	348	4.56%
Origin Bank CD		4.440%	06/13/25	02/08/24	10,239,892	10,239,892	100.00	10,239,892	348	4.52%
East West Bank CD		5.250%	06/18/25	06/18/24	12,022,458	12,022,458	100.00	12,022,458	353	5.39%
BOK Financial CDARS		4.631%	03/12/26	03/14/24	1,013,925	1,013,925	100.00	1,013,925	620	4.74%
Cornerstone Bank CDARS		5.336%	06/20/25	06/20/24	9,323,741	9,323,741	100.00	9,323,741	355	5.48%
East West Bank CD		5.250%	06/24/25	06/24/24	750,755	750,755	100.00	750,755	359	5.39%
East West Bank CD		5.250%	06/24/25	06/24/24	1,201,209	1,201,209	100.00	1,201,209	359	5.39%
East West Bank CD		5.250%	06/24/25	06/24/24	528,532	528,532	100.00	528,532	359	5.39%
East West Bank CD		5.250%	06/24/25	06/24/24	2,802,820	2,802,820	100.00	2,802,820	359	5.39%
BOK Financial CDARS		4.631%	03/19/26	03/21/24	709,117	709,117	100.00	709,117	627	4.74%
BOK Financial CDARS		4.631%	03/19/26	03/21/24	1,519,537	1,519,537	100.00	1,519,537	627	4.74%
BOK Financial CDARS		4.631%	03/26/26	03/28/24	1,012,125	1,012,125	100.00	1,012,125	634	4.74%
BOK Financial CDARS		4.631%	03/26/26	03/28/24	1,012,126	1,012,126	100.00	1,012,126	634	4.74%
BOK Financial CDARS		4.631%	04/02/26	04/04/24	2,780,877	2,780,877	100.00	2,780,877	641	4.74%
BOK Financial CDARS		4.631%	04/09/26	04/11/24	50,517	50,517	100.00	50,517	648	4.74%
					<b>\$ 590,452,326</b>	<b>\$ 590,452,326</b>			<b>125</b>	<b>5.30%</b>
									(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.

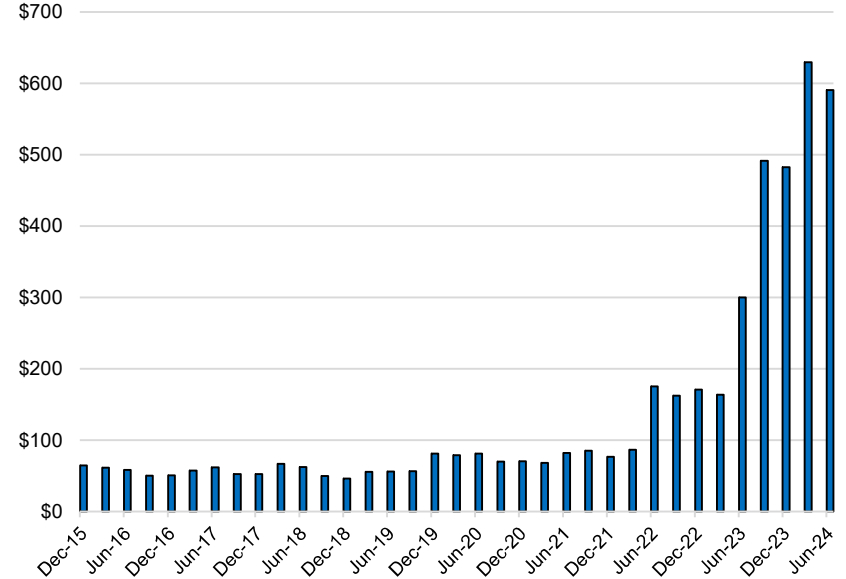
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts, pools, and money market funds.

(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.

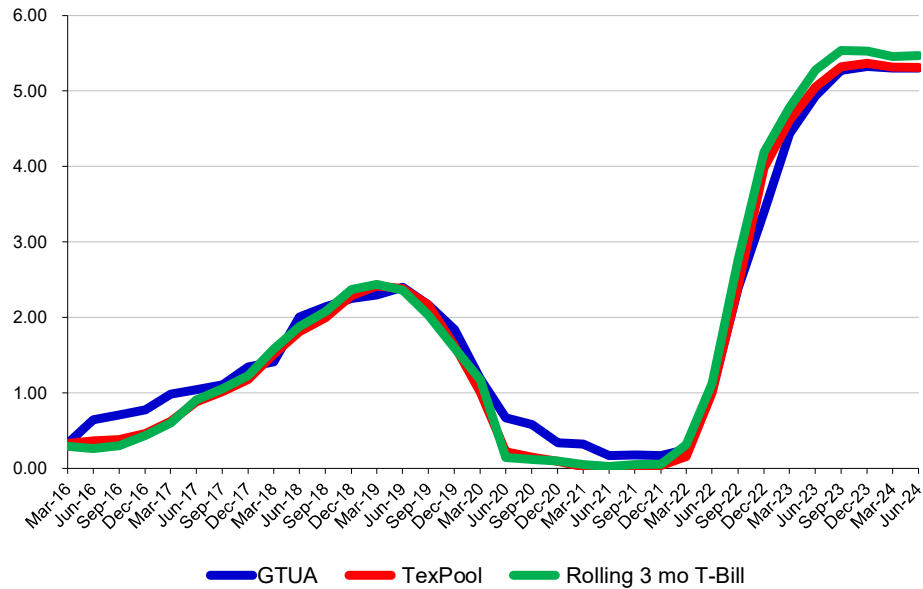
**Portfolio Composition**



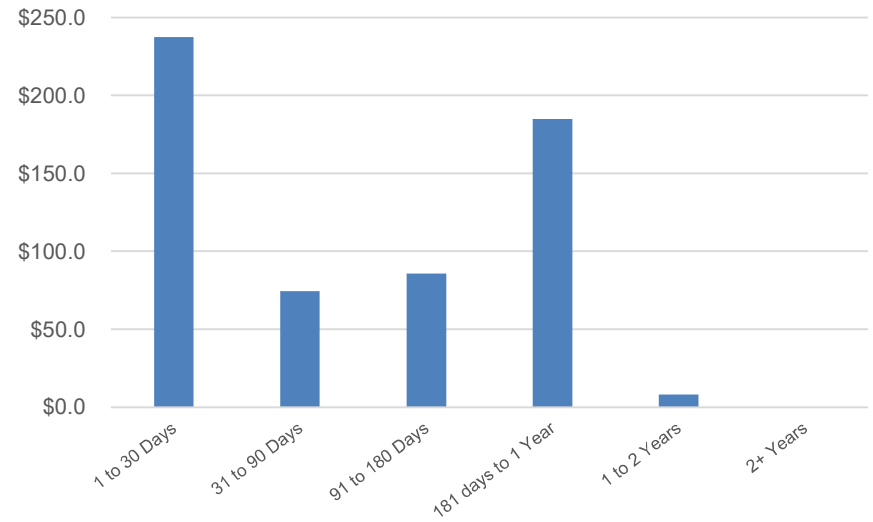
**Total Portfolio (Millions)**



**Total Portfolio Performance**



**Distribution by Maturity (Millions)**





## Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 03/31/24	Increases	Decreases	Book Value 06/30/24	Market Value 03/31/24	Change in Market Value	Market Value 06/30/24
BOT DDA	1.05%	07/01/24	\$ 1,205,056	\$ 3,011,129	\$ —	\$ 4,216,185	\$ 1,205,056	\$ 3,011,129	\$ 4,216,185
BOT Escrow MMF	5.21%	07/01/24	16,262,170	—	(6,469,063)	9,793,108	16,262,170	(6,469,063)	9,793,108
Invesco Govt & Agy Inst MMMF	5.22%	07/01/24	2,383	42	—	2,424	2,383	42	2,424
Veritex Bank MMA Escrow	5.46%	07/01/24	302,903	—	(53,236)	249,668	302,903	(53,236)	249,668
NexBank ICS	5.55%	07/01/24	56,829,304	2,381,082	—	59,210,386	56,829,304	2,381,082	59,210,386
NexBank ICS Escrow	5.55%	07/01/24	2,147,775	40,244	—	2,188,018	2,147,775	40,244	2,188,018
InterBank MMA	5.78%	07/01/24	19,518	275	—	19,794	19,518	275	19,794
East West Bank MMA	5.03%	07/01/24	10,489,936	128,672	—	10,618,609	10,489,936	128,672	10,618,609
TexPool	5.31%	07/01/24	36,212	475	—	36,687	36,212	475	36,687
TexSTAR	5.31%	07/01/24	95,071,203	—	(21,709,169)	73,362,034	95,071,203	(21,709,169)	73,362,034
Texas B&T CD	5.08%	04/07/24	1,032,264	—	(1,032,264)	—	1,032,264	(1,032,264)	—
East West Bank CD	5.78%	04/08/24	17,108,391	—	(17,108,391)	—	17,108,391	(17,108,391)	—
Texas B&T CD	5.00%	04/10/24	1,037,451	—	(1,037,451)	—	1,037,451	(1,037,451)	—
Texas Capital Bank CD	3.40%	04/13/24	600,000	—	(600,000)	—	600,000	(600,000)	—
CapTex Bank CD	4.75%	04/26/24	3,497,523	—	(3,497,523)	—	3,497,523	(3,497,523)	—
East West Bank CD	5.90%	05/07/24	2,046,447	—	(2,046,447)	—	2,046,447	(2,046,447)	—
East West Bank CD	5.90%	05/07/24	204,645	—	(204,645)	—	204,645	(204,645)	—
East West Bank CD	5.90%	05/07/24	1,227,868	—	(1,227,868)	—	1,227,868	(1,227,868)	—
East West Bank CD	5.90%	05/08/24	1,023,063	—	(1,023,063)	—	1,023,063	(1,023,063)	—
BOK Financial CDARS	5.05%	05/09/24	7,000,000	—	(7,000,000)	—	7,000,000	(7,000,000)	—
Bank OZK CDARS	5.04%	05/09/24	8,359,358	—	(8,359,358)	—	8,359,358	(8,359,358)	—
Texas Capital Bank CD	3.41%	05/13/24	500,000	—	(500,000)	—	500,000	(500,000)	—
East West Bank CD	5.01%	05/15/24	8,730,429	—	(8,730,429)	—	8,730,429	(8,730,429)	—
East West Bank CD	5.65%	05/15/24	1,411,650	—	(1,411,650)	—	1,411,650	(1,411,650)	—
East West Bank CD	5.01%	05/15/24	1,044,920	—	(1,044,920)	—	1,044,920	(1,044,920)	—
East West Bank CD	5.01%	05/15/24	22,059,625	—	(22,059,625)	—	22,059,625	(22,059,625)	—
East West Bank CD	5.84%	05/30/24	206,804	—	(206,804)	—	206,804	(206,804)	—
East West Bank CD	5.84%	05/30/24	517,010	—	(517,010)	—	517,010	(517,010)	—
East West Bank CD	5.65%	06/11/24	1,128,565	—	(1,128,565)	—	1,128,565	(1,128,565)	—
Texas Capital Bank CD	3.41%	06/13/24	500,000	—	(500,000)	—	500,000	(500,000)	—
East West Bank CD	5.65%	06/13/24	1,663,730	—	(1,663,730)	—	1,663,730	(1,663,730)	—
East West Bank CD	5.55%	06/28/24	2,430,711	—	(2,430,711)	—	2,430,711	(2,430,711)	—
East West Bank CD	5.55%	06/28/24	3,676,159	—	(3,676,159)	—	3,676,159	(3,676,159)	—
East West Bank CD	5.55%	06/28/24	261,225	—	(261,225)	—	261,225	(261,225)	—
East West Bank CD	5.66%	07/08/24	36,159,938	500,128	—	36,660,066	36,159,938	500,128	36,660,066
Veritex Bank CD	5.66%	07/08/24	36,143,124	505,210	—	36,648,334	36,143,124	505,210	36,648,334
East West Bank CD	5.66%	07/08/24	725,386	10,033	—	735,419	725,386	10,033	735,419
East West Bank CD	5.66%	07/08/24	1,036,266	14,333	—	1,050,598	1,036,266	14,333	1,050,598
Texas Capital Bank CD	3.41%	07/13/24	500,000	—	—	500,000	500,000	—	500,000
East West Bank CD	5.42%	07/15/24	2,066,374	27,379	—	2,093,753	2,066,374	27,379	2,093,753
East West Bank CD	5.83%	08/05/24	10,235,730	145,710	—	10,381,440	10,235,730	145,710	10,381,440
East West Bank CD	5.83%	08/08/24	511,389	7,280	—	518,669	511,389	7,280	518,669
Texas Capital Bank CD	3.43%	08/13/24	400,000	—	—	400,000	400,000	—	400,000
American Nat'l B&T CDARS	5.13%	08/15/24	10,215,307	128,129	—	10,343,436	10,215,307	128,129	10,343,436
East West Bank CD	5.42%	08/15/24	2,207,492	29,249	—	2,236,741	2,207,492	29,249	2,236,741

## Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 03/31/24	Increases	Decreases	Book Value 06/30/24	Market Value 03/31/24	Change in Market Value	Market Value 06/30/24
East West Bank CD	5.75%	08/30/24	1,033,473	14,503	—	1,047,976	1,033,473	14,503	1,047,976
Veritex Bank CD	5.75%	09/03/24	1,032,983	14,649	—	1,047,632	1,032,983	14,649	1,047,632
Texas Capital Bank CD	3.43%	09/09/24	1,372,000	—	—	1,372,000	1,372,000	—	1,372,000
Veritex Bank CD	5.77%	09/09/24	5,115,264	72,803	—	5,188,066	5,115,264	72,803	5,188,066
Veritex Bank CD	5.77%	09/09/24	25,831,518	367,646	—	26,199,164	25,831,518	367,646	26,199,164
East West Bank CD	5.58%	09/11/24	1,128,520	15,380	—	1,143,900	1,128,520	15,380	1,143,900
East West Bank CD	5.58%	09/11/24	2,507,822	34,179	—	2,542,001	2,507,822	34,179	2,542,001
Texas Capital Bank CD	4.33%	09/13/24	300,000	—	—	300,000	300,000	—	300,000
East West Bank CD	5.42%	09/16/24	5,180,306	68,639	—	5,248,944	5,180,306	68,639	5,248,944
East West Bank CD	5.42%	09/16/24	6,195,202	82,086	—	6,277,288	6,195,202	82,086	6,277,288
East West Bank CD	5.17%	10/15/24	22,558,229	286,362	—	22,844,591	22,558,229	286,362	22,844,591
East West Bank CD	5.74%	11/08/24	2,044,907	28,697	—	2,073,604	2,044,907	28,697	2,073,604
East West Bank CD	5.74%	11/08/24	920,208	12,913	—	933,122	920,208	12,913	933,122
East West Bank CD	5.74%	11/11/24	306,689	4,304	—	310,993	306,689	4,304	310,993
East West Bank CD	5.74%	11/11/24	1,226,756	17,215	—	1,243,972	1,226,756	17,215	1,243,972
East West Bank CD	5.74%	11/11/24	1,022,297	14,346	—	1,036,643	1,022,297	14,346	1,036,643
East West Bank CD	5.74%	11/11/24	1,533,446	21,519	—	1,554,965	1,533,446	21,519	1,554,965
East West Bank CD	5.74%	11/11/24	204,459	2,869	—	207,329	204,459	2,869	207,329
East West Bank CD	5.19%	11/13/24	23,485,142	298,129	—	23,783,270	23,485,142	298,129	23,783,270
East West Bank CD	5.37%	12/12/24	1,128,228	14,806	—	1,143,035	1,128,228	14,806	1,143,035
East West Bank CD	5.37%	12/12/24	1,002,870	13,161	—	1,016,031	1,002,870	13,161	1,016,031
East West Bank CD	5.19%	12/16/24	15,916,508	202,050	—	16,118,558	15,916,508	202,050	16,118,558
East West Bank CD	5.62%	12/18/24	—	225,353	—	225,353	—	225,353	225,353
East West Bank CD	5.62%	12/18/24	—	12,023,400	—	12,023,400	—	12,023,400	12,023,400
East West Bank CD	5.62%	12/20/24	—	1,201,980	—	1,201,980	—	1,201,980	1,201,980
East West Bank CD	4.95%	01/15/25	18,932,307	229,345	—	19,161,652	18,932,307	229,345	19,161,652
East West Bank CD	4.95%	02/13/25	14,863,875	180,060	—	15,043,935	14,863,875	180,060	15,043,935
Veritex Bank CD	5.46%	03/10/25	27,335,320	368,884	—	27,704,203	27,335,320	368,884	27,704,203
Veritex Bank CD	5.46%	03/10/25	5,106,653	68,913	—	5,175,567	5,106,653	68,913	5,175,567
Veritex Bank CD	5.46%	03/10/25	14,540,571	196,222	—	14,736,792	14,540,571	196,222	14,736,792
East West Bank CD	5.15%	03/12/25	1,002,754	12,628	—	1,015,382	1,002,754	12,628	1,015,382
Origin Bank CD	4.64%	03/13/25	4,480,300	50,376	—	4,530,676	4,480,300	50,376	4,530,676
Origin Bank CD	4.64%	03/13/25	13,650,000	153,478	—	13,803,478	13,650,000	153,478	13,803,478
BOK Financial CDARS	5.23%	03/13/25	1,127,832	14,426	—	1,142,258	1,127,832	14,426	1,142,258
East West Bank CD	5.51%	03/18/25	—	1,502,866	—	1,502,866	—	1,502,866	1,502,866
East West Bank CD	5.51%	03/18/25	—	12,022,929	—	12,022,929	—	12,022,929	12,022,929
East West Bank CD	5.51%	03/21/25	—	600,882	—	600,882	—	600,882	600,882
East West Bank CD	5.51%	03/21/25	—	2,002,939	—	2,002,939	—	2,002,939	2,002,939
East West Bank CD	5.51%	03/21/25	—	751,102	—	751,102	—	751,102	751,102
East West Bank CD	5.51%	03/21/25	—	1,201,763	—	1,201,763	—	1,201,763	1,201,763
Origin Bank CD	4.63%	04/15/25	9,240,000	103,665	—	9,343,665	9,240,000	103,665	9,343,665
East West Bank CD	5.39%	04/30/25	—	605,374	—	605,374	—	605,374	605,374
East West Bank CD	5.39%	04/30/25	—	4,768,331	—	4,768,331	—	4,768,331	4,768,331
Origin Bank CD	4.56%	05/15/25	7,140,000	78,873	—	7,218,873	7,140,000	78,873	7,218,873
Origin Bank CD	4.56%	06/13/25	5,740,000	62,841	—	5,802,841	5,740,000	62,841	5,802,841
Origin Bank CD	4.52%	06/13/25	10,129,000	110,892	—	10,239,892	10,129,000	110,892	10,239,892

## Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 03/31/24	Increases	Decreases	Book Value 06/30/24	Market Value 03/31/24	Change in Market Value	Market Value 06/30/24
East West Bank CD	5.39%	06/18/25	—	12,022,458	—	12,022,458	—	12,022,458	12,022,458
BOK Financial CDARS	4.74%	03/12/26	1,002,286	11,639	—	1,013,925	1,002,286	11,639	1,013,925
Cornerstone Bank CDARS	5.48%	06/20/25	—	9,323,741	—	9,323,741	—	9,323,741	9,323,741
East West Bank CD	5.39%	06/24/25	—	750,755	—	750,755	—	750,755	750,755
East West Bank CD	5.39%	06/24/25	—	1,201,209	—	1,201,209	—	1,201,209	1,201,209
East West Bank CD	5.39%	06/24/25	—	528,532	—	528,532	—	528,532	528,532
East West Bank CD	5.39%	06/24/25	—	2,802,820	—	2,802,820	—	2,802,820	2,802,820
BOK Financial CDARS	4.74%	03/19/26	700,978	8,140	—	709,117	700,978	8,140	709,117
BOK Financial CDARS	4.74%	03/19/26	1,502,095	17,442	—	1,519,537	1,502,095	17,442	1,519,537
BOK Financial CDARS	4.74%	03/26/26	1,000,508	11,618	—	1,012,125	1,000,508	11,618	1,012,125
BOK Financial CDARS	4.74%	03/26/26	1,000,508	11,619	—	1,012,126	1,000,508	11,619	1,012,126
BOK Financial CDARS	4.74%	04/02/26	—	2,780,877	—	2,780,877	—	2,780,877	2,780,877
BOK Financial CDARS	4.74%	04/09/26	—	50,517	—	50,517	—	50,517	50,517
<b>TOTAL / AVERAGE</b>	<b>5.30%</b>		<b>\$ 629,377,121</b>	<b>\$ 76,574,513</b>	<b>\$(115,499,308)</b>	<b>\$ 590,452,326</b>	<b>\$ 629,377,121</b>	<b>\$ (38,924,795)</b>	<b>\$ 590,452,326</b>

**Allocation by Fund  
Book & Market Value**

**June 30, 2024**

		Investment					
	Maturity	Total	General	Construction	Bond I&S	Revenue	Reserve
BOT DDA	07/01/24	\$ 4,216,185	\$ 4,216,185	\$ —	\$ —	\$ —	\$ —
BOT Escrow MMF	07/01/24	9,793,108	—	9,793,108	—	—	—
Invesco Govt & Agy Inst MMMF	07/01/24	2,424	2,424	—	—	—	—
Veritex Bank MMA Escrow	07/01/24	249,668	—	249,668	—	—	—
NexBank ICS	07/01/24	59,210,386	—	36,561,002	22,299,229	350,155	—
NexBank ICS Escrow	07/01/24	2,188,018	—	2,188,018	—	—	—
InterBank MMA	07/01/24	19,794	—	19,794	—	—	—
East West Bank MMA	07/01/24	10,618,609	—	10,618,609	—	—	—
TexPool	07/01/24	36,687	36,687	—	—	—	—
TexSTAR	07/01/24	73,362,034	30,378	53,234,002	7,791,824	11,608,270	697,560
East West Bank CD	07/08/24	36,660,066	—	36,660,066	—	—	—
Veritex Bank CD	07/08/24	36,648,334	—	36,648,334	—	—	—
East West Bank CD	07/08/24	735,419	—	735,419	—	—	—
East West Bank CD	07/08/24	1,050,598	—	1,050,598	—	—	—
Texas Capital Bank CD	07/13/24	500,000	—	500,000	—	—	—
East West Bank CD	07/15/24	2,093,753	—	2,093,753	—	—	—
East West Bank CD	08/05/24	10,381,440	—	10,381,440	—	—	—
East West Bank CD	08/08/24	518,669	—	518,669	—	—	—
Texas Capital Bank CD	08/13/24	400,000	—	400,000	—	—	—
American Nat'l B&T CDARS	08/15/24	10,343,436	—	—	10,343,436	—	—
East West Bank CD	08/15/24	2,236,741	—	2,236,741	—	—	—
East West Bank CD	08/30/24	1,047,976	—	1,047,976	—	—	—
Veritex Bank CD	09/03/24	1,047,632	—	—	—	—	1,047,632
Texas Capital Bank CD	09/09/24	1,372,000	—	—	1,372,000	—	—
Veritex Bank CD	09/09/24	5,188,066	—	—	5,188,066	—	—
Veritex Bank CD	09/09/24	26,199,164	—	26,199,164	—	—	—
East West Bank CD	09/11/24	1,143,900	—	1,143,900	—	—	—
East West Bank CD	09/11/24	2,542,001	—	2,542,001	—	—	—
Texas Capital Bank CD	09/13/24	300,000	—	300,000	—	—	—
East West Bank CD	09/16/24	5,248,944	—	5,248,944	—	—	—
East West Bank CD	09/16/24	6,277,288	—	6,277,288	—	—	—
East West Bank CD	10/15/24	22,844,591	—	22,844,591	—	—	—
East West Bank CD	11/08/24	2,073,604	—	2,073,604	—	—	—
East West Bank CD	11/08/24	933,122	—	933,122	—	—	—
East West Bank CD	11/11/24	310,993	—	310,993	—	—	—

**Allocation by Fund  
Book & Market Value**

**June 30, 2024**

		Investment					
	Maturity	Total	General	Construction	Bond I&S	Revenue	Reserve
East West Bank CD	11/11/24	1,243,972	—	1,243,972	—	—	—
East West Bank CD	11/11/24	1,036,643	—	1,036,643	—	—	—
East West Bank CD	11/11/24	1,554,965	—	1,554,965	—	—	—
East West Bank CD	11/11/24	207,329	—	207,329	—	—	—
East West Bank CD	11/13/24	23,783,270	—	23,783,270	—	—	—
East West Bank CD	12/12/24	1,143,035	—	1,143,035	—	—	—
East West Bank CD	12/12/24	1,016,031	—	1,016,031	—	—	—
East West Bank CD	12/16/24	16,118,558	—	16,118,558	—	—	—
East West Bank CD	12/18/24	225,353	—	225,353	—	—	—
East West Bank CD	12/18/24	12,023,400	—	12,023,400	—	—	—
East West Bank CD	12/20/24	1,201,980	—	1,201,980	—	—	—
East West Bank CD	01/15/25	19,161,652	—	19,161,652	—	—	—
East West Bank CD	02/13/25	15,043,935	—	15,043,935	—	—	—
Veritex Bank CD	03/10/25	27,704,203	—	27,704,203	—	—	—
Veritex Bank CD	03/10/25	5,175,567	—	—	5,175,567	—	—
Veritex Bank CD	03/10/25	14,736,792	—	—	—	—	14,736,792
East West Bank CD	03/12/25	1,015,382	—	1,015,382	—	—	—
Origin Bank CD	03/13/25	4,530,676	—	4,530,676	—	—	—
Origin Bank CD	03/13/25	13,803,478	—	13,803,478	—	—	—
BOK Financial CDARS	03/13/25	1,142,258	—	1,142,258	—	—	—
East West Bank CD	03/18/25	1,502,866	—	1,502,866	—	—	—
East West Bank CD	03/18/25	12,022,929	—	12,022,929	—	—	—
East West Bank CD	03/21/25	600,882	—	600,882	—	—	—
East West Bank CD	03/21/25	2,002,939	—	2,002,939	—	—	—
East West Bank CD	03/21/25	751,102	—	751,102	—	—	—
East West Bank CD	03/21/25	1,201,763	—	1,201,763	—	—	—
Origin Bank CD	04/15/25	9,343,665	—	9,343,665	—	—	—
East West Bank CD	04/30/25	605,374	—	605,374	—	—	—
East West Bank CD	04/30/25	4,768,331	—	—	—	—	4,768,331
Origin Bank CD	05/15/25	7,218,873	—	7,218,873	—	—	—
Origin Bank CD	06/13/25	5,802,841	—	5,802,841	—	—	—
Origin Bank CD	06/13/25	10,239,892	—	—	—	—	10,239,892
East West Bank CD	06/18/25	12,022,458	—	12,022,458	—	—	—
BOK Financial CDARS	03/12/26	1,013,925	—	—	—	—	1,013,925
Cornerstone Bank CDARS	06/20/25	9,323,741	—	—	—	—	9,323,741
East West Bank CD	06/24/25	750,755	—	750,755	—	—	—

**Allocation by Fund  
Book & Market Value**

**June 30, 2024**

		Investment					
	Maturity	Total	General	Construction	Bond I&S	Revenue	Reserve
East West Bank CD	06/24/25	1,201,209	—	1,201,209	—	—	—
East West Bank CD	06/24/25	528,532	—	528,532	—	—	—
East West Bank CD	06/24/25	2,802,820	—	2,802,820	—	—	—
BOK Financial CDARS	03/19/26	709,117	—	—	—	—	709,117
BOK Financial CDARS	03/19/26	1,519,537	—	—	—	—	1,519,537
BOK Financial CDARS	03/26/26	1,012,125	—	—	—	—	1,012,125
BOK Financial CDARS	03/26/26	1,012,126	—	—	—	—	1,012,126
BOK Financial CDARS	04/02/26	2,780,877	—	—	—	—	2,780,877
BOK Financial CDARS	04/09/26	50,517	—	—	—	—	50,517
<b>Totals</b>		<b>\$ 590,452,326</b>	<b>\$ 4,285,674</b>	<b>\$ 473,125,933</b>	<b>\$ 52,170,121</b>	<b>\$ 11,958,425</b>	<b>\$ 48,912,173</b>

**Allocation by Fund  
Book & Market Value**

**March 31, 2024**

		Investment					
	Maturity	Total	General	Construction	Bond I&S	Revenue	Reserve
BOT DDA	04/01/24	\$ 1,205,056	\$ 1,205,056	\$ —	\$ —	\$ —	\$ —
BOT Escrow MMF	04/01/24	16,262,170	—	16,262,170	—	—	—
Invesco Govt & Agy Inst MMMF	04/01/24	2,383	2,383	—	—	—	—
Veritex Bank MMA Escrow	04/01/24	302,903	—	302,903	—	—	—
NexBank ICS	04/01/24	56,829,304	—	36,061,108	20,422,829	345,367	—
NexBank ICS Escrow	04/01/24	2,147,775	—	2,147,775	—	—	—
InterBank MMA	04/01/24	19,518	—	19,518	—	—	—
East West Bank MMA	04/01/24	10,489,936	—	10,489,936	—	—	—
TexPool	04/01/24	36,212	36,212	—	—	—	—
TexSTAR	04/01/24	95,071,203	20,206	76,612,929	6,470,239	7,529,417	4,438,413
Texas B&T CD	04/07/24	1,032,264	—	—	—	—	1,032,264
East West Bank CD	04/08/24	17,108,391	—	17,108,391	—	—	—
Texas B&T CD	04/10/24	1,037,451	—	1,037,451	—	—	—
Texas Capital Bank CD	04/13/24	600,000	—	600,000	—	—	—
CapTex Bank CD	04/26/24	3,497,523	—	—	—	—	3,497,523
East West Bank CD	05/07/24	2,046,447	—	2,046,447	—	—	—
East West Bank CD	05/07/24	204,645	—	204,645	—	—	—
East West Bank CD	05/07/24	1,227,868	—	1,227,868	—	—	—
East West Bank CD	05/08/24	1,023,063	—	1,023,063	—	—	—
BOK Financial CDARS	05/09/24	7,000,000	—	7,000,000	—	—	—
Bank OZK CDARS	05/09/24	8,359,358	—	8,359,358	—	—	—
Texas Capital Bank CD	05/13/24	500,000	—	500,000	—	—	—
East West Bank CD	05/15/24	8,730,429	—	—	—	—	8,730,429
East West Bank CD	05/15/24	1,411,650	—	1,411,650	—	—	—
East West Bank CD	05/15/24	1,044,920	—	1,044,920	—	—	—
East West Bank CD	05/15/24	22,059,625	—	22,059,625	—	—	—
East West Bank CD	05/30/24	206,804	—	206,804	—	—	—
East West Bank CD	05/30/24	517,010	—	517,010	—	—	—
East West Bank CD	06/11/24	1,128,565	—	1,128,565	—	—	—
Texas Capital Bank CD	06/13/24	500,000	—	500,000	—	—	—
East West Bank CD	06/13/24	1,663,730	—	1,663,730	—	—	—
East West Bank CD	06/28/24	2,430,711	—	2,430,711	—	—	—
East West Bank CD	06/28/24	3,676,159	—	3,676,159	—	—	—
East West Bank CD	06/28/24	261,225	—	—	—	—	261,225
East West Bank CD	07/08/24	36,159,938	—	36,159,938	—	—	—

**Allocation by Fund  
Book & Market Value**

**March 31, 2024**

		Investment					
	Maturity	Total	General	Construction	Bond I&S	Revenue	Reserve
Veritex Bank CD	07/08/24	36,143,124	—	36,143,124	—	—	—
East West Bank CD	07/08/24	725,386	—	725,386	—	—	—
East West Bank CD	07/08/24	1,036,266	—	1,036,266	—	—	—
Texas Capital Bank CD	07/13/24	500,000	—	500,000	—	—	—
East West Bank CD	07/15/24	2,066,374	—	2,066,374	—	—	—
East West Bank CD	08/05/24	10,235,730	—	10,235,730	—	—	—
East West Bank CD	08/08/24	511,389	—	511,389	—	—	—
Texas Capital Bank CD	08/13/24	400,000	—	400,000	—	—	—
American Nat'l B&T CDARS	08/15/24	10,215,307	—	—	10,215,307	—	—
East West Bank CD	08/15/24	2,207,492	—	2,207,492	—	—	—
East West Bank CD	08/30/24	1,033,473	—	1,033,473	—	—	—
Veritex Bank CD	09/03/24	1,032,983	—	—	—	—	1,032,983
Texas Capital Bank CD	09/09/24	1,372,000	—	—	1,372,000	—	—
Veritex Bank CD	09/09/24	5,115,264	—	—	5,115,264	—	—
Veritex Bank CD	09/09/24	25,831,518	—	25,831,518	—	—	—
East West Bank CD	09/11/24	1,128,520	—	1,128,520	—	—	—
East West Bank CD	09/11/24	2,507,822	—	2,507,822	—	—	—
Texas Capital Bank CD	09/13/24	300,000	—	300,000	—	—	—
East West Bank CD	09/16/24	5,180,306	—	5,180,306	—	—	—
East West Bank CD	09/16/24	6,195,202	—	6,195,202	—	—	—
East West Bank CD	10/15/24	22,558,229	—	22,558,229	—	—	—
East West Bank CD	11/08/24	2,044,907	—	2,044,907	—	—	—
East West Bank CD	11/08/24	920,208	—	920,208	—	—	—
East West Bank CD	11/11/24	306,689	—	306,689	—	—	—
East West Bank CD	11/11/24	1,226,756	—	1,226,756	—	—	—
East West Bank CD	11/11/24	1,022,297	—	1,022,297	—	—	—
East West Bank CD	11/11/24	1,533,446	—	1,533,446	—	—	—
East West Bank CD	11/11/24	204,459	—	204,459	—	—	—
East West Bank CD	11/13/24	23,485,142	—	23,485,142	—	—	—
East West Bank CD	12/12/24	1,128,228	—	1,128,228	—	—	—
East West Bank CD	12/12/24	1,002,870	—	1,002,870	—	—	—
East West Bank CD	12/16/24	15,916,508	—	15,916,508	—	—	—
East West Bank CD	01/15/25	18,932,307	—	18,932,307	—	—	—
East West Bank CD	02/13/25	14,863,875	—	14,863,875	—	—	—
Veritex Bank CD	03/10/25	27,335,320	—	27,335,320	—	—	—
Veritex Bank CD	03/10/25	5,106,653	—	—	5,106,653	—	—



**Allocation by Fund  
Book & Market Value**

**March 31, 2024**

		Investment					
	Maturity	Total	General	Construction	Bond I&S	Revenue	Reserve
Veritex Bank CD	03/10/25	14,540,571	—	—	—	—	14,540,571
East West Bank CD	03/12/25	1,002,754	—	1,002,754	—	—	—
Origin Bank CD	03/13/25	4,480,300	—	4,480,300	—	—	—
Origin Bank CD	03/13/25	13,650,000	—	13,650,000	—	—	—
BOK Financial CDARS	03/13/25	1,127,832	—	1,127,832	—	—	—
Origin Bank CD	04/15/25	9,240,000	—	9,240,000	—	—	—
Origin Bank CD	05/15/25	7,140,000	—	7,140,000	—	—	—
Origin Bank CD	06/13/25	5,740,000	—	5,740,000	—	—	—
Origin Bank CD	06/13/25	10,129,000	—	—	—	—	10,129,000
BOK Financial CDARS	03/12/26	1,002,286	—	—	—	—	1,002,286
BOK Financial CDARS	03/19/26	700,978	—	—	—	—	700,978
BOK Financial CDARS	03/19/26	1,502,095	—	—	—	—	1,502,095
BOK Financial CDARS	03/26/26	1,000,508	—	—	—	—	1,000,508
BOK Financial CDARS	03/26/26	1,000,508	—	—	—	—	1,000,508
<b>Totals</b>		<b>\$ 629,377,121</b>	<b>\$ 1,263,856</b>	<b>\$ 522,667,408</b>	<b>\$ 48,702,291</b>	<b>\$ 7,874,784</b>	<b>\$ 48,868,781</b>

**AGENDA ITEM X**



# **GREATER TEXOMA UTILITY AUTHORITY**

## **AGENDA COMMUNICATION**

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**DATE:** August 15, 2024

**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 2023-2024**

#### **ISSUE**

Consideration of an engagement letter for independent audit services for FY 2023-2024.

#### **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 has 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 costs for FY 2021-2022 and FY 2022-2023 were \$53,900 and \$55,400, respectively.

#### **CONSIDERATIONS**

The audit proposal encompasses a five-year term, with a proposed cost of \$55,900 for the upcoming audit. This amount reflects a 1% increase compared to the previous year's pricing.

#### **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 2023-2024 Audit.

#### **ATTACHMENTS**

Engagement Letter



August 24, 2024

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 the Greater Texoma Utility Authority (the "Authority"), as of September 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In addition, we will audit the Authority's compliance over major federal award programs for the period ended September 30, 2024. 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 Authority'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 Authority 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 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 Authority'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 Authority'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, which raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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 Authority's basic financial statements. Our report will be addressed to those charged with governance of the Authority. 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 Authority'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 Authority'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 for 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 Authority'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 Authority'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 Authority'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 Authority'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 Authority'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 Authority'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 Authority 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 Authority 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 Authority 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) and;
  - 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 Authority 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; and
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' proofs 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 Authority 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 Authority as previously outlined.

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

The Authority'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) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the engagement are 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 Authority 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 2024
Mail confirmations	October 2024
Perform year-end audit procedures	Nov-Dec 2024
Issue audit reports	January 2025

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 \$54,900. 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.

Our firm may transmit confidential information that you provided us to third parties in order to facilitate delivering our services to you. For example, such transmissions might include, but not be limited to investment information to verify valuation. 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. With 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 Authority'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's consultations with other accountants, if any; and
- Significant issues, if any, arising 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: \_\_\_\_\_

## Report on the Firm's System of Quality Control

December 9, 2022

To the Partners of Pattillo Brown & Hill, LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Pattillo Brown & Hill, LLP (the firm) in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; an audit of an employee benefit; and an audit performed under FDICIA.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Pattillo Brown & Hill, LLP in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Pattillo Brown & Hill, LLP has received a peer review rating of *pass*.

***Ericksen Krentel, LLP***

Certified Public Accountants

## **AGENDA ITEM XI**



# **GREATER TEXOMA UTILITY AUTHORITY**

## **AGENDA COMMUNICATION**

---

**DATE:** August 15, 2024

**SUBJECT:** AGENDA ITEM NO. XI

**PREPARED AND SUBMITTED BY:** Paul M. Sigle, General Manager

**CONSIDER AND ACT UPON THE AWARD OF CONTRACT FOR CITY OF SHERMAN'S LAKE  
TEXOMA PUMP STATION EXPANSION PROJECT.**

**ISSUE**

Consider and act upon the award of contract for City of Sherman's Lake Texoma Pump Station Expansion Project.

**BACKGROUND**

The City of Sherman is implementing a comprehensive infrastructure improvement program to address the rapidly increasing demands of industrial, commercial, and residential users. To support the anticipated industrial expansion by major industrial users, it is imperative that specific key infrastructure projects are completed before 2026.

As part of this initiative to accommodate the city's growth, the City is currently enhancing the capacity of the Lake Texoma Pump Station (LTPS) from 21 million gallons per day (MGD) to 46 MGD.

**CONSIDERATIONS**

The City of Sherman received bids for the Lake Texoma Pump Station Expansion Project on July 19, 2024, at 2:00 PM. Only one bid was submitted by Archer Western Construction LLC, totaling \$17,857,469.00. The City's engineering firm, Freese and Nichols, Inc., has reviewed the bid documents and confirmed that the submission from Archer Western Construction LLC meets all project requirements.

**STAFF RECOMMENDATIONS**

The Authority Staff recommends that the General Manager be authorized to award a contract to Archer Western Construction LLC for the Lake Texoma Pump Station Expansion Project, with a total amount of \$17,857,469.00. This item is contingent upon the City's approval.

**ATTACHMENT**

Engineer's Letter of Recommendation



August 2, 2024

Paul M. Sigle  
Greater Texoma Utility Authority  
5100 Airport Drive  
Denison, TX 75020

Tom Pruitt  
City of Sherman  
220 W Mulberry St.  
Sherman, TX 75091

Re: Lake Texoma Pump Station Expansion  
Bid SHM23287

Dear Mr. Sigle and Pruitt

Bids for the above-mentioned project were opened and read aloud on July 19th, 2024. Freese and Nichols Inc (FNI) has tabulated the bid:

<u>Contractor</u>	<u>Total Bid</u>
Archer Western Construction LLC	\$17,857,469.00

FNI reviewed the bidding documents and found that the apparent low bidder, Archer Western Construction LLC's bid documents are in conformance with project requirements.

Since it appears to be in order and in accordance with the Agreement with City of Sherman and funding through the Greater Texoma Utility Authority we recommend awarding the Total Bid to Archer Western Construction LLC for \$17,857,469.00

Please call me if you have any questions. We look forward to working with you during the construction of this project.

Sincerely,

Lewis Bernard, P.E.,  
Project Manager

cc: Puneet Gupta PE, Gupta and Associates  
Toby Flinn, PE, PMP, Pape Dawson  
Clayton Barnard, PE, Freese and Nichols, Inc.

Attachments: Bid Opening Record  
Bid Tabulation

Project	Lake Texoma Pump Station Expansion Procurement																	
Owner	Greater Texoma Utility Authority/City of Sherman																	
Engineering Firm	Freese and Nichols, Inc												SHM23287					
Design Professional	Lewis Bernard, P.E.																	
Date	7/19/2024		Time	2:00 PM CDT		Location									405 N. Rusk St.; 3rd Floor – Finance Department; Sherman, TX 75090			
Name of Offeror	Proposal Form Executed	Bid Bond Attached	Compliance to State Law	Compliance to Sales Tax	Conflict of Interest	Non Collusion Certification	Acknowledged Addendum	Qualifications Statement	Bid Items									
	00 42 26	00 43 13	00 45 01	00 45 02	00 45 03	00 45 03	1 thru 6	00 45 16	Base Bid	Allowances	Contract Time (days)		Total Bid Cost					
											PS	BS						
Archer Western	X	X	X	X	X	X	X	X	\$ 17,357,469.00	\$ 500,000.00	408	470	\$ 17,857,469.00					

Bid Tabulation	Lake Texoma Pump Station Expansion	Bid Opening: July 19, 2024	FNI Estimate		Archer Western	
Owner:	GTUA/City of Sherman		6136 Frisco Square Blvd Suite 375 Frisco, TX 75034		1411 Greenway Drive Irving, TX 75038	
Design Professional:	Freese and Nichols					
Prepared By:	Lewis Bernard, PE					
Item No.	Unit	Estimated Quantity	Unit Price	Extended Amount	Unit Price	Extended Amount
Base Bid Items						
BC-01	Mobilization	LS 1	\$ 509,524.00	\$ 509,500.00	\$ 350,000.00	\$ 350,000.00
BC-02	Installation of pre-purchased GTUA Pump 1	LS 1	\$ 362,100.00	\$ 362,100.00	\$ 253,900.00	\$ 253,900.00
BC-03	Installation of pre-purchased GTUA Pump 4	LS 1	\$ 369,900.00	\$ 369,900.00	\$ 256,300.00	\$ 256,300.00
BC-04	Installation of pre-purchased 36-inch butterfly valves	EA 4	\$ 15,600.00	\$ 62,400.00	\$ 4,937.00	\$ 19,748.00
BC-05	Installation of pre-purchased 20-inch ball control valves	EA 2	\$ 158,400.00	\$ 316,800.00	\$ 40,100.00	\$ 80,200.00
BC-06	Remove and Salvage Existing Equipment	LS 1	\$ 116,800.00	\$ 116,800.00	\$ 118,200.00	\$ 118,200.00
BC-07	Demolition	LS 1	\$ 26,000.00	\$ 26,000.00	\$ 117,500.00	\$ 117,500.00
BC-08	Piping, Valves and Accessories for GTUA Pump 1 and Pump 4	EA 2	\$ 17,900.00	\$ 35,800.00	\$ 250,600.00	\$ 501,200.00
BC-09	Piping, Valves and Accessories for GTUA Pump 2 and Pump 3	EA 2	\$ 13,000.00	\$ 26,000.00	\$ 87,800.00	\$ 175,600.00
BC-10	54-inch Metal Expansion Joint	LS 1	\$ 1,018,000.00	\$ 1,018,000.00	\$ 836,900.00	\$ 836,900.00
BC-11	54-Inch Piping on Pipe Bridge	LS 1	\$ 294,800.00	\$ 294,800.00	\$ 565,300.00	\$ 565,300.00
BC-12	Furnish, Install and Establish Site Preparation, Grading, Restoration and Vegetation per Plans and Specifications, Complete in Place	LS 1	\$ 10,800.00	\$ 10,800.00	\$ 49,100.00	\$ 49,100.00
BC-13	Saw-Cut for Blockout at Bridge Abutment, Excavation and Repair of Bulkhead	LS 1	\$ 259,600.00	\$ 259,600.00	\$ 255,200.00	\$ 255,200.00
BC-14	Trench Excavation Protection	LF 200	\$ 13.00	\$ 2,600.00	\$ 50.00	\$ 10,000.00
BC-15	Furnish and Install 54-Inch Steel Pipe, Including Fittings, Welded Joints and Appurtenances in Open Cut, With Standard Bedding and Backfill, Complete in Place	LF 142	\$ 1,600.00	\$ 227,200.00	\$ 11,664.00	\$ 1,656,288.00
BC-16	Construction Access	LS 1	\$ 7,100.00	\$ 7,100.00	\$ 50,000.00	\$ 50,000.00
BC-17	Furnish And Install Piping, Tees, Valves, Valve Vault As Required For Tie-In to the Existing 84" Pipeline	LS 1	\$ 2,674,500.00	\$ 2,674,500.00	\$ 4,353,600.00	\$ 4,353,600.00
BC-18	Proposed Meter Vault, piping, valves and appurtenances	LS 1	\$ 441,500.00	\$ 441,500.00	\$ 3,177,700.00	\$ 3,177,700.00
BC-19	Special Shoring for Proposed Meter Vault	LS 1	\$ 194,700.00	\$ 194,700.00	\$ 860,000.00	\$ 860,000.00
BC-20	Remove and Replace Concrete Driveway, Complete in Place	SY 183	\$ 300.00	\$ 54,900.00	\$ 1,069.00	\$ 195,627.00
BC-21	Shut Down and Drain Header/Pipeline	LS 1	\$ 6,500.00	\$ 6,500.00	\$ 15,900.00	\$ 15,900.00
BC-22	Geotextile	SY 217	\$ 9.00	\$ 2,000.00	\$ 18.00	\$ 3,906.00
BC-23	Electrical System	LS 1	\$ 882,400.00	\$ 882,400.00	\$ 3,115,700.00	\$ 3,115,700.00
BC-24	Instrumentation and Controls System	LS 1	\$ 2,560,300.00	\$ 2,560,300.00	\$ 292,400.00	\$ 292,400.00
BC-25	Miscellaneous Electrical and Instrumentation Items	LS 1	\$ 233,600.00	\$ 233,600.00	\$ 47,200.00	\$ 47,200.00
BC	Total Amount of Base Contract Items			\$ 10,695,800.00		\$ 17,357,469.00
AL-01	Contingency Allowance	LS 1	500,000.00	500,000.00	500,000.00	500,000.00
TC	Total Contract Amount with Extra Work Items (Sum of BC and AL)			\$ 11,195,800.00		\$ 17,857,469.00

## **AGENDA ITEM XII**



# **GREATER TEXOMA UTILITY AUTHORITY**

## **AGENDA COMMUNICATION**

---

**DATE:** August 15, 2024

**SUBJECT:** AGENDA ITEM NO. XII

**PREPARED AND SUBMITTED BY:** Paul M. Sigle, General Manager

### **CONSIDER AND ACT UPON CHANGE ORDER NO. 1 WITH ANA SITE CONSTRUCTION FOR CITY OF SHERMAN'S DOWNTOWN WASTEWATER IMPROVEMENTS, PHASE 1.**

#### **ISSUE**

Consider and act upon Change Order No. 1 with ANA Site Construction for City of Sherman's Downtown Wastewater Improvements, Phase 1.

#### **BACKGROUND**

The City of Sherman has sought assistance in securing funding for enhancements to the downtown wastewater system through the 2022 Open Market Bond Issuance.

This phase of the project was identified as the top priority for sewer replacement in the downtown area during the City's Downtown Sanitary Sewer Evaluation. The initiative will involve the replacement of approximately 6,400 linear feet of sewer mains that were assessed to be in poor condition by the City's engineering firm, Burgess & Niple, Inc. Portions of the project will take place in existing alleys, which will be repaved once the sewer mains have been installed.

On March 18, 2024, the City of Sherman received eight (8) bids for the project at Sherman City Hall. ANA Site Construction submitted the lowest bid, totaling \$2,482,383.00. Burgess & Niple has evaluated the bid and concluded that it offers good value for the City, recommending that the construction contract be awarded to ANA Site Construction.

#### **CONSIDERATIONS**

Change Order No. 1 entails the addition of approximately 850 linear feet of new 6-inch water main installation in alleys where new wastewater mains are being installed. This enhancement of the water infrastructure will ensure adequate fire flow and facilitate the capability for nearby Downtown businesses to implement fire suppression systems if they undertake building improvements. The approval of this change order results in an increase of \$265,299.00, representing a 10.7% adjustment to the original contract price of \$2,482,383, bringing the new total contract price to \$2,747,682.00.

#### **STAFF RECOMMENDATIONS**

The Authority Staff recommends approving Change Order No. 1 for the new contract price of \$2,747,682.00.

#### **ATTACHED**

Change Order No. 1

# Change Order

**No. 1**

Date of Issuance: July 8, 2024

Project: Sherman Downtown Wastewater Improvements, Phase 1	Project No.: 1502-U Bid No.: 2024-07
Owner: City of Sherman	Date of Contract: 1 April 2024
Contractor: ANA Site Construction	

**The Contract Documents are modified as follows upon execution of this Change Order:**

See attached Change Order #1 spreadsheet (2-pages)

**Justification:**

Additional scope being added to the original contract. This change order includes the addition of water mains within the same corridor as some of the proposed wastewater mains in the original contract.

CHANGE IN CONTRACT PRICE:	CHANGE IN CONTRACT TIMES:
Original Contract Price:  \$2,482,383.00	Original Contract Times: Substantial completion days: <u>200</u> Substantial completion date: <u>TBD</u>
Increase from previously approved Change Orders No. 0 to No. 0:  \$0	Increase from previously approved Change Orders No. <u>0</u> to No. <u>0</u> : Substantial completion days: : <u>0</u> Substantial completion date: <u>TBD</u>
Contract Price prior to this Change Order:  \$2,482,383.00	Contract Times prior to this Change Order: Substantial completion days: : <u>200</u> Substantial completion date: <u>TBD</u>
Increase of this Change Order:  \$265,299.00	Increase of this Change Order: Substantial completion days: <u>0</u> Substantial completion date: <u>TBD</u>
Contract Price incorporating this Change Order:  \$2,747,682.00	Contract Times with all approved Change Orders: Substantial completion days: : <u>200</u> Substantial completion date: <u>TBD</u>
RECOMMENDED: By: _____ Engineer (Authorized Signature) Date: _____	ACCEPTED: By: _____ Owner (Authorized Signature) Date: _____
	ACCEPTED: By: <u>Adam Darrach</u> Adam Darrach Contractor (Authorized Signature) Date: <u>07/08/2024</u>



## Change Order Tracking Spreadsheet

**Change Order:** 1  
**Name of Contractor:** ANA Site Construction  
**Owner's Address:** PO Box 1212, Sherman, TX 75091  
**Engineer:** City of Sherman  
**Engineer's Address:** 220 W. Mulberry, Sherman, TX 75091  
**Project Name:** Sherman Downtown Wastewater Improvements Phase 1  
**Project Number:** 1502-U  
**Contract Price (Including Change Orders):** \$2,747,682.00

**To:**

Item No.	Description of Item	Original Bid Quantity	Unit	Original Bid Unit Price	CO #1 Quantity	Total Quantity Completed	Total Value Completed
<b>Sherman Downtown Wastewater Improvements Phase 1</b>							
1	Mobilization & Project Incidentals (Not to Exceed 5% of Bid Total)	1	LS	\$78,400.00			\$78,400.00
2	R.O.W. Preparation	1	LS	\$13,000.00			\$13,000.00
3	Installation and Maintenance of Barricades and Signs	1	LS	\$25,000.00			\$25,000.00
4	SWPPP and Erosion/Sediment Control	1	LS	\$14,515.00			\$14,515.00
5	Pre-Construction CCTV Inspection of San. Sewer Lines	6,387	LF	\$4.00			\$25,548.00
6	Rehab Ex. 6" San. Sewer with 8" HDPE (DR-21) San Sewer by Pipe Bursting	362	LF	\$251.00			\$90,862.00
7	Rehab Ex. 8" San. Sewer with 8" HDPE (DR-13.5) San Sewer by Pipe Bursting	296	LF	\$276.00			\$81,696.00
8	Furnish & Install 12" DR-35 PVC San. Sewer Pipe	344	LF	\$100.00			\$34,400.00
9	Furnish & Install 8" ASTM D-2241, DR-26 PVC San. Sewer Pipe	949	LF	\$75.00			\$71,175.00
10	Furnish & Install 8" DR-26 PVC (Cortalok) San. Sewer Pipe	391	LF	\$77.00			\$30,107.00
11	Furnish & Install 8" DR-35 PVC San. Sewer Pipe	4,041	LF	\$62.00			\$250,542.00
12	Furnish & Install 20" Dia., 1/4" Thick Steel Casing	15	LF	\$274.00			\$4,110.00
13	Furnish & Install 16" Dia., 1/4" Thick Steel Casing By Other Than Open Cut	142	LF	\$432.00			\$61,344.00
14	Trench Safety Design & Implementation	5,628	LF	\$4.00			\$22,512.00
15	Flowable Backfill	194	CY	\$243.00			\$47,142.00
16	Const. 4.0' Dia. Sanitary Sewer MH	32	EA	\$6,000.00			\$192,000.00
17	Abandon Ex. San. Sewer Manhole	6	EA	\$3,100.00			\$18,600.00
18	Remove Ex. San. Sewer Manhole	24	EA	\$1,300.00			\$31,200.00
19	Short Side San. Sewer Services with cleanout (DR-35 PVC)	58	EA	\$1,300.00			\$75,400.00
20	Long Side San. Sewer Services with cleanout (DR-35 PVC)	38	EA	\$1,600.00			\$60,800.00
21	Short Side San. Sewer Services with cleanout (ASTM D2241, DR-26 PVC)	47	EA	\$2,100.00			\$98,700.00
22	Additional 4" PVC San. Sewer (SDR-35) Service Line Beyond R.O.W. Line.	200	LF	\$415.00			\$83,000.00
23	Remove and Replace 6" Thick Concrete Pavement	27	SY	\$162.00			\$4,374.00
24	Remove and Replace 6" Asphalt Pavement	3910	SY	\$151.00			\$590,410.00
25	Unclassified Alley Excavation	775	LF	\$18.00			\$13,950.00
26	Construct 6" Thick Conc. Alley Pavement	970	SY	\$46.00			\$44,620.00
27	Separate Concrete Curb and Gutter	287	LF	\$37.00			\$10,619.00
28	Remove and Replace Concrete Sidewalk/Leadwalk	134	SY	\$33.00			\$4,422.00

Item No.	Description of Item	Original Bid Quantity	Unit	Original Bid Unit Price	CO #1 Quantity	Total Quantity Completed	Total Value Completed
29	Solid Sodding with 2" Top Soil	175	SY	\$13.00			\$2,275.00
30	Obstruction Removal	5	EA	\$4,100.00			\$20,500.00
31	Post Construction San. Sewer Point Repairs	100	LF	\$232.00			\$23,200.00
32	Cut & Plug Ex. Water Line (regardless of size)	6	EA	\$1,700.00			\$10,200.00
33	3/4" Water Service	5	EA	\$2,100.00			\$10,500.00
34	Furnish & Install Std Fire Hydrant Assembly	1	EA	\$12,000.00			\$12,000.00
35	Remove and Salvage Existing Fire Hydrant	1	EA	\$1,000.00			\$1,000.00
36	Furnish & Install 4" C-900 DR-18 PVC Water Pipe	50	LF	\$70.00			\$3,500.00
37	Furnish & Install 4" Gate Valve	1	EA	\$2,400.00			\$2,400.00
38	Ductile Iron Fittings	1000	LB	\$4.00			\$4,000.00
39	Connect to Existing Waterlines	3	EA	\$2,100.00			\$6,300.00
40	Grouting and Abandonment of Pipe	31	CY	\$260.00			\$8,060.00
41	Construction Contingency Allowance	1	LS	\$300,000.00			\$300,000.00

#### Change Order #1

#### 213 N Travis and 202-212 Walnut Water Line Addition

1-CO1	Mobilization & Project Incidentals (Not to Exceed 5% of Bid Total)		LS	\$8,750.00	1		\$8,750.00
2-CO1	Installation and Maintenance of Barricades and Signs		LS	\$3,125.00	1		\$3,125.00
3-CO1	SWPPP and Erosion/Sediment Control		LS	\$1,875.00	1		\$1,875.00
4-CO1	Furnish & Install 14" Dia., 1/4" Thick Steel Casing By Other Than Open Cut		LF	\$382.00	20		\$7,640.00
5-CO1	Trench Safety Design & Implementation		LF	\$4.00	441		\$1,764.00
6-CO1	Remove and Replace 6" Thick Concrete (Driveway)		SY	\$180.00	7		\$1,260.00
7-CO1	Remove and Replace 6" Asphalt Pavement		SY	\$151.00	216		\$32,616.00
8-CO1	Remove and Replace Concrete Sidewalk/Leadwalk		SY	\$95.00	14		\$1,330.00
9-CO1	Remove and Replace ADA Ramp		EA	\$2,370.00	1		\$2,370.00
10-CO1	Solid Sodding with 2" Top Soil		SY	\$13.00	6		\$78.00
11-CO1	Furnish & Install Std Fire Hydrant Assembly		EA	\$12,000.00	1		\$12,000.00
12-CO1	Furnish & Install 6" C-900 DR-18 PVC Water Pipe		LF	\$75.00	411		\$30,825.00
13-CO1	Furnish & Install 6" Gate Valve		EA	\$2,890.00	8		\$23,120.00
14-CO1	Furnish & Install 6" C-900 DR-18 PVC Water Fire Service Line		LF	\$80.00	10		\$800.00
15-CO1	Furnish & Install 1.5" Domestic Water Service		EA	\$2,255.00	2		\$4,510.00
16-CO1	Ductile Iron Fittings		TON	\$5,500.00	0.4		\$2,200.00
17-CO1	Furnish & Install Blowoff Valve Assembly		EA	\$3,650.00	1		\$3,650.00
18-CO1	Connect to Existing Waterlines (Cut-in 6"x6" Tee)		EA	\$2,100.00	1		\$2,100.00

#### 207 S Travis Water Line Addition

19-CO1	Mobilization & Project Incidentals (Not to Exceed 5% of Bid Total)		LS	\$8,750.00	1		\$8,750.00
20-CO1	Installation and Maintenance of Barricades and Signs		LS	\$3,125.00	1		\$3,125.00
21-CO1	SWPPP and Erosion/Sediment Control		LS	\$1,875.00	1		\$1,875.00
22-CO1	Trench Safety Design & Implementation		LF	\$4.00	415		\$1,660.00
23-CO1	Furnish & Install 14" Dia., 1/4" Thick Steel Casing By Other Than Open Cut		LF	\$382.00	55		\$21,010.00
24-CO1	Flowable Backfill		CY	\$243.00	9		\$2,187.00
25-CO1	Remove and Replace 6" Thick Concrete Pavement		SY	\$180.00	3		\$540.00
26-CO1	Remove and Replace 6" Asphalt Pavement		SY	\$151.00	189		\$28,539.00
27-CO1	Separate Concrete Curb and Gutter		LF	\$37.00	15		\$555.00
28-CO1	Remove and Replace Concrete Sidewalk/Leadwalk		SY	\$95.00	5		\$475.00
29-CO1	Furnish & Install Std Fire Hydrant Assembly		EA	\$12,000.00	1		\$12,000.00
30-CO1	Furnish & Install 6" C-900 DR-18 PVC Water Pipe		LF	\$75.00	410		\$30,750.00
31-CO1	Furnish & Install 6" Gate Valve		EA	\$2,890.00	3		\$8,670.00
32-CO1	Furnish & Install 6" C-900 DR-18 PVC Water Fire Service Line		LF	\$80.00	5		\$400.00
33-CO1	Ductile Iron Fittings		TON	\$5,500.00	0.1		\$550.00
34-CO1	Connect to Existing Waterlines (Cut-in 6"x6" Tee)		EA	\$2,100.00	2		\$4,200.00

Original Contract	\$2,482,383.00
Adjusted Contract Total by Change Order	\$2,747,682.00
Change Order Adjustment	\$265,299.00



## **AGENDA ITEM XIII**



# **GREATER TEXOMA UTILITY AUTHORITY**

## **AGENDA COMMUNICATION**

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**DATE:** August 15, 2024

**SUBJECT:** AGENDA ITEM NO. XIII

**PREPARED BY:** Stacy Patrick, Project Manager

**SUBMITTED BY:** Paul Sigle, General Manager

### **CONSIDER AND ACT UPON THE AWARD OF CONTRACT FOR GOBER MUD'S PUMP STATION ELECTRICAL IMPROVEMENTS PROJECT.**

#### **ISSUE**

Consider and act upon the award of contract for Gober MUD's Pump Station Electrical Improvements Project.

#### **BACKGROUND**

The Gober MUD Board President, Jan Johnson, contacted the Authority General Manager requesting assistance in obtaining funding for improvements to the District's water system. These improvements include construction of new water lines, electrical work, new generator, and a ground storage tank liner.

#### **CONSIDERATIONS**

GTUA/Gober MUD received three bids for the Pump Station Electrical Improvements Project on July 11, 2024. H&H Electrical Contractors Inc. is the lowest responsive bidder with a base bid amount of \$363,338.00. Hayter Engineering has reviewed the bid and recommends awarding the contract to H&H Electrical Contractors, Inc.

#### **STAFF RECOMMENDATIONS**

The Authority Staff recommends authorizing the General Manager to award a contract to H&H Electrical Contractors, Inc. in the amount of \$363,338.00.

#### **ATTACHMENTS**

Recommendation Letter



July 16, 2024

Jan Johnson, President  
Gober MUD  
Box 6  
Gober, TX 75443-6

REFERENCE: Pump Station Electrical Improvements  
TWDB DWSRF #62899, CID - 02 & HEI #101003  
Award Recommendation

Dear Ms. Johnson:

On July 11, 2024, GTUA/Gober MUD received bids for the above referenced project. Three bids were received, and all bids were found to be responsive. The bid tabulation is attached for your review. The low bidder is H&H Electrical Contractors, Inc. in the base bid amount of \$363,338.00.

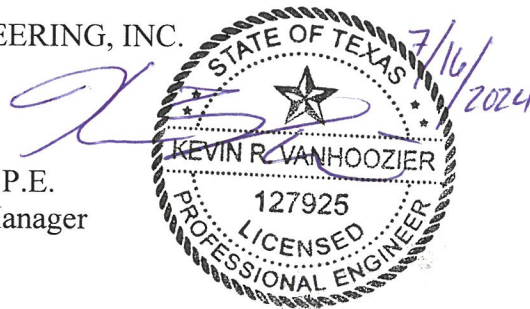
We have verified the completeness of the bid and have verified that the bonding company is licensed in Texas. The bid appears to conform to the contract document requirements. Based on a review of the Statement of Bidder's Qualifications, and reference checks, we believe them to be responsive and responsible.

We therefore recommend award of this project, contingent on TWDB approval, to H&H Electrical Contractors, Inc. in the base bid amount of \$363,338.00.

Sincerely,

HAYTER ENGINEERING, INC.

Kevin Vanhoozier, P.E.  
Principal/Project Manager



Practical Infrastructure **Solutions**

4445 SE Loop 286 | Paris, TX 75460 | haytereng.com  
TxEng F-315 | TxSurv F-10028600 | OSBPE/LS #603 | ASBPE #2521 | LA #EF6529  
Texas | Oklahoma | Arkansas | Louisiana

Bid Tabulation

Greater Texoma Utility Authority on behalf of Gober Municipal Utility District  
Pump Station Electrical Improvements  
TWDB DWSRF #62899 & HEI #101003  
July 11, 2024  
3:00 p.m.

Item	Description	Estimated Quantity	H&H Electrical Contractors, Inc.			McDonald Municipal & Industrial			Taknek, LLC		
			Unit Price	Total Price		Unit Price	Total Price		Unit Price	Total Price	
1	Pump Station Electrical Improvements.	1 LS	\$363,338.00	\$363,338.00		\$388,169.00	\$388,169.00		\$464,641.00	\$464,641.00	
TOTAL BID				\$363,338.00			\$388,169.00			\$464,641.00	

## **AGENDA ITEM XIV**



# GREATER TEXOMA UTILITY AUTHORITY

## AGENDA COMMUNICATION

---

**DATE:** August 15, 2024

**SUBJECT:** AGENDA ITEM NO. XIV

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

### **CONSIDER AND ACT UPON THE AWARD OF CONTRACT FOR CITY OF BELLS' WATER MAINS INSTALLATION PROJECT.**

#### **ISSUE**

Consider and act upon the award of contract for City of Bells' Water Mains Installation Project.

#### **BACKGROUND**

The City of Bells Water Mains Installation Project will be installing watermain improvements on McFarland Street, Bells Boulevard (Highway 56), FM 1897, and Branch Street. This project will modernize the water infrastructure in Bells by improving water transmission and distribution, thereby increasing overall system efficiency and longevity.

#### **CONSIDERATIONS**

The City of Bells received five bids for the Water Mains Installation Project on July 11th. The lowest bid was submitted by JBM Excavation, LLC, totaling \$430,000.00. However, Antero Group, the City's engineering firm, made several attempts to obtain additional information from the contractor to assess the bid, but JBM Excavation did not provide the requested details. Following consultation with GTUA's attorney, both the Authority and the City of Bells concluded that JBM Excavation was non-responsive and subsequently informed them that the City would proceed with the second lowest bidder. The second lowest bid was submitted by Hayes Construction, LLC, at a total of \$713,630.00. Hayes Construction, LLC has supplied the necessary information, and Antero Group recommends that the City select Hayes Construction, LLC for the project.

<i>Bidder</i>	<i>Base Bid</i>
JBM Excavation, LLC	\$430,000.00
Hayes Construction, LLC	\$713,630.00
Underwood, Inc.	\$865,200.00
Canary Construction, Inc.	\$1,049,750.00
Urban Infraconstruction, LLC	\$1,530,650.00

#### **STAFF RECOMMENDATIONS**

The Authority Staff recommends authorizing the General Manager to award a contract to Hayes Construction, LLC. in the amount \$713,630.00. This item is contingent upon the City of Bells approval.

#### **ATTACHMENTS**

Recommendation of Award Letter  
Bid Tabulation



August 9, 2024

Joe Paul Smith  
Mayor  
City of Bells  
203 S Broadway St  
Bells, TX 75414

**RE: Recommendation for GTUA/City of Bells Water Mains Installation Project  
Bid No. 08-02**

Mayor Smith:

Antero Group has tabulated the bids received for the GTUA/City of Bells Water Mains Installation Project. The City has received five (5) bids. Summary of the bids are:

• JBM Excavation, LLC	<b>\$ 430,000.00</b>
• Hayes Construction, LLC.	<b>\$ 713,630.00</b>
• Underwood, Inc.	<b>\$ 865,200.00</b>
• Canary Construction, Inc.	<b>\$ 1,049,750.00</b>
• Urban Infraconstruction. LLC.	<b>\$ 1,530,650.00</b>

The low bidder, JBM Excavation, LLC, was contacted to provide qualifications information to Antero Group. JBM, Excavation, LLC failed to provide the additional information even after we had followed up with them. Antero Group recommends that JBM, Excavation, LLC be disqualified due to this. Antero Group contacted the second lowest bidder, Hayes Construction, LLC, and requested qualifications information. Hayes Construction, LLC provided the additional information, Antero Group reviewed, and checked their references. Antero Group recommends that the City select Hayes Construction, LLC. Enclosed are the Bid Tabulations.

If you have any questions or comments about this recommendation, do not hesitate to contact me at 940-465-7909, [mschimitz@anterogroup.com](mailto:mschimitz@anterogroup.com).

Sincerely,

Michael Schmitz  
Principal  
Antero Group

Encl. Bid Tabulations

## BID TABULATION

Bid Number: 08-02

### GTUA/City of Bells Water Mains Installation Project BID TABULATION

The below table details Bid Form Item estimates associated with each bidder:

Bid Form Items			JBM Excavation, LLC		Hayes Construction, LLC.		Underwood, Inc		Canary Construction, Inc.		Urban Infraconstruction. LLC.	
Item Description	Quantity	Unit	Unit Amount	Bid	Unit Amount	Bid	Unit Amount	Bid	Unit Amount	Bid	Unit Amount	Bid
8" PVC Waterline	380	LF	\$ 120.00	\$ 45,600.00	\$ 225.00	\$ 85,500.00	\$ 110.00	\$ 41,800.00	\$ 130.00	\$ 49,400.00	\$ 245.00	\$ 93,100.00
6" PVC Waterline	5320	LF	\$ 35.00	\$ 186,200.00	\$ 74.00	\$ 393,680.00	\$ 100.00	\$ 532,000.00	\$ 120.00	\$ 638,400.00	\$ 115.00	\$ 611,800.00
3/4" PVC Waterline	3250	LF	\$ 30.00	\$ 97,500.00	\$ 31.00	\$ 100,750.00	\$ 60.00	\$ 195,000.00	\$ 65.00	\$ 211,250.00	\$ 129.00	\$ 419,250.00
Fire Hydrant Assembly	10	EA	\$ 9,000.00	\$ 90,000.00	\$ 9,400.00	\$ 94,000.00	\$ 8,500.00	\$ 85,000.00	\$ 11,000.00	\$ 110,000.00	\$ 15,000.00	\$ 150,000.00
Trench Safety for Waterline	5700	LF	\$ 1.00	\$ 5,700.00	\$ 1.00	\$ 5,700.00	\$ 2.00	\$ 11,400.00	\$ 1.00	\$ 5,700.00	\$ 45.00	\$ 256,500.00
Other				\$ 5,000.00		\$ 34,000.00		\$ -		\$ 35,000.00	\$ -	\$ -
Total				\$ 430,000.00		\$ 713,630.00		\$ 865,200.00		\$ 1,049,750.00		\$ 1,530,650.00

The below table details inclusion of proposal requirements associated with in each bid package:

Proposal Requirements	JBM Excavation, LLC	Hayes Construction, LLC.	Underwood, Inc	Canary Construction, Inc.	Urban Infraconstruction. LLC.
Bid Bond	X	X	X	X	X
Qualifications Statement		X	X	X	X
Certificate of Liability Insurance		X		X	X
Bid Form	X	X	X	X	X
Vendor Compliance with Reciprocity on Non-Resident Bidders	X	X	X	X	X
References	X	X	X	X	X



## **AGENDA ITEM XV**



# **GREATER TEXOMA UTILITY AUTHORITY**

## **AGENDA COMMUNICATION**

---

**DATE:** August 15, 2024

**SUBJECT:** AGENDA ITEM NO. XV

**PREPARED:** 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 ACCEPTING THE CONTRACT WITH THI DBA HALL  
RESOURCES FOR THE CITY OF KRUM MASCH BRANCH WATER WELL PROJECT AS  
COMPLETE.**

**ISSUE**

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the Contract with THI/DBA Hall Resources for the City of Krum Masch Branch Water Well Project as complete.

**BACKGROUND**

The City of Krum constructed a water well to supplement their existing water supply. This project has enabled the City of Krum to continue to grow by allowing them enough water production capacity to satisfy the Texas Commission on Environmental Quality.

In 2017, the City requested the Authority's assistance in obtaining funding through the Texas Water Development Board ("TWDB") Drinking Water State Revolving Fund Program ("DWSRF"), which offers below market interest rates. In September of 2017, the Authority closed on a \$1,225,000 loan from the DWSRF to finance the planning, design, and construction of a water well to supplement their existing water supply.

**CONSIDERATIONS**

THI/DBA Hall Resources has completed the City of Krum Masch Branch Water Well Project. Accepting the project as complete will allow the Authority to process the final payment and release the retainage to THI DBA Hall Resources.

**STAFF RECOMMENDATIONS**

The Authority Staff recommend approving the project as complete. Contingent upon the city of Krum acceptance of closing.

**ATTACHED**

Certificate of Project Completion

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE GREATER TEXOMA UTILITY AUTHORITY ACCEPTING THE CONTRACT WITH THI/DBA HALL RESOURCES AS COMPLETE FOR THE GTUA ON BELHALF OF THE CITY OF KRUM-MASCH BRANCH WATER WELL PROJECT.

WHEREAS, the Greater Texoma Utility Authority has entered into a Contract for Water Supply and Sewer Service with the City of Krum and

WHEREAS, the Greater Texoma Utility Authority has entered into a contract with THI/DBA Hall Resources for the City of Krum Masch Branch Water Well Project, and

WHEREAS representatives of the City of Krum and the project engineer have inspected the City of Krum Masch Branch Water Well Project and found it to be complete.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GREATER TEXOMA UTILITY AUTHORITY that the Authority hereby formally accepts the contract with THI/DBA Hall Resources, Inc. as complete.

Upon motion by \_\_\_\_\_, seconded by \_\_\_\_\_, the foregoing Resolution was passed and approved on this \_\_\_\_\_ day of \_\_\_\_\_ 2024 by the following vote:

AYE:

NAY:

ABSTAIN:

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

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary-Treasurer

## CERTIFICATE OF PROJECT COMPLETION

---

Project: Masch Branch Road Water Well

Date of Issuance: May 15, 2023

---

Owner: City of Krum

Contractor: Hall Resources, LLC dba THI Water Well

Engineer: Freese and Nichols, Inc.

---

This Certificate of Project Completion applies to all Work under Contract Documents or to the following specified parts thereof:

All specified work

To: Greater Texoma Utility Authority/City of Krum  
OWNER

And to Hall Resources, LLC dba THI Water Well  
CONTRACTOR

---

The Work to which this Certificate applies has been inspected by authorized representatives of OWNER, CONTRACTOR and ENGINEER, and that Work is hereby declared to be complete in accordance with Contract Documents on

May 15, 2023

Date of Completion

From the date of Completion the responsibilities between OWNER and CONTRACTOR for security, operation, safety, maintenance, heat, utilities, insurance and warranties and guarantees shall be as follows:

RESPONSIBILITIES:

OWNER: Security, operation, safety, maintenance, heat, utilities, insurance

---

---

CONTRACTOR: Contractor's Guarantee (from the date of completion),  
Payment and Performance Bonds, if applicable

---

The following documents are attached to and made a part of this Certificate:

Contractor's Guarantee, Consent of Surety, Final Pay Estimate

---

This certificate does not constitute an acceptance of work not in accordance with the Contract Documents nor is it a release of CONTRACTOR'S obligations to complete the Work in accordance with the Contract Documents.

---

Executed by ENGINEER on July 19th, 2024.

  
ENGINEER

By: \_\_\_\_\_

## **AGENDA ITEM XVI**



# **GREATER TEXOMA UTILITY AUTHORITY**

## **AGENDA COMMUNICATION**

---

**DATE:** August 15, 2024

**SUBJECT:** AGENDA ITEM NO. XVI

**PREPARED BY:** Nichole Murphy, Senior Project Manager

**SUBMITTED BY:** Paul M. Sigle, General Manager

### **CONSIDER AND ACT UPON THE AUTHORITY'S POLICY ON MINIMUM INSURANCE AND BONDING REQUIREMENTS FOR CONSTRUCTION PROJECTS.**

#### **ISSUE**

Consider and act upon the Authority's Policy on Minimum Insurance and Bonding Requirements for Construction Projects.

#### **BACKGROUND**

GTUA's Policy on Minimum Insurance and Bonding Requirements specifies the insurance and bonding obligations for construction projects. For several years, GTUA has mandated an Owner's Contractor's and Professional's (OC&P) policy for construction contracts, resulting in delays in contract completion by contractors and incurring additional costs for the contractor.

#### **CONSIDERATIONS**

The current OC&P policy outlined in our Minimum Insurance and Bonding Requirements has become outdated and has led to challenges for some contractors, particularly concerning increased costs and limited liability. GTUA staff has conducted research into the insurance policies of our member cities and discovered that all of them utilize Umbrella coverage in lieu of the OC&P, as it offers broader coverage and simplifies the procurement process.

#### **STAFF RECOMMENDATIONS**

The Authority Staff recommends that the Board of Directors approve the proposed changes outlined in the attached draft, which includes the removal of OC&P coverage and the addition of Umbrella coverage, as well as any modifications suggested by the Authority's General Counsel.

#### **ATTACHMENTS**

Draft Policy of Minimum Insurance and Bonding Requirements



# **Minimum Insurance and Bonding Requirements for Construction Projects**



**GREATER TEXOMA UTILITY AUTHORITY**  
**MINIMUM INSURANCE AND BONDING REQUIREMENTS**

A. Purpose

Greater Texoma Utility Authority (GTUA) seeks comprehensive insurance and bonding protection with limits adequate to respond to exposure confronting GTUA, the consulting engineer, and the public entity for which the work is undertaken.

B. Effective Date

These insurance requirements are to be effective beginning September 15, 2003, revised July 19, 2004.

C. Conditions applicable to all policies:

1. Qualifications of insurers: Insurers shall be duly licensed or approved non-admitted carriers and comply with all applicable state insurance laws and requirements of duly constituted insurance regulatory authorities.
2. Insurance company rating: Insurers shall maintain an A.M. Best Insurance Guide rating of at least B+VI, or better. Surplus lines carriers shall maintain an A.M. Best Insurance Guide rating of at least A+VI. For projects larger than \$100 million, the insurers shall maintain an A.M. Best Insurance Guide rating of at least B+X, or better. Surplus lines carriers shall maintain an A.M. Best Insurance Guide rating of at least A+X.
1. Signatories on Certificates of Insurance and Bond Power of Attorney or Attorney-In-Fact: Only agents licensed by the Texas Department of Insurance (TDI) to conduct business in the State of Texas, and appointed by the TDI to the company affording coverage may be a signatory on the Certificate of Insurance and Bond Power of Attorney or Attorney-In-Fact (verification with TDI will be required). In the case of surplus lines carriers or non-admitted carriers only agents licensed as surplus lines agents may sign a Certificate of Insurance on behalf of the surplus lines carrier or non-admitted carrier affording coverage (verification with TDI will be required).
4. Cancellation notice: GTUA shall be given at least 30 days notice by certified mail before the cancellation, or any material change in coverage.
5. Additional insured: With the exception of Workers' Compensation policies, GTUA, the City or other public entity, and engineer shall be named as additional insureds.
6. Waiver of Subrogation: All policies must include a Waiver of Subrogation in favor of GTUA.
7. Certificate holder: GTUA shall be listed as a certificate holder.

8. Deductibles: Deductibles may not exceed \$1,000, unless approved by GTUA.
9. Occurrence policy: Insurers must furnish “occurrence” policies.
10. These requirements are in addition to the requirements adopted by the Engineers Joint Contract Documents Committee.
11. GTUA reserves the right to modify these requirements in the event it deems said modifications(s) to be appropriate.

D. Comprehensive General Liability (CGL) (including independent contractor’s liability, completed operations and contract liability)

1. Minimum policy limits (minimum combined single limits (CSL) for bodily injury and property damage)
  - (a) \$1,000,000 per occurrence
  - (b) \$2,000,000 general aggregate
  - (c) \$2,000,000 aggregate for products and completed operations coverage
  - (d) For construction projects with a value less than \$100 million:
    - a. Minimum limits of \$1,000,000 each-occurrence
    - b. \$4,000,000 aggregate with respect to primary commercial general liability, automobile liability and employer’s liability policies.
  - (e) For construction projects with a value more than \$100 million:
    - a. Minimum limits of \$5,000,000 each-occurrence
    - b. \$20,000,000 aggregate with respect to primary commercial general liability, automobile liability and employer’s liability policies.
    - ~~a-c. Endorsement on the General Liability to provide aggregate limits of liability per project.~~
  - ~~(c) — For Construction projects larger than \$100 million,~~
    - ~~a. — \$5,000,000 per occurrence umbrella policy~~
    - ~~b. — Endorsement on the General Liability to provide aggregate limits of liability per project.~~
2. Builders Risk Coverage
  - (a) Must name GTUA as loss payee
  - (b) “All Risk” form (all risks covered unless specifically excluded)
  - (c) The policy must cover building materials in transit and while temporarily stored before installation whether on-site or at a different location,
3. Installation floater
  - (a) As specified by GTUA in an amount sufficient to cover the replacement cost of damaged equipment
  - (b) Include cost of insurance freight (CIF) to insure FOB project site

~~4. Owner's and Contractor's protective liability coverage (OC&P):~~

- ~~(a) Minimum policy limits of \$1,000,000~~
- ~~(b) Must solely name GTUA as the insured~~

5.4. Completed operations coverage: To be maintained for a minimum of two (2) year after final completion and acceptance of work

6.5. Fire-Legal/Damage to Leased Premises

- (a) Must include Fire-Legal/Damage to Leased Premises coverage
  - (b) Minimum policy limits of \$100,000 where work is being performed in connection with an existing facility
7. Pollution liability coverage: If a determination is made that exposure warranting such coverage exists.
8. XCU: XCU exclusions must be removed from the policy.
9. Contractual Liability Insurance: If surplus lines policy, any non-standard exclusions must be attached to Certificate of Insurance.
10. Policy exclusions: Certificate of Insurance must identify all policy exclusions (*i.e.*, pollution, punitive damages, subcontractors).
11. Railroad Protective Liability: If boring under a rail line or sidetrack.

E. Comprehensive Auto and Truck Liability Insurance - Minimum CLS policy limits for bodily injury and property damage

- 1. \$1,000,000 per occurrence
- 2. \$2,000,000 aggregate for vehicles with gross weight of 26,000 lbs or more.
- 3. Coverage shall be afforded for hired and non-owned autos.

F. Workers' Compensation

- 1. Authority to do business in Texas: Insurance carrier must be authorized to conduct business in the State of Texas or must obtain a Texas endorsement.
- 2. Policy limits: Maintain minimum statutory policy limits

3. Employer's Liability: Maintain a minimum of \$1,000,000.
4. Waiver of subrogation: Policy must include a waiver of subrogation in favor of GTUA.
5. Certificate holder: GTUA must be listed as a certificate holder.
6. Staff leasing agreement:

In the event of a staff leasing agreement:

- (a) Staff leasing company must furnish a Certificate of Insurance.
- (b) Staff leasing company must be licensed.
- (c) Staff services agreement must meet the requirements of Section 91.032 of the Texas Labor Code.
- (d) The contractor must represent in writing that only employees covered under the staff services agreement will work on the project.
- (e) Contractor and staff leasing company must furnish GTUA with 30 days advance written notice of either parties' intent to terminate the staff services agreement.

G. Performance, Payment and Maintenance Bonds:

1. A surety company shall be listed on Treasury Circular 570. In determining whether the surety on the bond holds a certificate of authority from the United States Secretary of the Treasury, a party may conclusively rely on the list of companies holding certificates of authority as acceptable sureties on federal bonds published in the Federal Register by the United States Department of the Treasury covering the date on which the bond was executed.
2. A bond that is made, given, tendered, or filed may be executed only by a surety company that is authorized and admitted to write surety bonds in the State of Texas.
3. The bonds shall be effective for at least one year from the date final payment is made.
4. Signatories on Certificates of Insurance and Bond Power of Attorney or Attorney-In-Fact – Only agents licensed by the Texas Department of Insurance (TDI) to conduct business in the State of Texas, and appointed by TDI to the company affording coverage may be a signatory on the Bond (verification with TDI will be required).
5. Bonding company shall maintain an A.M. Best rating of A+V or better. For projects larger than \$100 million, Bonding company shall maintain an A.M. Best rating of A+IX or better.

## **AGENDA ITEM XVIII**



# **GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION**

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**DATE:** August 15, 2024

**SUBJECT:** AGENDA ITEM NO. XVIII

**PREPARED BY AND SUBMITTED BY:** Paul M. Sigle, General Manager

**CONSIDER ALL MATTERS INCIDENT AND RELATED TO THE EXECUTION OF AN AMENDED  
AND RESTATED CONTRACT FOR WATER SUPPLY AND SEWER SERVICE BETWEEN GREATER  
TEXOMA UTILITY AUTHORITY AND THE CITY OF SHERMAN, TEXAS, INCLUDING THE  
ADOPTION OF A RESOLUTION PERTAINING THERETO.**

**ISSUE**

Consider all matters incident and related to the execution of an amended and restated contract for Water Supply and Sewer Service between Greater Texoma Utility Authority and the City of Sherman, Texas.

**BACKGROUND**

The Contract for Water Supply and Sewer Service formalizes the partnership between the Authority and the City of Sherman, detailing the responsibilities of each party in the financing of projects undertaken by the Authority. This contract also establishes the foundational obligations related to bonds issued by the Authority. The original agreement was executed on March 1, 1985.

**CONSIDERATIONS**

The Authority has requested an amendment to the contract to modify the indemnity language in order to ensure adequate protection against any potential liability arising from the Authority's engagements with contractors, in compliance with the requirements set forth by the bonds issued by GTUA. Furthermore, the requested changes aim to clarify the responsibilities of both parties, aligning them with current procedures and processes.

In accordance with the requirements of the bonds issued through the Texas Water Development Board (TWDB), a review was conducted by TWDB, which determined that the proposed changes do not affect the obligations related to the outstanding debt with the TWDB.

**STAFF RECOMMENDATIONS**

The Authority Staff recommends execution of an amended and restated contract for Water Supply and Sewer Service between Greater Texoma Utility Authority and the City of Sherman, Texas

**ATTACHED**

Resolution

Contract – Clean Version

Contract – Redline Version

RESOLUTION NO. \_\_\_\_

A RESOLUTION by the Board of Directors of the Greater Texoma Utility Authority authorizing the execution and delivery of an "Amended and Restated Contract for Water Supply and Sewer Service " with the City of Sherman, Texas and resolving other matters incident and related to the execution and delivery of such Contract

WHEREAS, the Greater Texoma Utility Authority (the "Authority") and the City of Sherman, Texas (the "City") have previously entered into that certain Contract for Water Supply and Sewer Service, dated as of March 1, 1985, as such contract may have been amended from time to time (the "Prior Contract"); and,

WHEREAS, negotiations have been conducted between the Authority and the City with respect to the execution of an amended and restated contract for water supply and sewer service (the "Contract," the form of which is attached hereto as **Exhibit A**), whereby the Authority would provide water supply and sanitary sewer collection and treatment facilities to the City; and,

WHEREAS, Section 4.04 of the Prior Contract allows modification with the consent of the governing bodies of the Authority and the City, during a joint meeting of the governing bodies or of their duly authorized and appointed representative, held not less than thirty (30) days after the giving of such notice; and,

WHEREAS, proper thirty-day notice for modification of the Prior Contract in accordance with the Section 4.04 of the Prior Contract was given; and,

WHEREAS, such Contract amends and restates the Prior Contract, but does not alter or impair any existing obligations between the parties or to any third parties, and references to the Prior Contract in existing obligations of the parties shall mean and shall include the Prior Contract and the Contract; and,

WHEREAS, such modification will not affect adversely the payment when due of all moneys required to be paid under the terms of the Contract and will not affect adversely or cause a violation of any covenants in the bond resolutions; 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 the contract should be approved; now, therefore,

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

Section 1: That the "Amended and Restated Water and Sewer Facilities Contract" by and between the Authority and the City attached hereto as **Exhibit A** and incorporated herein for all purposes is hereby approved for and on behalf of the Authority. The President and Secretary of the Board of Directors of the Authority are hereby authorized and directed to execute such contract for and on behalf of the Authority and as its act and deed.

Section 2: The Board of Directors of the Authority hereby authorizes the General Manager to meet with a duly authorized and appointed representative of the City to consider, discuss, and settle any and all changes or modifications to the Prior Contract.

Section 3: The findings and determinations of the Board of Directors of the Authority contained in the preamble hereof are hereby incorporated by reference and made a part of this Resolution for all purposes as if the same were restated in full in this Section.

Section 4: This resolution shall take effect and be in force from and after its passage.



PASSED AND APPROVED, this 19<sup>th</sup> day of August, 2024.

---

President, Board of Directors  
Greater Texoma Utility Authority

(Seal)

ATTEST:

---

Secretary, Board of Directors  
Greater Texoma Utility Authority

**EXHIBIT A**

**AMENDED AND RESTATED  
WATER AND SEWER FACILITIES CONTRACT**

**FIRST AMENDED AND RESTATED CONTRACT  
FOR WATER SUPPLY AND SEWER SERVICE**

**THE STATE OF TEXAS       §  
   §  
COUNTY OF GRAYSON     §**

THIS FIRST AMENDED AND RESTATED CONTRACT FOR WATER SUPPLY AND SEWER SERVICE is made and entered into between the GREATER TEXOMA UTILITY AUTHORITY (herein after referred to as the "Authority"), a conservation and reclamation Authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Chapter 97, Acts of the 66th Legislature of Texas, Regular Session, 1979, as amended (the "Act"), and the CITY OF SHERMAN, TEXAS, a home-rule municipal corporation in the County of Grayson, Texas (hereinafter referred to as the "City") duly created and existing under the laws of the State of Texas:

**WITNESSETH:**

WHEREAS, the Authority and the City have previously entered into that certain Contract for Water Supply and Sewer Service, dated as of March 1, 1985, as such contract has been amended from time to time (the "Prior Contract"); and,

WHEREAS, this First Amended and Restated Contract amends and restates the Prior Contract, but it is the express intention of the parties hereto that no amendment to the Prior Contract contained herein shall alter or impair any existing obligations to bondholders of Previously Issued Bonds (as defined herein) or constitute or be construed to be the extinguishment of any security or the indebtedness represented thereby or the reissuance of any security or the refunding of any indebtedness represented thereby; and

WHEREAS, the Authority, acting pursuant to the Act, proposes to issue bonds from time to time for the purpose of providing (i) certain sanitary sewer collection and treatment facilities for use by the City, and (ii) an additional supply of water to the City and certain water supply facilities in order to store and transport such water to the City; and

WHEREAS, payments made by the City to the Authority under this Contract are to be pledged to the payment and security of the Bonds to be issued by the Authority and will constitute the basis for the Authority's credit in financing such

facilities; and

WHEREAS, each party represents that it is independently authorized to perform the functions or services contemplated by this Contract; and

WHEREAS, each party desires to enter into this Contract pursuant to Chapter 791 of the Texas Government Code (otherwise known as the Interlocal Cooperation Act), as amended; and

WHEREAS, the subject matter of this Contract constitutes a governmental function that serves the public health, safety and welfare and is of mutual concern to the parties; and

WHEREAS, each party obligated to pay for the performance of governmental functions or services under this Contract shall make those payments from current revenues available to the paying party and all payments are in an amount that fairly compensates the performing party for the services or functions performed under this Contract; and

WHEREAS, the Authority and the City, 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:

## **ARTICLE I**

### **DEFINITIONS**

**SECTION 1.01:** Unless the context shall indicate a contrary meaning of 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 a Bond 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 each such Bond will be used to discharge the cost of a Project. The Authority shall provide to City a copy of each Bond Resolution and any amendments thereto at least 72 hours before each resolution or amendment is to be considered by the Authority’s Board of Directors, and the City is entitled to object in writing to each resolution or amendment prior to action by the Board of Directors, in which case the Board of Directors shall not approve the resolution or amendment;
- (d) “Bonds” shall mean any bonds to be issued from time to time by the Authority for the purpose of providing funds to pay the necessary costs of a Project upon the written request of the City, whether in one or more series or issues, or any bonds issued to refund same;
- (e) “City” shall mean the City of Sherman, Texas;
- (f) “Cost of the Project” shall mean, with respect to a Water Project or a Sewer Project, all cost and expense incurred in connection with the acquisition, construction, improvements, enlargement, extension and repair of a 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 a Project, and such other expense as may be necessary or incident to the acquisition, construction, improvement, enlargement, extension or repair of a Project and all legal fees, printing and other costs, fees and expenses necessary for or incident to the issuance of the Bonds;
- (g) “Engineer” shall mean a registered, professional engineer (who may be

the City Engineer or the Authority's Engineer). The City and Authority agree that the Engineer may be a different firm on different aspects of a Project; and that each Project will be acquired, constructed, improved, enlarged, extended and repaired in accordance with the plans and specifications prepared under the supervision of the Engineer. It is further agreed that an Engineer may be changed or added and the scope of duties adjusted by the Authority, subject to the consent of the City;

- (h) "Fiscal Year" shall mean the twelve month operating period commencing October 1<sup>st</sup> of each year
- (i) "Maintenance and Operation Expense of the Project" shall mean the expense of maintenance and operation of a 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) "Previously Issued Bonds" shall mean the outstanding (1) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2006 (City of Sherman Project)," (2) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2013A (City of Sherman Project)," (3) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014 (City of Sherman Project)," (4) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015 (City of Sherman Project)," (5) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015A (City of Sherman Project)," (6) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015B (City of Sherman Project)," (7) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2017 (City of Sherman Project)," (8) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2017A (City of Sherman Project)," (9) "Greater Texoma Utility Authority Contract Revenue and Refunding Bonds, Series 2019 (City of Sherman Project)," (10) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2019A (City of Sherman Project)," (11) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2020 (City of Sherman Project)," (12) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2021 (City of Sherman Project)," (13) "Greater Texoma Utility Authority Contract Revenue Refunding Bonds, Series 2021 (City of Sherman Project),"

(14) “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (City of Sherman Project),” (15) “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2023 (City of Sherman Project),” (16) “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2023A (City of Sherman Project) and (17) Greater Texoma Utility Authority Contract Revenue Bonds, Series 2024 (City of Sherman Project) heretofore issued which are in every respect on a parity with any proposed Bonds proposed to be issued pursuant to this Contract.

- (k) “Project” shall mean a Water Project or a Sewer Project as described in each resolution or order of the Authority, 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.;
- (l) “Sewer Project” shall mean the sanitary sewer facilities for which the City has made a written request for funding from the Authority and which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder, and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the City under this Contract, or obtained as grant funds, from any source, for the purpose of paying all or part of the Cost of the Project; and
- (m) “Water Project” shall mean the water supply, storage and transmission facilities for which the City has made a written request for funding from the Authority and which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder, and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the City under this Contract or obtained as grant funds, from any source, for the purpose of paying all or part of the Cost of the Project.

## **ARTICLE II**

### **REPRESENTATIONS AND AGREEMENTS**

#### **SECTION 2.01: The City’s Representations and Agreements.**

In connection with its undertakings hereunder, the City represents to the Authority and agrees with the Authority as follows:

- (a) In its capacity as a duly incorporated city of Texas, it is empowered under applicable laws of Texas, particularly under the Interlocal Cooperation Act, to enter into the engagements prescribed for it under this 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;
- (c) It will plan, construct, maintain, operate and finance its own utility system and set retail rates to individual customers for water and sanitary sewer service adequate to pay all City obligations secured by and made payable from the revenues derived from the operation of the City's combined water and sanitary sewer system;
- (d) That it will cooperate with the Authority in the performance of the duties and responsibilities assigned to the Authority by this Contract.

**SECTION 2.02: Representations and Agreements of Authority.**

In connection with its undertakings hereunder, the Authority represents to the City and agrees with the City as follows:

- (a) In its capacity as conservation and reclamation Authority created by the Act, pursuant to Article XIV, Section 59 of the Texas Constitution, it is empowered under the applicable laws of the State of Texas, particularly under the Interlocal Cooperation Act and the Texas Water Code, to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract; and
- (b) That it will finance all costs of each Project not provided by the City and any grant secured for the construction of each Project; and
- (c) That it will cooperate with the City in the performance of the duties and responsibilities assigned to the City by this Contract.

**SECTION 2.03: Construction.**



The City agrees to assume responsibility for the construction of each Project, and the Authority will enter into and enforce such contracts as are necessary to provide each Project. To this end, the Authority and the City agree that:

- (a) Unless otherwise agreed by the parties in writing, the City shall be responsible for the preparation of final plans and specifications for each Project;
- (b) Final plans and specifications for each Project shall be subject to the approval of the City;
- (c) All construction contracts shall be let by the City, acting as GTUA's authorized agent, pursuant to all applicable laws;
- (d) The Authority shall award all construction contracts, subject to the approval of each contract by the City;
- (e) The Authority shall deposit from the proceeds from the sale of its Bonds and any grant funds received for the purpose of providing all or part of each Project in a segregated, special Construction Fund for each Project 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 each Project; and
- (f) Unless otherwise agreed by the parties in writing, the City shall be responsible for the acquisition of all land, rights-of-way, property rights, easements and interest required to provide the Project

## ARTICLE III

### **FISCAL MATTERS**

#### **SECTION 3.01: Payment for Service.**

The Authority will provide from the proceeds received through the issuance and sale of its Bonds such funds as are necessary, when coupled with any funds or property provided by the City and any grant received for the purpose of providing all or part of each Project. It is agreed that the City and its customers shall have the exclusive use of the entire Project for the useful life of each Project, unless otherwise approved by the City after consultation with Bond Counsel to the Authority to ensure compliance with covenants contained in the Bond Resolution(s), including compliance with the Internal Revenue Code of 1986 and Treasury Regulations promulgated thereunder. In consideration for the Authority's obligations hereunder, the City recognizes and agrees that the Authority is the owner of each Project during the period in which one or more Bonds to fund the Project have been duly issued and remain outstanding. It is further agreed that the City's obligations to make any and all payments for each Project as specified in this Article will automatically terminate when all of the Authority's Bonds issued in connection with each such Project have been paid in full and retired and are no longer outstanding. It is further agreed that upon completion of each Project, and when all of the Authority's Bonds issued in connection with each 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 the City. At the request of the City, the Authority shall promptly provide to the City a written statement or other evidence of such ownership transfer on a form approved by both parties. It is within the lawful and reasonable contemplation of the parties that the amounts due under this Contract from the City will be satisfied out of current revenues or some currently available fund within the immediate control of the City. It is further understood and agreed that the Authority's only source of funds to pay the principal of and interest on the Bonds is from the payments to be made by the City to the Authority under this Contract, grant funds received for the purpose of providing all or part of each Project and other funds as approved by the City and GTUA, and the City agrees that it will make to the Authority the following payments:

- (a) Monthly amortization payment. Such amounts, payable monthly on or before the 25th day of each month, in approximately equal installments, as are necessary to pay (i) the principal coming due on the

Authority's Bonds on the next succeeding principal payment date; (ii) the interest coming due on the Authority's Bonds on the next succeeding interest payment date; and; (iii) the fees and charges of the Paying Agent(s) for paying or redeeming the Bonds and interest thereon coming due on each applicable date;

- (b) Reserve Fund Payment. Such amount as is required to be paid into the Reserve Fund from the Revenue Fund (out of payments to be made by the City) under the Bond Resolution in order to establish, maintain or, replenish the Reserve for the security and payment of Bonds similarly secured;
- (c) Administrative Payment. An amount sufficient to pay the administrative and overhead expenses of the Authority, directly attributable and chargeable to the Bonds and the Project, including the cost of routine annual accounting reports; and
- (d) Extraordinary Expense Payment. Such amounts, as are necessary to pay or reimburse the Authority for any extraordinary, unexpected expenses or costs reasonably and necessarily incurred by the Authority in connection with the Bonds and the Project, and costs of special studies and special professional services, if and when required by any governmental directive or regulation or as may be agreed between City and Authority. The City's obligation to pay such extraordinary, unexpected expenses or costs is conditioned on GTUA providing to the City advance written notice of the nature, cause and anticipated amount of such expenses or costs before GTUA incurs any such expenses or costs and the City providing written approval of the same.

### **SECTION 3.02: Time for Making of Payments.**

The City agrees to make the payments required by Section 3.01 at the times hereafter specified:

- (a) Monthly Amortization Payments. The City shall commence making monthly amortization payments at such time as any amount required by the Bond Resolution(s) to be deposited into an escrow account for the payment of interest on the Bonds during the Project construction period has been fully exhausted; provided that such payments shall commence

in no event later than the earlier of (i) twelve months prior to the first principal payment date specified in the Bond Resolution(s), or (ii) six months prior to the first interest payment date for which monies are not set aside for the payment of the interest coming due on such date from the proceeds of the Bonds. Monthly amortization payments shall continue to be made throughout the term of the Contract and shall be adjusted by the City so as to provide for the accumulation of the full amount of debt service requirements (principal, interest and paying agent fees due on any given payment date) on or before the first day of the month such debt service requirements become due;

- (b) Reserve Fund Payment. The City shall commence making these payments on the 25th day of a month, as may be provided in the Bond Resolution after the delivery of the initial series of Bonds to provide the Project, and upon the issuance of additional Bonds, shall increase the payments in accordance with the Resolution authorizing such Bonds;
- (c) Administrative Payment. The City shall commence making the administrative payment as required under Section 3.01(d) on the 10th day following the Effective Date (hereinafter defined) of this Contract, and thereafter such payment shall be made on the 25<sup>th</sup> day of each month thereafter throughout the term of this Contract;
- (d) Extraordinary Expense Payment. The City shall make any extraordinary expense payment as required under Section 3.01(d) on the 30th day following the date the City receives the written statement with all relevant backup information therefore; and
- (e) Maintenance and Operating Expenses. Such expenses shall be paid by the City as the same becomes due.

### **SECTION 3.03: Maintenance and Operation of the Project.**

Unless otherwise agreed by the parties in writing, it is agreed that the City will be responsible for maintaining and operating each Project, and shall pay all costs and expenses incurred in regard to the maintenance and operation of each Project. The City hereby agrees and covenants to operate and maintain the Project in accordance with accepted good business and engineering practices and in accordance with all applicable federal and state laws, including any rules and

regulations issued by appropriate agencies in the administration of said laws.

**SECTION 3.04: Insurance.**

The City specifically agrees to carry fire, casualty, public liability, or other insurance on each Project for purposes and in an amount which would ordinarily be carried by a municipal corporation owning and operating such facilities. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment so as to minimize the interruption of services of such facilities. All premiums for such insurance shall constitute a maintenance and operation expense of the Project.

**SECTION 3.05: Covenant of Timely Payment.**

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

**SECTION 3.06: Late Payment Penalty.**

Should the City fail to make any payment at the times herein specified, interest on such amounts shall accrue at the rate specified in Section 2251.025 of the Texas Government Code from the date such payment becomes due until paid in full with interest as herein specified. In the event such payment is not made within sixty (60) days from the date such payment becomes due, the Authority may institute a proceeding for a mandatory injunction requiring the payment of the amount due and interest thereon, such action to be instituted in a court of competent jurisdiction.

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

- (a) The City represents and covenants that all payments to be made by it hereunder shall constitute "operating expenses" of the City's combined

water and sanitary sewer system; and

- (b) The City further agrees to fix and collect such rates and charges for water and sanitary waste services to its customers as will make possible the prompt payment of all expenses of operating and maintaining its combined water and sanitary sewer system, including all payments, obligations and indemnities contracted hereunder.

**SECTION 3.08: Nature of Obligation of City.**

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

**SECTION 3.09: Right to Audit; Access to Books and Records.**

The City shall have the right to audit, to examine and to make copies of or extracts from all financial, performance and compliance records (in whatever form they may be kept, whether written, electronic or other) relating to or pertaining to the Authority's activities under this Contract kept by or under the control of the Authority, including but not limited to, those kept by the Authority, its employees, agents, assigns successors and subcontractors. In the event of such audit, the Authority agrees to provide the City with reasonable access to the Authority's employees and make all such financial, performance and compliance records available to the City. The Authority shall, at all times during the term of this Contract and for a period of five years after the termination or expiration of this Contract, maintain such records, together with supporting or underlying documents and materials.

**SECTION 3.10: Indemnity.**

- (a) IN THE EVENT ANY PERSON OR ENTITY, NOT A PARTY TO THIS CONTRACT, SHALL MAKE ANY CLAIM OR FILE ANY LAWSUIT AGAINST THE AUTHORITY THAT ARISES OUT OF, RELATES IN WHOLE OR IN PART, OR RELATES IN ANY WAY TO THE SUBJECT OF THIS CONTRACT IN ANY RESPECT, THE CITY AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS AUTHORITY FROM ANY AND ALL SUCH CLAIMS AND LAWSUITS, INCLUDING THE PAYMENT OF ALL DAMAGES, EXPENSES, COSTS, AND ATTORNEYS' FEES, EVEN WHEN CAUSED IN WHOLE OR IN PART BY THE ACTS, OMISSIONS, NEGLIGENCE, GROSS NEGLIGENCE OR OTHER LEGAL DEFAULTS OF THE AUTHORITY, EXCEPT ANY CRIMINAL ACT COMMITTED BY THE AUTHORITY OR ITS OFFICERS, EMPLOYEES OR OTHER AGENTS. IT IS WITHIN THE LAWFUL AND REASONABLE CONTEMPLATION OF THE PARTIES THAT ANY AMOUNTS DUE UNDER THIS SUBSECTION (a) WILL BE SATISFIED OUT OF CURRENT REVENUES OR SOME CURRENTLY AVAILABLE FUND WITHIN THE IMMEDIATE CONTROL OF THE CITY.**
- (b) IN THE EVENT ANY PERSON OR ENTITY, NOT A PARTY TO THIS CONTRACT, SHALL MAKE ANY CLAIM OR FILE ANY LAWSUIT AGAINST THE CITY THAT ARISES OUT OF, RELATES IN WHOLE OR IN PART, OR RELATES IN ANY WAY TO ANY CRIMINAL ACT COMMITTED BY THE AUTHORITY OR ITS OFFICERS, EMPLOYEES OR OTHER AGENTS IN CONNECTION WITH THE SUBJECT OF THIS CONTRACT IN ANY RESPECT, THE AUTHORITY AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY FROM ANY AND ALL SUCH CLAIMS AND LAWSUITS, INCLUDING THE PAYMENT OF ALL DAMAGES, EXPENSES, COSTS, AND ATTORNEYS' FEES, EVEN WHEN CAUSED IN WHOLE OR IN PART BY THE ACTS, OMISSIONS, NEGLIGENCE, GROSS NEGLIGENCE OR OTHER LEGAL DEFAULTS OF THE CITY. IT IS WITHIN THE LAWFUL AND REASONABLE CONTEMPLATION OF**

**THE PARTIES THAT ANY AMOUNTS DUE UNDER THIS SUBSECTION (b) WILL BE SATISFIED OUT OF CURRENT REVENUES OR SOME CURRENTLY AVAILABLE FUND WITHIN THE IMMEDIATE CONTROL OF THE AUTHORITY.**

## **ARTICLE IV**

### **Miscellaneous Provisions**

#### **SECTION 4.01: Contract Term.**

The obligation of the City to promptly make all prescribed payments shall commence with the delivery of the first series of Bonds issued to fund the cost of each Project and continue for the period during which the Bonds are outstanding and unpaid.

#### **SECTION 4.02: Useful Life of Project.**

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

#### **SECTION 4.03: Abandonment of Use of Project.**

It is specifically recognized by the parties hereto that the City, during the term of this Contract, may acquire other facilities so as to make the continued operation of each Project uneconomical so it will be to the best interest of the parties to discontinue the operation of the Project.

Should the City choose to discontinue the operation of all or part of a Project, the City shall have the exclusive right to the salvage of all of the properties and improvements constituting the Project so discontinued. Any cost of salvage will be a maintenance and operating expense of the City, and any money realized from such salvage will serve as a reduction of such expense. The City shall retain the use of the land where the Project is situated and all remaining improvements thereon for its corporate purposes.

The abandonment of the use of the Project shall have no effect upon the obligations of the City to the Authority provided for by this Contract and all



payments provided for by this Contract shall remain obligations of the City of the same nature as provided for by this Contract.

**SECTION 4.04: Modification of Provisions.**

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

**SECTION 4.05: Regulatory Provisions.**

This Contract shall be subject to, and each party shall comply with, 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 a Project or the Authority on account of the acquisition, existence, ownership, operation and maintenance of the Project, the amount of such taxes shall be treated as operating expenses of the Project.

**SECTION 4.07: Title to Water and Sewage.**

Title to all water and sewage put into a Project under this Contract shall be in the City's Certificate of Convenience and Necessity (CCN).

**SECTION 4.08: Notices.**

Any notice, request, demand, statement or bill provided for in this Contract shall be in writing and shall be considered to have been duly delivered when sent by

registered mail, addressed as follows:

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

To the City: City Hall  
220 W. Mulberry  
Sherman, Texas 75091  
Attention: City Manager  
City of Sherman

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

**SECTION 4.09: Covenant to Enforce Contractual Obligations.**

The Authority covenants that it will enforce the obligations of the City hereunder as may be required to accomplish the purpose of this Contract. Either party may enforce any obligations hereunder owed to it by the other party.

**SECTION 4.10: Consequences of City Default.**

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

**SECTION 4.11: Further Agreements of the Parties.**

The parties hereto specifically recognize that the City has heretofore issued, sold and delivered, and may in the future issue, sell and deliver, revenue and other bonds that are payable from and secured by a lien on and pledge of the net revenue of its combined water and sanitary sewer system;

The City represents to the Authority:

- (a) There is no provision in the ordinances authorizing the issuance of such revenue bonds which prohibits the City from entering into and executing this Contract; and
- (b) The execution of this Contract and the operation thereunder will not in any way impair the obligation of Contract by and between the City and the owners of its outstanding bonds payable from revenues of its water and sanitary sewer system since each Project is in furtherance of governmental policy, not inconsistent with the existing contractual obligations of the City.

**SECTION 4.12: Control of Project by City.**

The parties hereto recognize and it is specifically agreed that after completion of each Project and during the term of this Contract, the City shall have the exclusive right to the use and utilization of the Project, for the benefit of the City, as determined by the City; that the City without hindrance from the Authority or the City, or the employees or other agents of either of them, may operate, maintain, repair, enlarge, improve, extend, provide for additions to or otherwise control, manage and keep up each such Project. Except as specified in this Contract, the abandonment of the use of all or part of each such Project has no effect upon the obligations of the parties.

**SECTION 4.13: Force Majeure.**

- (a) If for any reason of “force majeure” either of the parties hereto shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of City to make the payments required under the terms of Section 3.01 hereof, then if such party shall give notice and full particulars of such reasons in writing to the other party within a reasonable time after the occurrence of the event, or

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

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

#### **SECTION 4.14:        Easements.**

City agrees that Authority may have such easements over any easements, right of way or property held by City as are necessary so that the facilities herein anticipated and the placement thereof and of all required equipment may be

appropriately provided.

**SECTION 4.15: Bond Approval by the City.**

- (a) Prior to the issuance and delivery of any Bonds which are: (i) payable as to principal, interest or redemption premium out of the debt service payments, or (ii) to provide facilities or service or any item which is to be maintained by the Authority utilizing any part of the base monthly payments, the governing body of the City shall approve the issuance thereof by the Authority and the facilities to be constructed or acquired by the Authority.

**SECTION 4.16: Effective Date of this Contract.**

- (a) The parties hereto recognize this Contract amends and restates the Prior Contract to the extent any certain amendment does not affect adversely or cause a violation of any covenants contained in the Bond Resolution(s) of Previously Issued Bonds.

**SECTION 4.17: 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 through not containing that particular provision and the rights and obligations of the parties shall be construed and in force accordingly.

If any amendment herein of the Prior Contract or the application thereof to any circumstance shall be held to affect adversely the payment when due of monies required to be paid by the City under the terms of the Prior Contract or affects adversely or causes a violation of any covenants contained in the Bond Resolution (s) for the Previously Issued Bonds, no such amendment shall become effective and the remainder of this Contract or the application thereof to other circumstances shall nevertheless be valid.

**SECTION 4.18: Immunity.**

It is expressly understood and agreed that, in the execution and performance of this Contract, neither party has waived, nor shall be deemed hereby to have

waived, any defense or immunity, including governmental, sovereign and official immunity, that would otherwise be available to it against claims arising in the exercise of governmental powers and functions. By entering into this Contract, the parties do not create any obligations, express or implied, other than those set forth herein. Nothing in this Contract shall be construed to create any right in any third party not a signatory to this Contract, and the parties do not intend to create any third party beneficiaries by entering into this Contract.

**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. The date this Contract is signed by the last party to sign it (as indicated by the date associated with that party's signature below) will be deemed the effective date of this Contract ("Effective Date").

GREATER TEXOMA UTILITY  
AUTHORITY

BY: \_\_\_\_\_  
President, Board of Directors  
DATE: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

CITY OF SHERMAN, TEXAS

BY: \_\_\_\_\_  
City Manager, City of Sherman  
DATE: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
City Clerk, City of Sherman  
(Authority Seal)

APPROVED AS TO LEGAL FORM:

---

City Attorney, City of Sherman  
(Authority Seal)

**FIRST AMENDED AND RESTATED CONTRACT**  
**FOR WATER SUPPLY AND SEWER SERVICE**

THE STATE OF TEXAS       §

§

~~THE~~ §  
COUNTY OF GRAYSON       §

THIS ~~AGREEMENT~~ FIRST AMENDED AND RESTATED CONTRACT  
FOR WATER SUPPLY AND SEWER SERVICE is made and entered into ~~as of~~  
~~March 1, 1985,~~ between the GREATER TEXOMA UTILITY AUTHORITY  
(~~hereinafter~~ herein after referred to as the "Authority"), a conservation and  
reclamation Authority, a governmental agency, a political subdivision of the  
~~state~~ State of Texas, and a body politic corporate, duly created, existing and acting  
by virtue of Chapter 97, Acts of the 66th Legislature of Texas, Regular Session,  
1979, as amended, ~~—~~ (the "Act"), and the CITY OF SHERMAN, TEXAS, a  
home-rule municipal corporation in the County of Grayson, Texas (hereinafter  
referred to as the "City") duly created and existing under the laws of the State of  
Texas:

**WITNESSETH:**

WHEREAS, the Authority and the City have previously entered into that  
certain Contract for Water Supply and Sewer Service, dated as of March 1, 1985,  
as such contract has been amended from time to time (the "Prior Contract"); and,

WHEREAS, this First Amended and Restated Contract amends and restates  
the Prior Contract, but it is the express intention of the parties hereto that no  
amendment to the Prior Contract contained herein shall alter or impair any  
existing obligations to bondholders of Previously Issued Bonds (as defined  
herein) or constitute or be construed to be the extinguishment of any security or  
the indebtedness represented thereby or the reissuance of any security or the  
refunding of any indebtedness represented thereby; and

WHEREAS, the Authority, acting pursuant to the Act, proposes to issue ~~its~~  
bonds from time to time for the purpose of providing (i) certain sanitary sewer  
collection and treatment facilities for use by the City, and (ii) an additional supply  
of water to the City and certain water supply facilities in order to store and  
transport such water to the City; and



WHEREAS, ~~certain revenues to be received by~~ payments made by the City to the Authority ~~from the City~~ under this ~~Agreement~~ Contract are to be pledged to the payment and security of the ~~bonds~~ Bonds to be issued by the Authority and will constitute the basis for the Authority's credit in financing such facilities; and

WHEREAS, each party represents that it is independently authorized to perform the functions or services contemplated by this Contract; and

WHEREAS, each party desires to enter into this Contract pursuant to Chapter 791 of the Texas Government Code (otherwise known as the Interlocal Cooperation Act), as amended; and

WHEREAS, the subject matter of this Contract constitutes a governmental function that serves the public health, safety and welfare and is of mutual concern to the parties; and

WHEREAS, each party obligated to pay for the performance of governmental functions or services under this Contract shall make those payments from current revenues available to the paying party and all payments are in an amount that fairly compensates the performing party for the services or functions performed under this Contract; and

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

### ARTICLE I

### DEFINITIONS

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

follows:

- ~~(a)~~ (a) “Authority” shall mean the Greater Texoma Utility Authority, or its successor.
- ~~(b)~~ (b) “Board” and “Board of Directors” shall mean the Board of Directors of the Authority.
- ~~(c)~~ (c) “Bond Resolution” shall mean any resolution of the Board of Directors authorizing the issuance of ~~the Bonds~~ a Bond 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~~ each such Bond will be used to discharge the cost of ~~the Project~~ a Project. The Authority shall provide to City a copy of each Bond Resolution and any amendments thereto at least 72 hours before each resolution or amendment is to be considered by the Authority’s Board of Directors, and the City is entitled to object in writing to each resolution or amendment prior to action by the Board of Directors, in which case the Board of Directors shall not approve the resolution or amendment;
- ~~(d)~~ (d) “Bonds” shall mean any bonds to be issued from time to time by the Authority for the purpose of providing funds to pay the necessary costs of ~~the~~ a Project upon the written request of the City, whether in one or more series or issues, or any bonds issued to refund same.
- ~~(e)~~ (e) “City” shall mean the City of Sherman, Texas.
- ~~(f)~~ (f) “Cost of the Project” shall mean, with respect to ~~the~~ a Water Project or ~~the~~ a Sewer Project, all cost and expense incurred in connection with the acquisition, construction, improvements, enlargement, extension and repair of ~~the~~ a 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~~a Project, and such other expense as may be necessary or incident to the acquisition, construction, improvement, enlargement, extension or repair of ~~the~~a Project and all legal fees, printing and other ~~cost~~costs, fees and expenses necessary for or incident to the issuance of the Bonds;

~~(g)~~(g) "Engineer" shall mean a registered, professional engineer (who may be the City Engineer or the Authority's Engineer). The City and Authority agree that the Engineer may be a different firm on different aspects of ~~the~~a Project; ~~that the Engineers (and the scope of their work) are set forth in Exhibit A; and that the~~and that each Project will be acquired, constructed, improved, enlarged, extended and repaired in accordance with the plans and specifications prepared under the supervision of the Engineer. It is further agreed that an Engineer may be changed or added and the scope of duties adjusted by the Authority, subject to the consent of the City;

~~(h)~~(h) "Fiscal Year" shall mean the twelve month operating period ~~(under this Agreement) commencing October 1<sup>st</sup> of each year, provided such twelve month period may be changed one time in any three calendar year period by agreement of the Authority and the City (which agreement, if made, shall be attached hereto as an exhibit).~~

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

~~(j) "Operator" shall mean the party to this contract who is designated (in Exhibit B) as the party responsible for the act to be performed.~~

(j) "Previously Issued Bonds" shall mean the outstanding (1) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2006 (City of Sherman Project)," (2) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2013A (City of Sherman Project)," (3) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014 (City of Sherman Project)," (4) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015 (City of Sherman Project)," (5) "Greater Texoma Utility Authority Contract Revenue

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

~~(k)~~ (k) "Project" shall mean ~~collectively, the~~ a Water Project ~~and the~~ or a Sewer Project ~~as described in each resolution or order of the Authority,~~ 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.;

~~(l)~~ (l) "Sewer Project" shall mean the sanitary sewer facilities for which the City has made a written request for funding from the Authority and which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder, and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the City under this ~~Agreement~~ 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 Exhibit C (as now or hereafter amended);~~ and

~~(m)~~ (m) "Water Project" shall mean the water supply, storage, ~~and~~

transmission facilities for which the City has made a written request for funding from the Authority and which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder, and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the City under this ~~Agreement~~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 Exhibit "D" (as now or hereafter amended).~~

## **ARTICLE II**

### ~~Representations and Agreements~~

## **ARTICLE II**

### **REPRESENTATIONS AND AGREEMENTS**

#### **~~SECTION 2.01:~~ SECTION 2.01: The City's Representations and Agreements.**

—In connection with its undertakings hereunder, the City represents to the Authority and agrees with the Authority as follows:

- ~~(a)~~ (a) In its capacity as a duly incorporated ~~City~~city of Texas, it is empowered under applicable laws of Texas, particularly under the Interlocal Cooperation Act, to enter into the engagements prescribed for it under this ~~agreement~~Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this ~~contract~~Contract;
- ~~(b)~~ (b) It will timely pay to the Authority the full amount it is required to pay under the provisions of this ~~contract for the services supplied by the Project~~Contract;
- ~~(c)~~ (c) ~~That it~~ It will plan, construct, maintain, operate and finance its own utility system and set retail rates to individual customers for water and sanitary sewer service adequate to pay all City obligations secured by and made payable from the revenues derived from the operation of the City's combined ~~Water and Sanitary Sewer System~~water and sanitary sewer system;

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

~~SECTION 2.02:~~ **SECTION 2.02:**      **Representations and Agreements of Authority.**

—In connection with its undertakings hereunder, the Authority represents to the City and agrees with the City as follows:

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

~~(b)~~ (b) That it will finance all costs of ~~the~~ each Project not provided by the City and any grant secured for the construction of ~~the~~ each Project; and

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

~~SECTION 2.03:~~ **SECTION 2.03:**      **Construction.**

—The ~~Operator~~ City agrees to assume responsibility for the construction of ~~the~~ each Project, and the Authority will enter into and enforce such contracts as are necessary to provide ~~the~~ each Project. To this end, the Authority and the City agree that:

~~(a)~~ (a) Unless otherwise agreed by the parties in writing, the ~~Operator~~ City shall be responsible for the preparation of final plans and specifications for ~~the~~ each Project;

~~(b)~~ (b) Final plans and specifications for ~~the~~ each Project shall be subject to the approval of the ~~Authority and the City~~;

- ~~(e)~~ (c) All construction contracts shall be let ~~and awarded~~ by the City, acting as GTUA's authorized agent, pursuant to ~~the~~ all applicable laws ~~applicable to the Authority~~;
- ~~(d)~~ (d) The Authority shall ~~let and~~ award all construction contracts, subject to the approval of each contract by the City;
- ~~(e)~~ (e) The Authority shall deposit from the proceeds from the sale of its Bonds ~~in a~~ and any grant funds received for the purpose of providing all or part of each Project in a segregated, special Construction Fund for each Project 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~~ each Project; and
- ~~(f)~~ (f) Unless otherwise agreed by the parties in writing, the ~~Operator~~ City shall be responsible for the acquisition of all land, ~~right-of-way~~ rights-of-way, property rights, easements and interest required to provide the Project, ~~subject to the approval of the City and the Authority~~.

### ARTICLE III

#### Fiscal Matters



## ARTICLE III

### FISCAL MATTERS

#### ~~SECTION 3.01:~~ SECTION 3.01: Payment for Service.

—The Authority will provide from the proceeds received through the issuance and sale of its Bonds such funds as are necessary, when coupled with any funds or property provided by the City and any grant received for the purpose of providing all or part of ~~the~~each Project. It is agreed that the City and its customers shall have the exclusive use of the entire Project for the useful life of ~~the Project~~each Project, unless otherwise approved by the City after consultation with Bond Counsel to the Authority to ensure compliance with covenants contained in the Bond Resolution(s), including compliance with the Internal Revenue Code of 1986 and Treasury Regulations promulgated thereunder. In consideration for the ~~Authority's obligation~~Authority's obligations hereunder, the City recognizes and agrees that the Authority ~~will acquire an undivided interest in the Project equivalent to the percentage of the total cost of the Project provided by the Authority through the issuance and sale of its Bonds~~is the owner of each Project during the period in which one or more Bonds to fund the Project have been duly issued and remain outstanding. It is further agreed that the ~~City's~~City's obligations to make any and all payments for each Project as specified in this Article will automatically terminate when all of the Authority's Bonds issued in connection with ~~the~~each such Project have been paid in full and retired and are no longer outstanding. It is further agreed that upon completion of each Project, and when all of the Authority's Bonds issued in connection with each 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 the City. At the request of the City, the Authority shall promptly provide to the City a written statement or other evidence of such ownership transfer on a form approved by both parties. It is within the lawful and reasonable contemplation of the parties that the amounts due under this Contract from the City will be satisfied out of current revenues or some currently available fund within the immediate control of the City. It is further understood and agreed that the ~~Authority's~~Authority's only source of funds to pay the principal of and interest on ~~its~~the Bonds is from the payments to be made by the City to the Authority under this ~~contract~~Contract, grant funds received for the purpose of providing all or part of each Project and other funds as approved by the City and GTUA, and the City agrees that it will make to the Authority the following payments:



~~(a)~~ (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~~Authority's Bonds on the next succeeding principal payment date; (ii) the interest coming due on the ~~Authority's~~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)~~ (b) Reserve Fund Payment—; Such amount as is required to be paid into the Reserve Fund from the Revenue Fund (out of payments to be made by the City) under the Bond Resolution in order to establish, maintain or~~;~~; replenish the Reserve for the security and payment of Bonds similarly secured~~;~~;

~~(c)~~ (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

~~(d)~~ (d) Extraordinary Expense Payment—; Such amounts, as are necessary to pay or reimburse the Authority for any extraordinary~~—or~~; unexpected expenses or costs reasonably and necessarily incurred by the Authority in connection with the Bonds and the Project, ~~such as expenses of litigation, if any,~~ and costs of special studies and special professional services, if and when required by any governmental directive or regulation or as may be agreed between City and Authority. The City's obligation to pay such extraordinary, unexpected expenses or costs is conditioned on GTUA providing to the City advance written notice of the nature, cause and anticipated amount of such expenses or costs before GTUA incurs any such expenses or costs and the City providing written approval of the same.

~~(e) The cost of Maintenance and Operation of the Project (for which provision is made in Section 3.03) if the Authority is the Operator under that Section.~~

~~SECTION 3.02:~~ **SECTION 3.02: Time for Making of Payments.**

—The City agrees to make the payments required by Section 3.01 at the times hereafter specified:

~~(a)~~ (a) Monthly Amortization Payments ~~—the.~~ The City shall commence making monthly amortization payments at such time as any amount required by the Bond Resolution(s) to be deposited into an escrow account for the payment of interest on the Bonds during the Project construction period has been fully exhausted; provided that such payments shall commence in no event later than the earlier of (i) twelve months prior to the first principal payment date specified in the Bond Resolution(s), or (ii) six months prior to the first interest payment date for which monies are not set aside for the payment of the ~~Interest~~ 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~~ Contract and shall be adjusted by the City so as to provide for the accumulation of the full amount of debt service requirements (principal, interest and paying agent fees due on any given payment date) on or before the first day of the month such debt service requirements become due.;

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

~~(c)~~ (c) Administrative Payment ~~—the.~~ The City shall commence making the administrative payment as required under Section 3.01(d) on the 10th day following the ~~effective date~~ Effective Date (hereinafter defined) of this Contract, and thereafter such payment shall be made on the 25<sup>th</sup> day of each month thereafter throughout the term of this ~~contract.~~ Contract;

~~(d)~~ (d) Extraordinary Expense Payment ~~—the.~~ The City shall make any extraordinary expense payment ~~immediately upon receipt of the statement therefor.~~ as required under Section 3.01(d) on the 30th day following the date the City receives the written statement with all relevant backup information therefore; and

~~(e) Maintenance and Operating Expenses: (i) if the City is designated as the operator under Section 3.03, such expenses shall be paid by the City as the same becomes due; or (ii) if the Authority is designated as the Operator under Section 3.03, the~~

~~City shall pay (up to the amount annually budgeted for such expenses) the amount which the Authority determines shall be required in such months, such payments to be made on or before the 25th day of each month after the Project becomes operational. The annual budget shall be prepared by the Authority at least thirty (30) days prior to the date the Project is to become operational or thereafter prior to the beginning of each fiscal year; the budget shall then be submitted to the City which may indicate exceptions or suggestions, which shall then be considered by the Board. If an annual budget is found to be insufficient or excessive, the parties agree the same shall be taken into consideration by an amendment as well as the budget for the following year, with the view that additional payments shall be made or credit shall be given so that expenditures match receipts over the fiscal year or an adjustment is made in the following month.~~

(e) Maintenance and Operating Expenses. Such expenses shall be paid by the City as the same becomes due.

~~SECTION 3.03:~~ SECTION 3.03: Maintenance and Operation of the Project.

~~—Unless otherwise agreed by the parties in writing, it is agreed that the Operator~~City ~~will be responsible for maintaining and operating the~~each ~~Project for the entire term of this Contract, and shall pay all costs and expenses incurred in regard to the maintenance and operation of the~~each ~~Project. The Operator~~City ~~hereby agrees and covenants to operate and maintain the Project in accordance with accepted good business and engineering practices and in accordance with all applicable federal and state laws, including any rules and regulations issued by appropriate agencies in the administration of said laws. If the City is the Operator under this Section, the City agrees to indemnify and to save and hold harmless the Authority from any and all claims, damages, losses, costs and expenses, including reasonable attorney fees, arising at any time from the acquisition, existence, ownership, operation and maintenance of the Project.~~

~~SECTION 3.04:~~ SECTION 3.04: Insurance.

~~—The Operator~~City ~~specifically agrees to carry fire, casualty, public liability, or other insurance on the~~each ~~Project for purposes and in an amount which would ordinarily be carried by a municipal corporation owning and operating such facilities. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment so as to minimize the interruption of services of such facilities. All premiums for such insurance shall constitute a maintenance and operation expense of the Project.~~

~~SECTION 3.05:~~ SECTION 3. 05: Covenant of Timely Payment.

—The City covenants that it will timely make (i) the monthly amortization payments and (ii) the additional payments specified hereunder in accordance with the provisions of this ~~contract~~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 useless by reason for ~~“force majeure.”~~. The City recognizes the fact that the Authority will use the payment received from the City hereunder to pay, secure and finance the issuance of the Bonds, and the holders of the Bonds shall be entitled to rely on the foregoing covenant of payment regardless of any other agreement that may exist between the Authority and the City.

~~SECTION 3.06:~~SECTION 3.06: Late Payment Penalty.

—Should the City fail to make any payment at the times herein specified, interest on such amounts shall accrue at the rate ~~of ten per centum (10%) per annum~~specified in Section 2251.025 of the Texas Government Code 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:~~SECTION 3.07: Priority of Charges - City to Fix Adequate Rates.

~~(a)~~(a) The City represents and covenants that all payments to be made by it hereunder shall constitute “operating expenses” of the City’s combined ~~Water and Sanitary Sewer System~~water and sanitary sewer system; and

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

~~SECTION 3.08:~~SECTION 3.08: Nature of Obligation of City.

—The payments required to be made by the City under the terms of this

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

**SECTION 3.09: Right to Audit; Access to Books and Records.**

The City shall have the right to audit, to examine and to make copies of or extracts from all financial, performance and compliance records (in whatever form they may be kept, whether written, electronic or other) relating to or pertaining to the Authority's activities under this Contract kept by or under the control of the Authority, including but not limited to, those kept by the Authority, its employees, agents, assigns successors and subcontractors. In the event of such audit, the Authority agrees to provide the City with reasonable access to the Authority's employees and make all such financial, performance and compliance records available to the City. The Authority shall, at all times during the term of this Contract and for a period of five years after the termination or expiration of this Contract, maintain such records, together with supporting or underlying documents and materials.

**SECTION 3.10: Indemnity.**

- (a) **IN THE EVENT ANY PERSON OR ENTITY, NOT A PARTY TO THIS CONTRACT, SHALL MAKE ANY CLAIM OR FILE ANY LAWSUIT AGAINST THE AUTHORITY THAT ARISES OUT OF, RELATES IN WHOLE OR IN PART, OR RELATES IN ANY WAY TO THE SUBJECT OF THIS CONTRACT IN ANY RESPECT, THE CITY AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS AUTHORITY FROM ANY AND ALL SUCH CLAIMS AND LAWSUITS, INCLUDING THE PAYMENT OF ALL DAMAGES, EXPENSES, COSTS,**

AND ATTORNEYS' FEES, EVEN WHEN CAUSED IN WHOLE OR IN PART BY THE ACTS, OMISSIONS, NEGLIGENCE, GROSS NEGLIGENCE OR OTHER LEGAL DEFAULTS OF THE AUTHORITY, EXCEPT ANY CRIMINAL ACT COMMITTED BY THE AUTHORITY OR ITS OFFICERS, EMPLOYEES OR OTHER AGENTS. IT IS WITHIN THE LAWFUL AND REASONABLE CONTEMPLATION OF THE PARTIES THAT ANY AMOUNTS DUE UNDER THIS SUBSECTION (a) WILL BE SATISFIED OUT OF CURRENT REVENUES OR SOME CURRENTLY AVAILABLE FUND WITHIN THE IMMEDIATE CONTROL OF THE CITY.

- (b) IN THE EVENT ANY PERSON OR ENTITY, NOT A PARTY TO THIS CONTRACT, SHALL MAKE ANY CLAIM OR FILE ANY LAWSUIT AGAINST THE CITY THAT ARISES OUT OF, RELATES IN WHOLE OR IN PART, OR RELATES IN ANY WAY TO ANY CRIMINAL ACT COMMITTED BY THE AUTHORITY OR ITS OFFICERS, EMPLOYEES OR OTHER AGENTS IN CONNECTION WITH THE SUBJECT OF THIS CONTRACT IN ANY RESPECT, THE AUTHORITY AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY FROM ANY AND ALL SUCH CLAIMS AND LAWSUITS, INCLUDING THE PAYMENT OF ALL DAMAGES, EXPENSES, COSTS, AND ATTORNEYS' FEES, EVEN WHEN CAUSED IN WHOLE OR IN PART BY THE ACTS, OMISSIONS, NEGLIGENCE, GROSS NEGLIGENCE OR OTHER LEGAL DEFAULTS OF THE CITY. IT IS WITHIN THE LAWFUL AND REASONABLE CONTEMPLATION OF THE PARTIES THAT ANY AMOUNTS DUE UNDER THIS SUBSECTION (b) WILL BE SATISFIED OUT OF CURRENT REVENUES OR SOME CURRENTLY AVAILABLE FUND WITHIN THE IMMEDIATE CONTROL OF THE AUTHORITY.

#### ARTICLE IV

~~ARTICLE IV~~

#### **Miscellaneous Provisions**

~~SECTION 4.01:~~ SECTION 4.01: Contract Term.

—The obligation of the City to promptly make all prescribed payments shall commence with the delivery of the first series of Bonds issued to fund the cost of ~~the~~each Project and continue for the period during which the Bonds are outstanding and unpaid.

~~SECTION 4.02:~~ SECTION 4.02: Useful Life of Project.

—The City and Authority ~~agrees~~agree and mutually find that the anticipated useful life of ~~the~~each Project equals or exceeds the period specified in the Bond ~~Resolutions~~Resolution(s) for the maturity of all Bonds authorized to be issued.

~~SECTION 4.03:~~ SECTION 4.03: Abandonment of Use of Project.

—It is specifically recognized by the parties hereto that the City, during the term of this ~~contract~~Contract, may acquire other ~~sewer~~ facilities so as to make the continued operation of ~~the~~each Project uneconomical so it will be to the best interest of the parties to discontinue the operation of the Project.

Should the City choose to discontinue the operation ~~or of~~ all or part of ~~the~~a Project, the City shall have the exclusive right to the salvage of all of the properties and improvements constituting the Project so discontinued. Any cost of salvage will be a maintenance and operating expense of the City, and any money realized from such salvage will serve as a reduction of such expense. The City shall retain the use of the land where the Project is situated and all remaining improvements thereon for its corporate purposes.

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

~~SECTION 4.04:~~ SECTION 4.04: Modification of Provisions.

—This ~~contract~~Contract may be changed and modified only with the consent of the governing bodies of all parties~~—signatory~~. Such modification may be requested by either party, in which event a joint meeting of the governing bodies or of their duly authorized and appointed representatives shall be held not less



than thirty (30) days after the giving of such notice. At such joint meeting, the suggested changes or ~~modification~~modifications shall be considered, discussed and settled. No such change or modification may be made which will ~~affect~~effect adversely the payment when due of all monies required to be paid by the City under the terms of this ~~contract~~Contract and no such change will be effective which ~~affects~~effects adversely or causes a violation of any covenants contained in the Bond Resolution(s).

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

~~SECTION 4.05:~~ SECTION 4.05: Regulatory Provisions.

~~—~~ This ~~contract~~Contract shall be subject to, and each party shall comply with, 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:~~ SECTION 4.06: Taxes.

~~—~~ In the event any sales or use taxes, or taxes of any nature~~,~~ are hereafter imposed upon ~~the~~a 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:~~ SECTION 4.07: Title to Water and Sewage.

~~—~~ Title to all water and sewage put into ~~the~~a Project under this ~~agreement~~Contract shall be in the ~~City~~City's Certificate of Convenience and Necessity (CCN).

~~SECTION 4.08:~~ SECTION 4.08: Notices.

~~—~~ Any notice, request, demand, statement or bill provided for in this ~~agreement~~Contract shall be in writing and shall be considered to have been duly delivered when sent by registered mail, addressed as follows:

<del>To the Authority:</del>	<del>5100 Airport Drive Denison, Texas 75020 Attention: President, Board of Directors</del>
------------------------------	---



~~To the City:~~ City Hall  
~~P.O. Box 1106~~  
~~Sherman, Texas 75090~~  
~~Attention: Mayor, City of Sherman~~

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

To the City: City Hall  
220 W. Mulberry  
Sherman, Texas 75091  
Attention: City Manager  
City of Sherman

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

~~SECTION 4.09:~~ SECTION 4.09: Covenant to Enforce Contractual Obligations.

~~—~~The Authority covenants that it will enforce the obligations of the City hereunder as may be required to accomplish the purpose of this ~~contract~~Contract. Either party may enforce any obligations hereunder owed to it by the other party.

~~SECTION 4.10:~~ SECTION 4.10: Consequences of City Default.

~~—~~The Authority and the City agree that in the event of default or threatened default, in the payment of principal ~~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 City in making payment under this ~~contract~~Contract, and take charge of the pledged funds on hand and manage the proprietary affairs of the Authority insofar as such affairs relate to the Project. The court may further vest the receiver with

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

~~SECTION 4.11:~~ SECTION 4.11: Further Agreements of the Parties.

—The parties hereto specifically recognize that the City has heretofore issued, sold and delivered, and may in the future issue, sell and deliver, revenue and other bonds that are payable from and secured by a lien on and pledge of the net revenue of its combined ~~Water and Sanitary Sewer System; that the bonds so issued and delivered (which remain outstanding) are fully described in Exhibit E.~~ water and sanitary sewer system;

The City represents to the Authority:

~~(a)~~ (a) There is no provision in the ordinances authorizing the issuance of such revenue bonds which prohibits the City from entering into and executing this ~~contract.~~ Contract; and

~~(b)~~ (b) The execution of this ~~contract~~ Contract and the operation thereunder will not in any way impair the obligation of ~~contract~~ Contract by and between the City and the owners of its outstanding bonds payable from revenues of its ~~Water and Sanitary Sewer System since the~~ water and sanitary sewer system since each Project is in furtherance of governmental policy, not inconsistent with the existing contractual obligations of the City.

~~SECTION 4.12:~~ SECTION 4.12: Control of Project by ~~Operator~~ City.

—The parties hereto recognize and it is specifically agreed that after completion of ~~the~~ each Project and during the term of this ~~contract~~ Contract, the ~~operator~~ City shall have the exclusive right to the use and utilization of the Project, for the benefit of the City, as determined by the City; that the ~~Operator~~ City without hindrance from the Authority or the City, or the employees or other agents of either of them, may operate, maintain, repair, enlarge, improve, extend, provide for additions to or otherwise control, manage and keep up ~~the said~~ each such Project. Except as specified in this ~~Article~~ Contract, the abandonment of the use of all or part of each such Project has no effect upon the obligations of the parties.

~~SECTION 4.13:~~ SECTION 4.13: Force Majeure.

~~(a)~~ (a) If for any reason of “force majeure” either of the parties hereto shall be rendered unable wholly or in part to carry out its obligations under this ~~Agreement~~Contract, other than the obligation of City to make the payments required under the terms of Section 3.01 hereof, then if such party shall give notice and full particulars of such reasons in writing to the other party within a reasonable time after the occurrence of the event, or cause relied on, the obligation of the party giving such notice, so far as ~~it is~~its 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~~lockouts, 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<sup>2</sup>; insurrections<sup>2</sup>, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakages or accident to dams, machinery, partial or entire failure of water supply and inability on the part of the Authority to deliver water hereunder or to provide sewage treatment or of the City to receive water or to deliver sewage treatment<sup>2</sup>; on account of any other cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch, shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. No failure of Authority to meet any obligation by reason ~~for~~of force majeure shall relieve the City from its obligations to make the payments required under the terms of Section 3.01 hereof<sup>2</sup>;

~~(b)~~ (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~~City's ability to operate the Project is affected by any ~~of~~ such causes, the ~~Operator~~City shall promptly notify the other party in writing giving the particulars as soon as practicable

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

~~SECTION 4.14:~~ **SECTION 4.14:** Easements.

~~—~~City agrees that Authority may have such easements over any easements, rightsright of way or property held by City as are necessary so that the facilities herein anticipated and the placement thereof and of all required equipment may be appropriately provided.

~~SECTION 4.15:~~ **SECTION 4.15:** Bond Approval by the City.

- (a) Prior to the issuance and delivery of any ~~bonds~~Bonds which are: (i) payable as to principal, interest or redemption premium out of the debt service payments, or (ii) to provide facilities or service or any item which is to be maintained by the Authority utilizing any part of the base monthly payments, the governing body of the City shall approve the issuance thereof ~~as provided in this section~~by the Authority and the facilities to be constructed or acquired by the Authority.
- ~~(b) If the bonds are to be sold at a public sale, the governing body or the City shall, by resolution, approve (i) the “Notice of Sale” issued or proposed to be issued by the Authority prior to their delivery and, (ii) the facilities to be constructed or acquired, if the bonds are refunding bonds, the governing body of the City shall, by resolution approve either (i) the form of purchase contract or (ii) the resolution authorizing the issuance of the refunding bonds.~~
- ~~(c) If the bonds are to be exchanged for property or services, the governing body of the City shall, by resolution, approve (i) the resolution adopted by the governing body of the Authority which authorizes the issuance of such bonds; and, (ii) the facilities to be constructed or acquired, or the services to be provided.~~

~~SECTION 4.16:~~ **SECTION 4.16:** Effective Date of this Contract.

- ~~(a) . (a) The parties hereto, and the Texas Water Development Board, by virtue of its approval evidenced by the signature of the Development Fund Manager appearing hereon, recognize this contract is an amendment to and replacement of a “Water Supply Contract,” dated June 1, 1980, and a “Sewer Service Contract” dated as of October 1, 1981, (the “prior contracts”). Upon the effective date of this Contract, the prior contracts and their effect shall cease to be of effect.~~

~~(b) This Contract shall be effective and be in full force and effect at such time as:~~

~~(1) The Board of Directors of the Authority has adopted a resolution authorizing the issuance of bonds to refund the outstanding bonds of the Authority described as:~~

~~(i) "Greater Texoma Municipal Utility District Revenue Bonds, Series 1981 City of Sherman Water Supply"~~

~~(ii) "Greater Texoma Municipal Utility District Revenue Bonds, Series 1982-A City of Sherman Sewer Service"; and~~

~~(iii) "Greater Texoma Utility Authority Revenue Bonds, Series 1983—City of Sherman Sewer Service"~~

~~and this Attorney General of Texas has approved such refunding bonds; and~~

(a) The parties hereto recognize this Contract amends and restates the Prior Contract to the extent any certain amendment does not affect adversely or cause a violation of any covenants contained in the Bond Resolution(s) of Previously Issued Bonds.

~~(2) The Development Fund Manager of the Texas Water Development Board has consented to the execution of this Contract as evidenced by his signature appearing hereon.~~

~~SECTION 4.17:~~ SECTION 4.17: Severability.

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

If any amendment herein of the Prior Contract or the application thereof to any circumstance shall be held to affect adversely the payment when due of monies required to be paid by the City under the terms of the Prior Contract or affects adversely or causes a violation of any covenants contained in the Bond Resolution (s) for the Previously Issued Bonds, no such amendment shall become effective and the remainder of this Contract or the application thereof to other circumstances shall nevertheless be valid.

SECTION 4.18: Immunity.

It is expressly understood and agreed that, in the execution and performance of this Contract, neither party has waived, nor shall be deemed

hereby to have waived, any defense or immunity, including governmental, sovereign and official immunity, that would otherwise be available to it against claims arising in the exercise of governmental powers and functions. By entering into this Contract, the parties do not create any obligations, express or implied, other than those set forth herein. Nothing in this Contract shall be construed to create any right in any third party not a signatory to this Contract, and the parties do not intend to create any third party beneficiaries by entering into this Contract.

**IN WITNESS WHEREOF**, the parties hereto, acting under authority of their respective governing bodies, have caused this ~~agreement~~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.~~ The date this Contract is signed by the last party to sign it (as indicated by the date associated with that party's signature below) will be deemed the effective date of this Contract ("Effective Date").

GREATER TEXOMA UTILITY  
AUTHORITY

BY:

\_\_\_\_\_  
\_\_\_\_\_

~~By:~~

President, Board of

Directors

DATE: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

Secretary, Board of Directors

~~(Authority Seal)~~

CITY OF SHERMAN, TEXAS

BY: \_\_\_\_\_

~~By:~~

~~Mayor~~

City Manager, City of Sherman

DATE: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

City Clerk, City of Sherman  
([Authority Seal](#))

APPROVED AS TO LEGAL FORM:

---

City Attorney, City of Sherman  
(~~City seal~~ [Authority Seal](#))

~~The Development Fund Manager of  
the Texas Water Development Board  
has consented to the execution of  
this Contract as authorized by this  
Texas Water Development Board on  
July 21, 1983.~~

---

~~Development Fund Manager~~

~~EXHIBIT A—SUPPLEMENTAL PROJECT~~

~~City of Sherman Wastewater Project~~

~~Engineer:~~

~~J. Terry Millican  
Freeman Millican, Inc.  
9500 Forest Lane, Suite 201  
Dallas, TX 75243~~

~~(214) 503-0555  
(214) 503-1148 (fax)~~



EXHIBIT A

SUPPLEMENTAL PROJECT (2009)

ENGINEER

U.S. 75 North Sewer Project

Freeman Millican, Inc.  
12225 Greenville Ave., Suite 121  
Dallas, TX 75253

~~EXHIBIT B SUPPLEMENTAL PROJECT (2009)~~

~~City of Sherman~~

~~EXHIBIT C — SUPPLEMENTAL PROJECT~~

~~Wastewater Project Description~~

~~Construction of the North Central relief Sanitary Sewer and purchase and installation of ultraviolet equipment for the Sherman wastewater treatment plant.~~

## EXHIBIT C-1—SUPPLEMENTAL PROJECT

### Project Description

~~The sewer system improvements project for the City of Sherman involves improvements to the biological capacity of the wastewater treatment plant, adding a third aeration basin; and construction of Relief Sewer C in the south central portion of the City of Sherman.~~

## EXHIBIT C-2 SUPPLEMENTAL PROJECT

### Project Description

~~The construction, acquisition and improvement of wastewater system facilities and necessary appurtenances for use by the City of Sherman, to wit: construction of the North Central Relief Sanitary Sewer and purchase and installation of ultraviolet equipment for the Sherman wastewater treatment plant.~~

### EXHIBIT C-3 SUPPLEMENTAL PROJECT

#### Project Description (2008)

~~Wastewater Treatment Plant Digester Rehabilitation consisting of replacement of compressors, piping, burners, ancillary equipment, and other appurtenances as necessary in sludge digesters; Major Sewer Rehabilitation Relief Sewer K-4 Phase 1, consisting of construction of relief sewer between McGee Street and Lamberth Road; and Major Sewer Rehabilitation, consisting of sewer mains along US Highway 75 corridor to FM 691, including lift stations and other appurtenances as necessary.~~

## ~~EXHIBIT C-4—SUPPLEMENTAL PROJECT~~

### ~~PROJECT DESCRIPTION (2009)~~

~~Major sewer rehabilitation, consisting of sewer mains along US Highway 75 North of the City of Sherman, including lift stations and other appurtenances as necessary.~~

## ~~EXHIBIT C-5—SUPPLEMENTAL PROJECT~~

### ~~PROJECT DESCRIPTION (2009-A)~~

#### ~~Wastewater Treatment Plant Improvements:~~

~~The improvements to the wastewater treatment plant include two digester roof projects, a primary clarifier rehabilitation and a fine screen installment, and other appurtenances as necessary.~~

#### ~~Relief Sewers:~~

~~Relief Sewer C-1 will replace an existing sewer main that is deteriorated and has infiltration problems, Relief Sewer K-4 replaces a deteriorated sewer line that is also experiencing infiltration problems, and other appurtenances as necessary.~~



## EXHIBIT C-6 SUPPLEMENTAL PROJECT (2012)

### Project Description

#### Wastewater

~~Modifications to the Sherman wastewater treatment plant headworks, including upgrading the variable frequency drive pumps, Phases I and II; East Side Lift Station engineering and design; biosolids engineering, design and construction; relief headworks preliminary engineering and design and storm water storage contingency.~~

## EXHIBIT C-7 SUPPLEMENTAL PROJECT (2013)

### Project Description

#### Wastewater Treatment Plant Improvements

Improvements to the wastewater treatment plant, including biosolids engineering, design and construction.

#### Sewers

Construction of Blalock Industrial sewer replacement, all other appurtenances as necessary, and construction of SH289 Sewer Line A and other appurtenances as necessary.

~~EXHIBIT C-8 SUPPLEMENTAL PROJECT (2013-A)~~

~~WASTEWATER PROJECT DESCRIPTION~~

~~Wastewater Treatment Plant Improvements~~

~~Relief Headworks Engineering and Construction~~

~~Sewers~~

~~Construction of South Sherman Relief Sewer and other appurtenances as  
necessary.~~

~~EXHIBIT C-9 SUPPLEMENTAL PROJECT (2014)~~

~~WASTEWATER PROJECT DESCRIPTION~~

~~Wastewater Treatment Plant Improvements~~

~~Upgrading the UV disinfection system to replace sensors, control elements and other equipment as necessary with more reliable components, reconstructing the head works for lift station.~~

~~Wastewater Collection System~~

~~Replacement of existing 12" and 18" sewer and new 18" sewer main.~~

~~EXHIBIT C-10-- SUPPLEMENTAL PROJECT (2015-A)~~

~~Project Description (Sewer)~~

~~The construction, acquisition, and improvement of sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the construction of improvements to the wastewater treatment plant head works life station and electrical upgrade improvements and other appurtenances as necessary~~

~~EXHIBIT C-11- SUPPLEMENTAL PROJECT (2017A)~~

~~Project Description (Sewer)~~

~~construction, acquisition, and improvement of sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition, design and construction of sewer lines, and other appurtenances as necessary~~

~~EXHIBIT C-12- SUPPLEMENTAL PROJECT (2019)~~

~~Project Description (Sewer)~~

~~Sewer System Improvements to include construction and professional services associated with improvements to the wastewater treatment plant, including the aeration basin, biological clarifier, control building, and storm water lift station; construction and professional services associated with sewer line construction projects, including the construction of the Northwest Sewer, Sewer between Rosedale and First, and Moore Street Sewer and appurtenances and other costs as necessary for such sewer system improvements.~~

~~EXHIBIT C-13—SUPPLEMENTAL PROJECT (2020)~~

~~Project Description (Sewer)~~

~~construction, acquisition, and improvement of wastewater system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including aeration basin upgrades, control building expansion, and rehabilitation to the biological clarifier, storm water lift station, equalization basin, primary clarifier No. 1, sludge pump station, and other appurtenances as necessary for wastewater treatment plant improvements, construction of a brine line from the water treatment plant to an existing lift station, and other appurtenances and costs to transport the water treatment plant reject water~~



~~EXHIBIT D—SUPPLEMENTAL PROJECT~~

~~Water Project Description~~

~~None~~

## ~~EXHIBIT D-1 – SUPPLEMENTAL PROJECT~~

### ~~Project Description~~

~~The water system improvements project for the City of Sherman includes a major water transmission line from US 82 to Taylor Street.~~

## ~~EXHIBIT D-2 SUPPLEMENTAL PROJECT~~

### ~~Project Description~~

~~City of Sherman various water line replacements and relocations, various water main extensions and various water main relocations and reconstructions and other water appurtenances as needed.~~

~~EXHIBIT D-3 - SUPPLEMENTAL PROJECT~~

~~WATER PROJECT DESCRIPTION (2008)~~

~~Construction of water line(s) along U.S. 75 from approximately U.S. 82 to FM 691, to including piping and all other appurtenances necessary for the construction of the water line.~~

## EXHIBIT D-4 SUPPLEMENTAL PROJECT (2011)

### Water Project Description

~~Lake Texoma Pump Station Expansion including installation of two (2) 6,000 HP pumps along with necessary electrical, SCADA, and instrumentation equipment; installation of discharge piping, pump control valves, butterfly valves, and miscellaneous appurtenances; power improvements as needed to supply power to operate the new equipment; condition assessment modifications of Section 1 of the existing 72-inch Texoma Pipeline to upgrade condition and pressure capacity of pipe~~

## EXHIBIT D-5 SUPPLEMENTAL PROJECT (2012)

### Project Description

#### ~~Water~~

~~Construction of a second water transmission line from the water treatment plant to the distribution system (Phases I and II), including engineering, right of way and construction; modifications to the Lake Texoma Raw Water Pipeline to provide for cleaning facilities to clean zebra mussels from pipeline; and flocculation basin and piping relining.~~

## ~~EXHIBIT D-6-- SUPPLEMENTAL PROJECT (2015)~~

### ~~Project Description (Water)~~

~~The construction, acquisition, and improvement of water system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition and design associated with the City of Sherman expansion and upgrade and expansion of the water treatment plant, disposal pipeline to the lift station located at the southwest corner of the intersection of U.S. 75 and FM 691 and other appurtenances as necessary~~

~~EXHIBIT D-7- SUPPLEMENTAL PROJECT (2015B)~~

~~Project Description (Water)~~

~~construction, acquisition, and improvement of water system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition, design and construction for a water treatment plant expansion and new elevated storage tank and other appurtenances as necessary,~~



~~EXHIBIT D-8 SUPPLEMENTAL PROJECT (2017)~~

~~Project Description (Water)~~

~~construction, acquisition, and improvement of water system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition, design and construction for a water treatment plant, and other appurtenances as necessary~~

~~EXHIBIT D-9 SUPPLEMENTAL PROJECT (2017A)~~

~~Project Description (Water)~~

~~construction, acquisition, and improvement of water system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), including the planning, acquisition, design and construction of water lines and rehabilitation of the Gallagher elevated storage tank, and other appurtenances as necessary~~

~~EXHIBIT D-10 SUPPLEMENTAL PROJECT (2019)~~

~~Project Description (Water)~~

~~Water System Improvements to include construction and professional services associated with improvements to the construction of the water crossing under US 75 at Choctaw, and cathodic protection improvements at the Lake Texoma Pump Station; and appurtenances and other costs as necessary for such water system improvements.~~

~~EXHIBIT D-11 - SUPPLEMENTAL PROJECT (2019A)~~

~~Project Description (Water)~~

~~Construction, acquisition and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas and the payment of all costs incident and related to the acquisition and financing thereof.~~

~~EXHIBIT D-12 SUPPLEMENTAL PROJECT (2021)~~

~~Project Description (Sewer)~~

~~Construction, acquisition and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas and the payment of all costs incident and related to the acquisition and financing thereof.~~

~~EXHIBIT D-13—SUPPLEMENTAL PROJECT (2022)~~

~~Project Description (Water and Sewer)~~

~~Construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the “City”), and the acquisition of land and rights of way necessary therefor or incidental thereto, and the payment of all costs incident and related to the acquisition and financing thereof.~~

~~EXHIBIT D-14- SUPPLEMENTAL PROJECT (2023)~~

~~Project Description (Water and Sewer)~~

~~Construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), and the acquisition of land and rights of way necessary therefor or incidental thereto, and the payment of all costs incident and related to the acquisition and financing thereof.~~

~~EXHIBIT D-15 SUPPLEMENTAL PROJECT (2023A)~~

~~Project Description (Water and Sewer)~~

~~Construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), and the acquisition of land and rights of way necessary therefor or incidental thereto, and the payment of all costs incident and related to the acquisition and financing thereof.~~



~~EXHIBIT D-16 SUPPLEMENTAL PROJECT (2024)~~

~~Project Description (Water and Sewer)~~

~~Construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), and the acquisition of land and rights of way necessary therefor or incidental thereto, and the payment of all costs incident and related to the acquisition and financing thereof.~~

*[Link-to-previous setting changed from on in original to off in modified.]*

~~EXHIBIT E – SUPPLEMENTAL PROJECT (2009)~~

~~Outstanding Debt on the System~~

~~NONE~~

*[Link-to-previous setting changed from on in original to off in modified.]*

<b>Summary report:</b> <b>Litera Compare for Word 11.4.0.111 Document comparison done on</b> <b>8/15/2024 3:29:21 PM</b>	
<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
<b>Original DMS:</b> iw://uswork.ad.adsinternal.com/USFIRM/201790861/1	
<b>Modified DMS:</b> iw://uswork.ad.adsinternal.com/USFIRM/295005398/2	
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<u>Add</u>	353
<del>Delete</del>	506
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<u>Move To</u>	0
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<del>Table Delete</del>	1
<u>Table moves to</u>	0
<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	860

## **AGENDA ITEM XIX**



# **GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION**

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**DATE:** August 15, 2024

**SUBJECT:** AGENDA ITEM NO. XIX

**PREPARED BY AND SUBMITTED BY:** Paul M. Sigle, General Manager

**CONSIDER ALL MATTERS INCIDENT AND RELATED TO THE EXECUTION OF AN AMENDED AND RESTATED CONTRACT FOR WATER SUPPLY AND SEWER SERVICE BETWEEN GREATER TEXOMA UTILITY AUTHORITY AND THE BEAR CREEK SPECIAL UTILITY DISTRICT, INCLUDING THE ADOPTION OF A RESOLUTION PERTAINING THERETO.**

## **ISSUE**

Consider all matters incident and related to the execution of an amended and restated contract for Water Supply and Sewer Service between Greater Texoma Utility Authority and the Bear Creek Special Utility District.

## **BACKGROUND**

The Contract for Water Supply and Sewer Service formalizes the partnership between the Authority and the Bear Creek Special Utility District, detailing the responsibilities of each party in the financing of projects undertaken by the Authority. This contract also establishes the foundational obligations related to bonds issued by the Authority. The original agreement was executed on October 9, 2018.

## **CONSIDERATIONS**

The Authority has requested an amendment to the contract to modify the indemnity language in order to ensure adequate protection against any potential liability arising from the Authority's engagements with contractors, in compliance with the requirements set forth by the bonds issued by GTUA.

## **STAFF RECOMMENDATIONS**

The Authority Staff recommends execution of an amended and restated contract for Water Supply and Sewer Service between Greater Texoma Utility Authority and the Bear Creek Special Utility District.

## **ATTACHED**

Resolution

Contract – Clean Version

Contract – Redline Version

RESOLUTION NO. \_\_\_\_

A RESOLUTION by the Board of Directors of the Greater Texoma Utility Authority authorizing the execution and delivery of a "First Amended and Restated Water Facilities Contract " with the Bear Creek Special Utility District and resolving other matters incident and related to the execution and delivery of such Contract

WHEREAS, the Greater Texoma Utility Authority (the "Authority") and the Bear Creek Special Utility District (the "District") have previously entered into that certain Water Facilities Contract, dated as of October 9, 2018 (the "Prior Contract"); and,

WHEREAS, negotiations have been conducted between the Authority and the District with respect to the execution of a first amended and restated water facilities contract (the "Contract," the form of which is attached hereto as **Exhibit A**), whereby the Authority would provide water facilities to the District; and,

WHEREAS, Section 4.04 of the Prior Contract allows modification with the consent of the governing bodies of the Authority and the District, during a joint meeting of the governing bodies or of their duly authorized and appointed representative, held not less than thirty (30) days after the giving of such notice; and,

WHEREAS, proper thirty-day notice for modification of the Prior Contract in accordance with the Section 4.04 of the Prior Contract was given; and,

WHEREAS, such Contract amends and restates the Prior Contract, but does not alter or impair any existing obligations between the parties or to any third parties, and references to the Prior Contract in existing obligations of the parties shall mean and shall include the Prior Contract and the Contract; and,

WHEREAS, such modification will not affect adversely the payment when due of all moneys required to be paid under the terms of the Contract and will not affect adversely or cause a violation of any covenants in the bond resolutions; 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 the contract should be approved; now, therefore,

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

Section 1: That the "First Amended and Restated Water Facilities Contract" by and between the Authority and the District attached hereto as **Exhibit A** and incorporated herein for all purposes is hereby approved for and on behalf of the Authority. The President and Secretary of the Board of Directors of the Authority are hereby authorized and directed to execute such contract for and on behalf of the Authority and as its act and deed.

Section 2: The Board of Directors of the Authority hereby authorizes the General Manager to meet with a duly authorized and appointed representative of the District to consider, discuss, and settle any and all changes or modifications to the Prior Contract.

Section 3: The findings and determinations of the Board of Directors of the Authority contained in the preamble hereof are hereby incorporated by reference and made a part of this Resolution for all purposes as if the same were restated in full in this Section.

Section 4: This resolution shall take effect and be in force from and after its passage.

PASSED AND APPROVED, this 19<sup>th</sup> day of August, 2024.

---

President, Board of Directors  
Greater Texoma Utility Authority

(Seal)

ATTEST:

---

Secretary, Board of Directors  
Greater Texoma Utility Authority



**EXHIBIT A**

**FIRST AMENDED AND RESTATED  
WATER FACILITIES CONTRACT**

## FIRST AMENDED AND RESTATED WATER FACILITIES CONTRACT

THIS CONTRACT ("Contract") is made and entered into as of October 9, 2018, 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 BEAR CREEK 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 T H:

WHEREAS, the Authority, acting pursuant to the Act, has issued or proposes to issue, or both, its bonds for the purposes of providing an additional supply of water to the District and certain water supply facilities in order to store and transport such water to the District; 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 to be issued by the Authority 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; 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.

(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 Bear Creek Special Utility District.

(g) "Engineer" shall mean a registered, professional engineer (who may be the District Engineer or the Authority's Engineer). 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 Authority, subject to the consent of the District.

(h) "Fiscal Year" shall mean the twelve month operating period (under this Contract) commencing October 1<sup>st</sup> 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) "Operator" shall mean the party to the Contract who is designated, from time to time, by the parties with respect to each Project and, in the absence of such designation, shall mean the District.

(k) "Project" shall mean the water supply, storage and transmission facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the 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. Pursuant to Texas Government Code, Section 791.026, as amended, and to the extent required by the terms of that Section, the District agrees not to obtain water supply or services from any other source than pursuant to this Contract.

(b) It will timely pay to the Authority the full amount it is required to pay under the provisions of this Contract for the services supplied by the Authority for the Project.

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

(e) 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) That it 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, the District be responsible for the preparation of final plans and specifications for the Project.

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

(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.

(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. It is agreed that the District and its customers shall have the exclusive use of the entire Project for the useful life of the Project. In consideration for the Authority's obligation hereunder, the 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. 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 10th 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.

(e) The cost of Maintenance and Operation of the Project (for which provision is made in Section 3.03) if the Authority is the Operator under that Section.

SECTION 3.02: Time for Making of Payments. The 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 10th 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 10th day of the month following the effective date of this Contract, and thereafter such payment shall be made on the 10th 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.

(e) Maintenance and Operating Expenses: (i) if the District is designated as the Operator, such expenses shall be paid by the District as the same become due; or (ii) if the Authority is designated as the Operator, the District shall pay (up to the amount annually budgeted for such expenses) the amount which the Authority determines shall be required in such months, such payments to be made on or before the 10th day of each month after the Project becomes operational. The annual budget shall be prepared by the Authority at least thirty (30) days prior to the date the Project is to become operational, or, thereafter prior to the beginning of each Fiscal Year; the budget shall then be submitted to the District which may indicate exceptions or suggestions, which shall then be considered by the Board. If an annual budget is found to be insufficient or excessive, the parties agree the same shall be taken into consideration by an amendment as well as the budget for the following year, with the view that additional payments shall be made or credit shall be given so that expenditures match receipts over the Fiscal Year or an adjustment is made in the following month.

SECTION 3.03: Maintenance and Operation of the Project. Unless otherwise agreed by the parties, it is agreed that the District will be responsible for maintaining and operating the Project for the entire term of this Contract, and shall pay all costs and expenses incurred in regard to the maintenance and operation of the Project. The District hereby agrees and covenants to operate and maintain the Project in accordance with accepted good business and engineering practices and in accordance with all applicable federal and state laws, including any rules and regulations issued by appropriate agencies in the administration of said laws. If the District is the Operator under this Section, the District agrees, to the extent allowed by law, to indemnify and to save and hold harmless the Authority from any and all, exclusive of costs caused by or associated with the Authority's negligence, claims, damages, losses, costs and expenses, including reasonable attorney fees, arising at any time from the acquisition, existence, ownership, operation and maintenance of the Project.

SECTION 3.04: Insurance. The Operator specifically agrees to carry fire, casualty, public liability, or other insurance on the Project for purposes and in 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. All premiums for such insurance shall constitute a Maintenance and Operation Expense of the Project.

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. Except as provided by this Contract, the District may not obtain services provided for in this Contract from a source other than a contracting party. It is specifically recognized by the parties hereto that the District, during the term of this Contract, may acquire other facilities so as to make the continued operation of the Project uneconomical so it will be to the best interest of the parties to discontinue the operation of the Project.

Should the District choose to discontinue the operation of all or part of the Project, the District shall have the exclusive right to the salvage of all of the properties and improvements constituting the Project so discontinued. Any cost of salvage will be a maintenance and operating expense of the District, and any money realized from such salvage will serve as a reduction of such expense. The District shall retain the use of the land where the Project is situated and all remaining improvements thereon for its corporate purposes.

The abandonment of the use of the Project shall have no effect upon the obligations of the 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: Title to Water and Sewage. Title to all water and sewage put into the Project under this Contract shall be in the District.

SECTION 4.08: 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: 16881 CR 541  
Lavon, Texas 75166  
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 4.09: 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 4.10: 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 4.11: 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 4.12: Control of Project by Operator. The parties hereto recognize and it is specifically agreed that after completion of the Project and during the term of this Contract, the District shall have the exclusive right to the use and utilization of the Project, for the benefit of the District; that the District without hindrance from the Authority or the District, or the employees or other agents of either of them, may operate, maintain, repair, enlarge, improve, extend, provide for additions to or otherwise control, manage and keep up the said Project.

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

SECTION 4.13: Force Majeure.

(a) If for any reason of "force majeure" either of the parties hereto shall be rendered unable wholly or in part to carry out its 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 4.14: Easements. The District agrees that the Authority may have such easements over any easements, right of way or property held by the District so that the facilities herein anticipated and the placement thereof and of all required equipment may be appropriately provided.

SECTION 4.15: Bond Approval by the District.

(a) Prior to the issuance and delivery of any Bonds which are (i) payable as to principal, interest or redemption premium out of the debt service payments, or (ii) to provide facilities or service or any item which is to be maintained by the Authority utilizing any part of the base monthly payments, the District shall approve the issuance thereof as provided in this Section.

(b) If the Bonds are to be sold at a public sale, the governing body of the District shall, by resolution or order, approve (i) the "Notice of Sale" issued or proposed to be issued by the Authority prior to their delivery; and, (ii) the facilities to be constructed or acquired; or, if the Bonds are to be negotiated, or are refunding Bonds, the governing body of the District shall, by

resolution or order approve either (i) the form of purchase agreement or (ii) the resolution authorizing the issuance of the Bonds.

(c) If the Bonds are to be exchanged for property or services or are to be privately placed, the governing body of the District shall, by resolution or order, approve (i) the form of the resolution adopted or to be adopted by the governing body of the Authority which authorizes the issuance of such Bonds; and (ii) the facilities to be constructed or acquired, or the services to be provided.

(d) 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 4.16:      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

BEAR CREEK SPECIAL UTILITY DISTRICT

(District Seal)

By: \_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

## FIRST AMENDED AND RESTATED WATER FACILITIES CONTRACT

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- (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.

(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 Bear Creek Special Utility District.

(g) "Engineer" shall mean a registered, professional engineer (who may be the District Engineer or the Authority's Engineer). 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 Authority, subject to the consent of the District.

(h) "Fiscal Year" shall mean the twelve month operating period (under this Contract) commencing October 1<sup>st</sup> 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) "Operator" shall mean the party to the Contract who is designated, from time to time, by the parties with respect to each Project and, in the absence of such designation, shall mean the District.

(k) "Project" shall mean the water supply, storage and transmission facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the 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. Pursuant to Texas Government Code, Section 791.026, as amended, and to the extent required by the terms of that Section, the District agrees not to obtain water supply or services from any other source than pursuant to this Contract.

(b) It will timely pay to the Authority the full amount it is required to pay under the provisions of this Contract for the services supplied by the Authority for the Project.

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

(e) 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) That it 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, the District be responsible for the preparation of final plans and specifications for the Project.

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

(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.

(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. It is agreed that the District and its customers shall have the exclusive use of the entire Project for the useful life of the Project. In consideration for the Authority's obligation hereunder, the 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. 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 10th 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.

(e) The cost of Maintenance and Operation of the Project (for which provision is made in Section 3.03) if the Authority is the Operator under that Section.

SECTION 3.02: Time for Making of Payments. The 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 10th 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 10th day of the month following the effective date of this Contract, and thereafter such payment shall be made on the 10th 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.

(e) Maintenance and Operating Expenses: (i) if the District is designated as the Operator, such expenses shall be paid by the District as the same become due; or (ii) if the Authority is designated as the Operator, the District shall pay (up to the amount annually budgeted for such expenses) the amount which the Authority determines shall be required in such months, such payments to be made on or before the 10th day of each month after the Project becomes operational. The annual budget shall be prepared by the Authority at least thirty (30) days prior to the date the Project is to become operational, or, thereafter prior to the beginning of each Fiscal Year; the budget shall then be submitted to the District which may indicate exceptions or suggestions, which shall then be considered by the Board. If an annual budget is found to be insufficient or excessive, the parties agree the same shall be taken into consideration by an amendment as well as the budget for the following year, with the view that additional payments shall be made or credit shall be given so that expenditures match receipts over the Fiscal Year or an adjustment is made in the following month.

SECTION 3.03: Maintenance and Operation of the Project. Unless otherwise agreed by the parties, it is agreed that the District will be responsible for maintaining and operating the Project for the entire term of this Contract, and shall pay all costs and expenses incurred in regard to the maintenance and operation of the Project. The District hereby agrees and covenants to operate and maintain the Project in accordance with accepted good business and engineering practices and in accordance with all applicable federal and state laws, including any rules and regulations issued by appropriate agencies in the administration of said laws. If the District is the Operator under this Section, the District agrees, to the extent allowed by law, to indemnify and to save and hold harmless the Authority from any and all, exclusive of costs caused by or associated with the Authority's negligence, claims, damages, losses, costs and expenses, including reasonable attorney fees, arising at any time from the acquisition, existence, ownership, operation and maintenance of the Project.

SECTION 3.04: Insurance. The Operator specifically agrees to carry fire, casualty, public liability, or other insurance on the Project for purposes and in 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. All premiums for such insurance shall constitute a Maintenance and Operation Expense of the Project.

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. Except as provided by this Contract, the District may not obtain services provided for in this Contract from a source other than a contracting party. It is specifically recognized by the parties hereto that the District, during the term of this Contract, may acquire other facilities so as to make the continued operation of the Project uneconomical so it will be to the best interest of the parties to discontinue the operation of the Project.

Should the District choose to discontinue the operation of all or part of the Project, the District shall have the exclusive right to the salvage of all of the properties and improvements constituting the Project so discontinued. Any cost of salvage will be a maintenance and operating expense of the District, and any money realized from such salvage will serve as a reduction of such expense. The District shall retain the use of the land where the Project is situated and all remaining improvements thereon for its corporate purposes.

The abandonment of the use of the Project shall have no effect upon the obligations of the 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:      Title to Water and Sewage. Title to all water and sewage put into the Project under this Contract shall be in the District.

SECTION 4.08:      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:                        16881 CR 541  
    Lavon, Texas 75166  
    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 4.09: 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 4.10: 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 4.11: 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 4.12: Control of Project by Operator. The parties hereto recognize and it is specifically agreed that after completion of the Project and during the term of this Contract, the District shall have the exclusive right to the use and utilization of the Project, for the benefit of the District; that the District without hindrance from the Authority or the District, or the employees or other agents of either of them, may operate, maintain, repair, enlarge, improve, extend, provide for additions to or otherwise control, manage and keep up the said Project.

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

SECTION 4.13: Force Majeure.

(a) If for any reason of "force majeure" either of the parties hereto shall be rendered unable wholly or in part to carry out its 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 4.14: Easements. The District agrees that the Authority may have such easements over any easements, right of way or property held by the District so that the facilities herein anticipated and the placement thereof and of all required equipment may be appropriately provided.

SECTION 4.15: Bond Approval by the District.

(a) Prior to the issuance and delivery of any Bonds which are (i) payable as to principal, interest or redemption premium out of the debt service payments, or (ii) to provide facilities or service or any item which is to be maintained by the Authority utilizing any part of the base monthly payments, the District shall approve the issuance thereof as provided in this Section.

(b) If the Bonds are to be sold at a public sale, the governing body of the District shall, by resolution or order, approve (i) the "Notice of Sale" issued or proposed to be issued by the Authority prior to their delivery; and, (ii) the facilities to be constructed or acquired; or, if the Bonds are to be negotiated, or are refunding Bonds, the governing body of the District shall, by

resolution or order approve either (i) the form of purchase agreement or (ii) the resolution authorizing the issuance of the Bonds.

(c) If the Bonds are to be exchanged for property or services or are to be privately placed, the governing body of the District shall, by resolution or order, approve (i) the form of the resolution adopted or to be adopted by the governing body of the Authority which authorizes the issuance of such Bonds; and (ii) the facilities to be constructed or acquired, or the services to be provided.

(d) 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 4.16:      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

BEAR CREEK SPECIAL UTILITY DISTRICT

(District Seal)

By: \_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

**ADJOURN**