



AGENDA
REGULAR CITY COUNCIL MEETING
MONDAY, MARCH 30, 2020 - 6:00 PM
CITY HALL COUNCIL CHAMBERS
209 S. WASHINGTON STREET
KAUFMAN, TEXAS 75142

PLEDGE OF ALLEGIANCE

CALL MEETING TO ORDER Mayor calls the Meeting to order, states the date and time, state Councilmembers present, and declares a quorum present.**

COVID-19 UPDATE The City Manager will update the Council on any issues pertaining to COVID-19; discussion of the same.

CITIZENS COMMENTS / REQUEST TO SPEAK ON AGENDA ITEMS (5 MINUTES) Comments about any of the Council agenda items may be taken into consideration at this time or during the agenda item. Comments are limited to five (5) minutes per individual unless additional time is otherwise required by law for translation. Speaking time is not transferable. Citizens may address the City Council on any subject but must first complete a Request to Speak Form so that the Mayor may call your name to speak at the appropriate time on the Agenda. Comments must be directed to the Council as a whole. **When addressing the Council, please step forward to the speaker's podium, state your name and address, and direct your comments to the Mayor and City Council.**

CONSENT AGENDA

1. Consider and take appropriate action on the minutes from the February 24, 2020, Regular City Council Meeting.
2. Consider and take appropriate action on the minutes from the March 16, 2020, Special City Council Meeting.
3. Consider and take appropriate action on Resolution R-10-20, a resolution of the City of Kaufman, accepting Public Improvements for Kaufman Water System Improvements Project 1- Fair Road Sewer Line Extension, authorizing the final payment in the amount of \$10,175, and establishing the date for a two (2) year warranty period.

END OF CONSENT AGENDA

PUBLIC HEARING

4. Hold a public hearing, consider and take appropriate action on Ordinance O-03-20, an ordinance of the City Council of the City of Kaufman, Texas, providing for the continuance of Ordinance O-19-99, as amended, codified as Division 2 – “Curfew Hours” of Article V. “Minors” of Chapter 66 “Offenses and Miscellaneous Provisions” of the Code of Ordinances of the City in order to continue and extend the curfew hours for minors in the City of Kaufman in accordance with Article V, such hours currently being from 12:01 a.m. on any day until 6:00 a.m. of the same day; providing for publication, providing a penalty not to exceed \$500 for each offense; and providing an effective date.

PLANNING & ZONING ITEMS

5. Consider and take appropriate action on a site plan from TSKF II Ltd for development of four buildings for retail, restaurant and office development at 101 and 201 Kings Fort Parkway (across the street from Dickey’s BBQ). The property is currently platted as Lots 1R-1 and Lot 2R-1, Block B, Kings Fort Addition, Phase 1. The two lot areas combined contain 2.394 acres. The lots are zoned Planned Development -14 for Commercial. (Case No. SP-01-20)
6. Consider and take appropriate action on a site plan from Jorge Diez for redevelopment of 208 S. Washington from a church family life center to a grocery store/restaurant (across the street from City Hall) and 208 S. Jackson for an accessory parking lot. The proposed grocery store/restaurant is platted as Lots 5, 6, 7, and 8, Block 22, Kaufman Original Addition. The parking lot is platted as Lots 6, 7, and 8, Block 21, Kaufman Original Addition. The properties are zoned Washington Street Corridor (WSC). (Case No. SP-02-20)

DISCUSSION/ACTION ITEMS

7. Presentation By Yeldell, Wilson, Wood, & Reeve and the acceptance of the City of Kaufman Fiscal Year 2018-2019 Financial Audit Report; discussion of the same.
8. Consider and take appropriate action on Ordinance O-02-20, an ordinance of the City Council of the City of Kaufman, Texas, amending the City's Personnel Policies Manual, adopted as Section 2-62, "Personnel Policies; Job Classification" of Article III, "Officers and Employees" of Chapter 2, "Administration" of the Code of Ordinances of the City by adopting a new Section 4.03, "Internships" and amending Section 4.01, "Categories" in order to include Paid and Unpaid Internships and to establish requirements and guidelines for departments utilizing Paid and Unpaid Interns and to incorporate the new section into the existing Personnel Policies Manual; and providing an effective date.

9. Consider and take appropriate action on Ordinance O-04-20, an ordinance of the City Council of the City of Kaufman, Texas, ordering that the general election scheduled to be held on Saturday, May 2, 2020, be postponed to Tuesday, November 3, 2020; providing for the incorporation of premises; providing for postponement of the 2020 Kaufman General Election; providing for a cumulative clause; providing severability; and providing an effective date.
10. Consider and take appropriate action on Ordinance O-05-20, an ordinance of the City Council of the City of Kaufman, Texas, approving and authorizing the execution and delivery of a "Water and Sewer Facilities Contract" with the Greater Texoma Utility Authority; and resolving other matter incident and related to the execution and delivery of such contract.
11. Consider and take appropriate action on Ordinance O-06-20, an ordinance of the City Council of the City of Kaufman, Texas, relating to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2020 (City of Kaufman Project)", and approving the issuance thereof and the facilities to be constructed or acquired by the Authority
12. Consider and take appropriate action regarding Ordinance No. O-07-20, an ordinance of the City Council of the City of Kaufman, Texas, amending Article III, "Officers and Employees" of Chapter 2, "Administration" of the Code of Ordinances by adding Section 2-63, "Signature Authority of the City Manager" to provide authority to the City Manager to contract for expenditures without further approval of Council for budgeted items not exceeding limits set by the Council; and providing an effective date.
13. Consider and take appropriate action on Resolution R-11-20, a resolution of the City Council of the City of Kaufman, Texas, authorizing participation along with other Texas cities and other entities, in an intervention to the PUC Docket No. 46662 and SOAH Docket No. 473-17-4964.WS, which relates to the cost of services determination on the wholesale water rates imposed by the North Texas Municipal Water District.
14. Consider and take appropriate action on a review of the 5-year Capital Improvement Plan.
15. Consider and take appropriate action on the amendment to the Potable Water Supply Contract with Oak Grove Water Supply Corporation.

APPOINTMENT

16. Consider and take appropriate action on the appointment of one (1) member to the Keep Kaufman Beautiful Board for a two (2) year term to expire March 2022 and the Parks and Recreation Board for a two (2) year term to expire March 2022.

ANNOUNCEMENTS AND REPORTS FROM CITY MANAGER

17. Receive an update and discussion regarding the following:

- a. Discussion Item Report (DIR)
- b. STAR Transit Ridership Report- February 2020
- c. Careflite Compliance Report- February 2020
- d. NTMWD Coalition Update
- e. Cancelled Events

Council Retreat- Thursday, April 2 at 12 PM & Friday, April 3 at 8 AM

Easter Event - Saturday, April 4

NEAT Neighborhoods - Saturday, April 18 - Area 5B

- f. Monthly Calendars Attached

ADJOURNMENT

I, JESSIE HANKS, CITY SECRETARY, DO HEREBY CERTIFY THAT THIS NOTICE OF MEETING WAS POSTED ON THE WINDOW AT KAUFMAN MUNICIPAL COMPLEX, 209 S. WASHINGTON, KAUFMAN, TEXAS, A PLACE CONVENIENT AND READILY ACCESSIBLE TO THE GENERAL PUBLIC AT ALL TIMES AND SAID NOTICE WAS POSTED AT THE KAUFMAN MUNICIPAL COMPLEX, 209 S. WASHINGTON, KAUFMAN, TEXAS AT 4:30 P.M. ON FRIDAY, MARCH 27, 2020, AND REMAINED SO POSTED CONTINUOUSLY FOR AT LEAST 72 HOURS PRECEDING THE SCHEDULE TIME OF SAID MEETING.


JESSIE HANKS
CITY SECRETARY



THE CITY COUNCIL RESERVES THE RIGHT TO ADJOURN INTO EXECUTIVE SESSION AT ANY TIME DURING THE COURSE OF THIS MEETING TO DISCUSS ANY OF THE MATTERS LISTED ABOVE, AS AUTHORIZED BY THE TEXAS GOVERNMENT CODE. SECTION 551.071 (CONSULTATION WITH ATTORNEY).

****PURSUANT TO SECTION 551.127, TEXAS GOVERNMENT CODE, ONE OR MORE COUNCILMEMBERS OR EMPLOYEES MAY ATTEND THIS MEETING REMOTELY USING VIDEOCONFERENCING TECHNOLOGY. THE VIDEO AND AUDIO FEED OF THE VIDEOCONFERENCING EQUIPMENT CAN BE VIEWED AND HEARD BY THE PUBLIC BY ACCESSING WWW.WEBEX.COM, JOIN, MEETING NUMBER: 640 214 010 PASSWORD: Kaufman033020**

THE BUILDING IN WHICH THE ABOVE MEETING WILL BE CONDUCTED IS WHEELCHAIR ACCESSIBLE AND PARKING SPACES FOR THE MOBILITY IMPAIRED ARE AVAILABLE. PERSONS WITH DISABILITIES WHO PLAN TO ATTEND THIS MEETING AND WHO MAY NEED AUXILIARY AIDS OR SERVICES SUCH AS INTERPRETERS FOR PERSONS WHO ARE DEAF OR HEARING IMPAIRED, READERS, OR LARGE PRINT ARE REQUESTED TO CONTACT THE CITY SECRETARY'S OFFICE AT 972-932-2216 AT LEAST TWO (2) WORKING DAYS PRIOR TO THE TIME OF THE MEETING SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.



**MINUTES OF THE
CITY COUNCIL MEETING
MONDAY, FEBRUARY 24, 2020 - 6:00 PM
CITY HALL COUNCIL CHAMBERS
209 S. WASHINGTON STREET
KAUFMAN, TEXAS 75142**

PLEDGE OF ALLEGIANCE

CALL MEETING TO ORDER Mayor calls the Meeting to order, states the date and time, state Councilmembers present, and declares a quorum present.

Mayor Jordan called the City Council meeting to order at 6:02 PM. Councilmembers present were Jeff Jordan, Patty Patterson, Barry Ratcliffe, Charles Gillenwater, Carole Aga and Matt Phillips. Mayor Jordan declared a quorum present. Also present were City Manager Mike Slye, Assistant City Manager Mike Holder, City Attorney Patricia Adams, City Secretary Jessie Hanks, Finance Director Mary Wennerstrom, Development Services Director Marcy Ratcliff, Human Resources Assistant Lexie Hanson, Fire Chief Ronnie Davis, Police Chief Dana Whitaker, and Police Captain Les Edwards.

CITIZENS COMMENTS / REQUEST TO SPEAK ON AGENDA ITEMS (5 MINUTES) Comments about any of the Council agenda items may be taken into consideration at this time or during the agenda item. Comments are limited to five (5) minutes per individual unless additional time is otherwise required by law for translation. Speaking time is not transferable. Citizens may address the City Council on any subject but must first complete a Request to Speak Form so that the Mayor may call your name to speak at the appropriate time on the Agenda. Comments must be directed to the Council as a whole. **When addressing the Council, please step forward to the speaker's podium, state your name and address, and direct your comments to the Mayor and City Council.**

No comments were given.

RECOGNITION Business of the Month - Ace Hardware

Mayor Jordan, Mr. Holder, and Ms. Glasscock presented the February Business of the Month to David Stanton, owner of the Kaufman Ace Hardware. Mr. Stanton thanked the City Council and community for the support throughout the years. He gave brief history of the business and the growth over the years.

CONSENT AGENDA

1. Consider and take appropriate action on the minutes from the January 27, 2020, Regular City Council Meeting.
2. Consider and take appropriate action regarding Resolution R-08-20, a resolution of the City of Kaufman, Texas, authorizing continued participation with the Steering Committee of Cities Served by Oncor; and authorizing the payment of eight cents per capita to the steering committee to fund regulatory and legal proceedings and activities related to Oncor Electric Delivery Company, LLC.

Councilmember Aga made a motion to approve Consent Agenda Items 1 and 2 as presented. The motion was seconded by Mayor Pro-Tem Patterson and passed 6/0.

END OF CONSENT AGENDA

DISCUSSION/ACTION ITEMS

3. Consider and take appropriate action on the FY-19 Tax Increment Reinvestment Zone #1 Annual Report.

Ms. Wenerstrom presented the FY19 Tax Increment Reinvestment Zone #1 Annual Report. She outlined everything that is required in the report. She reviewed the report and the financials associated with the report.

Councilmember Ratcliffe made a motion to approve the FY19 Tax Increment Reinvestment Zone #1 Annual Report. The motion was seconded by Councilmember Aga and passed 6/0.

4. Consider and take action appropriate action on Resolution R-07-20, a resolution of the City Council of the City of Kaufman, Texas, supporting a comprehensive, coordinated, inter-agency approach to freeway incident management.

Chief Whitaker informed Council on December 18, 2019, a 2020 call for projects funding was announced by NCTCOG.

Councilmember Ratcliffe made a motion to approve Resolution R-07-20 as presented. The motion was seconded by Councilmember Aga and passed 6/0.

The Kaufman Police and Fire Departments have submitted a request to purchase the following equipment: (2) Arrow Boards, (1) Freeway Message Board, (50) Traffic Cones, (60) Reflective vests for a total cost of \$29,245.00. The application packet for the NCTCOG project requires a resolution to be adopted by City the Council of the City of Kaufman, Texas supporting the comprehensive, coordinated, interagency approach to freeway incident management. Attached to this document is a copy of the Resolution No. R-07-20 for your approval. Staff supports this action to complete the application process.

5. Presentation and discussion regarding 2020 Crime Trends.

Chief Whitaker presented the 2019 Heat Map Report as requested by Council after the 2019 Crime Report. He reviewed the map and the summary of the analysis. There were discussions about the areas of higher crime, the types of incidents involved, and the plan to prevent crime from occurring.

6. Presentation and discussion regarding the 2020 Kaufman Summer Youth Program.

Ms. Hanks updated Council on the 2020 Kaufman Summer Youth Program. She reviewed the dates, times, location, and various activities for the program. The cost for each camp, the themes of the camps, the staffing, and the associated costs were discussed.

7. Discussion and direction to staff regarding the special events ordinance.

Mr. Slye outlined the purpose of the agenda item to get feedback from Council regarding special events. He requested Council input on amending the Special Events Ordinance to address to costs the city incurs for private events that are requested.

ANNOUNCEMENTS AND REPORTS FROM CITY MANAGER

8. Receive an update and discussion regarding the following:
 - a. Discussion Item Report (DIR)
 - b. Proposed Internship Program
 - c. STAR Transit Ridership Reports- January 2020
 - d. Careflite Compliance Report- Dec 2019 & January 2020
 - e. WWTP Improvements Update & TWDB Funding
 - f. Civic Center Remodel Project Update
 - g. Transportation Projects Update
- i. Street Bond Phase II
- ii. FM 1388 Signalization
- iii. TxDOT Turnback- FM 1388 & S. Washington St.
 - h. Kaufman County Day in Austin- Sunday, March 22 to Monday, March 23
 - i. Council Retreat- Thursday, April 2 at 12 PM & Friday, April 3 at 8 AM
 - j. NEAT Neighborhoods - Saturday, April 18 - Area 5B
 - k. Monthly Calendars Attached

Mr. Slye gave an update on the above items.

ADJOURNMENT

There being no further business, Mayor Jordan adjourned the meeting at 7:05 PM.

ATTEST:

JEFF JORDAN
MAYOR

JESSIE HANKS
CITY SECRETARY



**MINUTES OF THE
CITY COUNCIL MEETING
MONDAY, MARCH 16, 2020 - 6:00 PM
CITY HALL COUNCIL CHAMBERS
209 S. WASHINGTON STREET
KAUFMAN, TEXAS 75142**

PLEDGE OF ALLEGIANCE

CALL MEETING TO ORDER Mayor calls the Meeting to order, states the date and time, state Councilmembers present, and declares a quorum present.

Mayor Pro-Tem Patterson called the City Council meeting to order at 6:00 PM. Councilmembers present were Patty Patterson, Carole Aga, Charles Gillenwater, Jeff Council. Jeff Jordan, Matt Phillips, and Barry Ratcliffe were absent. Mayor Pro-Tem Patterson declared a quorum present. Also present were City Manager Mike Slye, Assistant City Manager Mike Holder, City Secretary Jessie Hanks, Development Services Director Marcy Ratcliff, Police Chief Dana Whitaker, and Police Captain Les Edwards.

CITIZENS COMMENTS / REQUEST TO SPEAK ON AGENDA ITEMS (5 MINUTES) Comments about any of the Council agenda items may be taken into consideration at this time or during the agenda item. Comments are limited to five (5) minutes per individual unless additional time is otherwise required by law for translation. Speaking time is not transferable. Citizens may address the City Council on any subject but must first complete a Request to Speak Form so that the Mayor may call your name to speak at the appropriate time on the Agenda. Comments must be directed to the Council as a whole. **When addressing the Council, please step forward to the speaker's podium, state your name and address, and direct your comments to the Mayor and City Council.**

No comments were given.

PROCLAMATION

1. National Medal of Honor Day- March 25th

Mayor Pro-Tem Patterson read the proclamation recognizing March 25th as Medal of Honor Day.

DISCUSSION/ACTION ITEMS

2. Consider and take appropriate action on Resolution R-09-20, a resolution of the City Council of the City of Kaufman, Texas, opposing Proposition 3 approved at the March 3, 2020, Statewide Election advocating for the ending of taxpayer-funded lobbying.

Mr. Slye explained what Proposition 3 was about and how it would affect the local governments. He updated the Council about the recent discussions regarding his matter. He highlighted the direct effect on the City of Kaufman.

Councilmember Council made a motion to approve Resolution R-09-20 as presented. The motion was seconded by Councilmember Gillenwater and passed 4/0.

3. Consider and take appropriate action to retain the law firm of Jackson and Walker to intervene and take all necessary action on behalf of the City of Kaufman in the pending PUC review of the North Texas Municipal Water District rate structure, including filing of suit and

representation in Court; authorizing the City Manager to execute necessary documents to retain the firm and authorizing an expenditure of funds not to exceed \$20,000.

Mr. Slye briefed Council on the need to retain a law firm to work on the City's behalf regarding the NTMWD rate structure. He reviewed the potential effects this case could have on the city. There were discussions on the wholesale contracts.

Councilmember Gillenwater made a motion to approve the retainer of the Law firm of Jackson and Walker to intervene and take all necessary action on behalf of the City of Kaufman in the pending PUC review of the North Texas Municipal Water District rate structure and authorize the City Manager to execute necessary documents to retain the firm and authorize an expenditure of funds not to exceed \$20,000. The motion was seconded by Councilmember Aga and passed 4/0.

SUPPLEMENTAL AGENDA & NOTICE OF EMERGENCY ADDITION

This Agenda is published as an Emergency Supplement to and specifically amends the May 16, 2020 Special City of Kaufman Council meeting agenda currently scheduled for May 16, 2020 at 6:00 PM at 209 South Washington Street, Kaufman Texas 75142. This agenda is posted at 4:00 p.m., at least one (1) hour prior to the 6:00 p.m. meeting pursuant to Texas Government Code 551.045.

THIS SUPPLEMENTAL AGENDA IS POSTED AS A RESULT OF THE EXISTENCE OF A PUBLIC HEALTH EMERGENCY AND IMMINENT THREAT TO PUBLIC HEALTH AND SAFETY PRESENTED BY THE CORONAVIRUS DISEASE (COVID-19) WHICH HAS BEEN DECLARED A PANDEMIC AND THE EXISTENCE OF REPORTED CASES IN NEARBY AND NEIGHBORING CITIES AND COUNTIES.

DISCUSSION/ACTION ITEMS

4. Consider and take appropriate action to declare a local state of disaster for public health emergency as a result of the Coronavirus Disease (COVID-19) pandemic, setting forth directives related to City facilities and operations, public gatherings and other steps to be taken in an effort to mitigate the spread of COVID-19, providing for public notice and providing that the declaration shall become effective immediately in accordance with state law and City Charter.

Mr. Slye reviewed the details of the declaration of local state of disaster for public health emergency. There were discussions about the amendments that need to be made to the document to reflect the desire of the Council including the addition of subsection 4F addressing the municipal court and subsection 4G addressing the waiver of certain fines and fees associated with utility billing.

Councilmember Aga made a motion to approve the declaration of local state of disaster for public health emergency as a result of the Coronavirus Disease (COVID-19) pandemic with the amendments as discussed. The motion was seconded by Councilmember Council and passed 4/0.

ADJOURNMENT

Mayor Pro-Tem Patterson adjourned the meeting at 6:41 p.m.

ATTEST:

JEFF JORDAN
MAYOR

JESSIE HANKS
CITY SECRETARY



Meeting
Date: 3/30/2020

Date: 3/12/2020

Item #: 3.

Dept.: Public Works

Resolution

SUBJECT:

Consider and take appropriate action on Resolution R-10-20, a resolution of the City of Kaufman, accepting Public Improvements for Kaufman Water System Improvements Project 1- Fair Road Sewer Line Extension, authorizing the final payment in the amount of \$10,175, and establishing the date for a two (2) year warranty period.

BACKGROUND:

This resolution is for the acceptance on all public utility improvements made by McKinney & Moore of Texas LP for the Kaufman Water System Improvement Project 1- Fair Road Sewer Line Extension.

Resolution R-10-20 and the acceptance letter are attached.

Author:

Richard Underwood, Public Works Director

Reviewed:

Mike Slye, City Manager

Cost: \$10,175.00

Funds Available:

Source:

Recommendation: Staff recommends approval of Resolution R-10-20 as presented.

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☐	☐	☐	☒	☒

RESOLUTION NO. R-10-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KAUFMAN, TEXAS ACCEPTING PUBLIC IMPROVEMENTS FOR KAUFMAN WATER SYSTEM IMPROVEMENT PROJECT 1 – FAIR ROAD SEWER LINE EXTENSION; AUTHORIZING THE FINAL PAYMENT; ESTABLISHING THE WARRANTY PERIOD FOR THE PUBLIC IMPROVEMENTS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City and McKinney & Moore of Texas LP (“Contractor”) entered into an agreement dated August, 25, 2019, (the “Agreement”), pursuant to which Contractor was to construct certain public improvements on Fair Road (the “Public Improvements”); and

WHEREAS, Contractor has constructed all required Public Improvements and City Council accepts the actual quantities and construction of said Public Improvements pursuant to final estimate; and

WHEREAS, having accepted the Public Improvements via the adoption of this Resolution, the City Council hereby establishes that the two (2) year warranty period for said Public Improvements commences as of the date of this Resolution; and

WHEREAS, a two (2) year maintenance bond covering the Public Improvements has been received by the City.

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

SECTION 1. That the foregoing recitals are true and correct and are incorporated herein.

SECTION 2. That effective as of the date of this Resolution, the City accepts the Public Improvements as approved by final inspection of City of Kaufman Public Works Department.

SECITON 3. That the City hereby authorizes the final payment for the project in the amount of \$10,175.00.

SECTION 4. That the City establishes the warranty period to be in effect commencing on March 30, 2020, the effective date of this Resolution, and remaining in full force and effect until March 30, 2022, at 12:00 a.m., midnight (24 months from the effective date of this Resolution). Further, pursuant to the terms of the Agreement, the City has received a maintenance bond that shall remain in effect throughout the warranty period established herein and shall guarantee repairs to the Public Improvements occurring within the warranting period.

PASSED AND APPROVED this 30th day of March, 2020.

JEFF JORDAN
MAYOR

ATTEST:

JESSIE HANKS
CITY SECRETARY

APPROVED AS TO FORM:

PATRICIA A. ADAMS
CITY ATTORNEY

VICTOR L. ACUY, P.E.
RICHARD A. DORMIER, P.E.
JOHN D. GATTIS, A.I.A.
MARK D. HILL, P.E.
DAMIR LULO, P.E.
MICHAEL K. STACEY, P.E.
LARRY J. FREEMAN, P.E.

March 11, 2020

Mr. Mike Slye
City Manager
City of Kaufman
P. O. Box 1168
Kaufman, Texas 75142

Re: Recommendation of Acceptance & Final Payment
Kaufman Water System Improvements
Project 1 – Fair Rd. Sewer Extension

Dear Mr. Slye:

The above referenced project has been completed and placed into service.

Attached are the Pay Application #3 & Final, Contractor's Surety Release, and Affidavit of Bills Paid. "As-Built" drawings have been provided to our office.

We recommend acceptance of the project and payment of the final amount of \$10,175.00 per attached Pay Application #3 & Final. Please note that the payment is based upon actual quantities installed, so the final amount for the project is \$101,750.00 (bid price \$105,142.00).

The warranty period for this project is two (2) years from the date of final acceptance of the work.

Please contact us if you may have any questions or comments regarding this recommendation.

Sincerely,
Freeman-Millican, Inc.



Project Manager

Attachments

F:\19018 - KAUFMAN WWTP Improvements\7 - Construction\Proj 1 - Fair Rd Sewer\Recommend Acceptance.docx

McKINNEY & MOORE OF TEXAS LP

105 NORTH GILLESPE AVENUE

JACKSONVILLE, TEXAS 75766

APPLICATION FOR PAYMENT REQUEST

Pay Request No. 3 & Final

From : 01-01-20

To : 01-16-20

Name of Owner : City of Kaufman

Owner's Address: 209 S Washington , Kaufman, Texas 75142

Name of Engineer: Freeman - Millican, Inc.

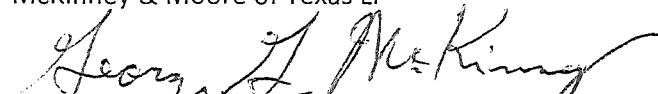
Engineer Address: 12160 Abrams Road, Suite 508, Dallas, Texas 75243

Project Name: Project 1 Fair Road Sewer Extension

Contract Price \$ 105,142.00 Revised Price \$ 101750.00

Item No.	Description of Item	Original Bid Quantity	Unit	Quantity Completed Previous Month	Quantity Completed This Month	Quantity Completed To Date	Unit Price	Value This Month	Value Completed to Date
S1.	8" SDR35 PVC sanitary sewer line by open cut	935	LF	950.00	-	950	37.50	-	35,625.00
S2.	8" SDR 35 PVC sanitary sewer by bore & encase	165	LF	150.00	-	150	325.00	-	48,750.00
S3.	Standard 4' diameter concrete manhole	3	EA	2.00	-	2	4,000.00	-	8,000.00
S4.	6" SDR 35 PVC sanitary sewer service	1	EA	1.00	-	1	700.00	-	700.00
S5.	Connect to existing manhole	1	LS	1.00	-	1	2,300.00	-	2,300.00
S6.	Sanitary Sewer line trench safety	935	LF	950.00	-	950	1.50	-	1,425.00
C/O	Change 8" SDR35 to 8" CL160 PVC Pipe	1100	LF	1,100.00	-	1,100	4.50	-	4,950.00
1	TOTALS							-	101,750.00

McKinney & Moore of Texas LP


Date 01/16-20

Freeman - Millican, Inc.


Date 11 MAR 20

City of Kaufman

Date

Completed to Date:	-	101,750.00
Stored Materials (per List Attached) :	-	-
Completed and Stored to Date:	-	101,750.00
Less 10% Retainage:	(10,175.00)	-
Less Previous Payment:	-	91,575.00
Amount Due This Application:	10,175.00	10,175.00

**CONSENT OF
SURETY COMPANY
TO FINAL PAYMENT**

OWNER
ARCHITECT
CONTRACTOR
SURETY
OTHER

AIA DOCUMENT G707

Bond #022224542

PROJECT: Fair Rd. Sewer Extension Project 1
Kaufman, TX

TO (Owner)

City of Kaufman, TX
209 S. Washington
Kaufman, TX 75142

ARCHITECT'S PROJECT NO:

CONTRACT FOR: Wastewater System Improvements

CONTRACT DATE: August 26, 2019

CONTRACTOR: McKinney & Moore of Texas, LP

In accordance with the provisions of the Contract between the Owner and the Contractor as indicated above, the
(here insert name and address of Surety Company)

The Ohio Casualty Insurance Company
175 Berkley Street
Boston, MA 02116-5066

, SURETY COMPANY,

on bond of (here insert name and address of Contractor)

McKinney & Moore of Texas, LP
105 N. Gillespie Avenue
Jacksonville, TX 75766

, CONTRACTOR,

hereby approves of the final payment to the Contractor, and agrees that final payment to the Contractor shall not
relieve the Surety Company of any of its obligations to (here insert name and address of Owner)

City of Kaufman
209 S Washington
Kaufman, TX 75142

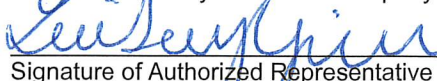
OWNER,

as set forth in the said Surety Company's bond.

IN WITNESS WHEREOF,
the Surety Company has hereunto set its hand this 27th

day of February, 2020.

The Ohio Casualty Insurance Company


Signature of Authorized Representative

Attest:
(Seal)



Lindsay Gingras, Attorney-in-Fact
Title

NOTE: This form is to be used as a companion document to AIA DOCUMENT G706, CONTRACTOR'S AFFIDAVIT OF PAYMENT OF DEBTS AND
CLAIMS, Current Edition



This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company
West American Insurance Company

Certificate No: **8201910-969114**

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS: That The Ohio Casualty Insurance Company is a corporation duly organized under the laws of the State of New Hampshire, that Liberty Mutual Insurance Company is a corporation duly organized under the laws of the State of Massachusetts, and West American Insurance Company is a corporation duly organized under the laws of the State of Indiana (herein collectively called the "Companies"), pursuant to and by authority herein set forth, does hereby name, constitute and appoint, William Blanchard; Lindsay Gingras; William Mitchell Jennings; Tracy L. Miller; Katie Rogers

all of the city of Fort Worth state of Texas each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents and shall be as binding upon the Companies as if they have been duly signed by the president and attested by the secretary of the Companies in their own proper persons.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Companies and the corporate seals of the Companies have been affixed thereto this 15th day of August, 2019.



Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company
West American Insurance Company

By:

David M. Carey
David M. Carey, Assistant Secretary

State of PENNSYLVANIA ss
County of MONTGOMERY

On this 15th day of August, 2019 before me personally appeared David M. Carey, who acknowledged himself to be the Assistant Secretary of Liberty Mutual Insurance Company, The Ohio Casualty Company, and West American Insurance Company, and that he, as such, being authorized so to do, execute the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at King of Prussia, Pennsylvania, on the day and year first above written.



COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Teresa Pastella, Notary Public
Upper Merion Twp., Montgomery County
My Commission Expires March 28, 2021
Member, Pennsylvania Association of Notaries

By:

Teresa Pastella
Teresa Pastella, Notary Public

This Power of Attorney is made and executed pursuant to and by authority of the following By-laws and Authorizations of The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company which resolutions are now in full force and effect reading as follows:

ARTICLE IV – OFFICERS: Section 12. Power of Attorney.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and execution of any such instruments and to attach thereto the seal of the Corporation. When so executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary. Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

ARTICLE XIII – Execution of Contracts: Section 5. Surety Bonds and Undertakings.

Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

Certificate of Designation – The President of the Company, acting pursuant to the Bylaws of the Company, authorizes David M. Carey, Assistant Secretary to appoint such attorneys-in-fact as may be necessary to act on behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

Authorization – By unanimous consent of the Company's Board of Directors, the Company consents that facsimile or mechanically reproduced signature of any assistant secretary of the Company, wherever appearing upon a certified copy of any power of attorney issued by the Company in connection with surety bonds, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

I, Renee C. Llewellyn, the undersigned, Assistant Secretary, The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy of the Power of Attorney executed by said Companies, is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 27 day of February, 2020



By:

Renee C. Llewellyn
Renee C. Llewellyn, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.



TEXAS IMPORTANT NOTICE

To obtain information or make a complaint:

You may call toll-free for information or to make a complaint at
1-877-751-2640

You may also write to:

2200 Renaissance Blvd., Ste. 400
King of Prussia, PA 19406-2755

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at
1-800-252-3439

You may write the Texas Department of Insurance
Consumer Protection (111-1A)
P. O. Box 149091
Austin, TX 78714-9091
FAX: (512) 490-1007
Web: <http://www.tdi.texas.gov>
E-mail: ConsumerProtection@tdi.texas.gov

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should first contact the agent or call 1-800-843-6446. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

TEXAS AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono gratis para informacion o para someter una queja al
1-877-751-2640

Usted tambien puede escribir a:

2200 Renaissance Blvd., Ste. 400
King of Prussia, PA 19406-2755

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al
1-800-252-3439

Puede escribir al Departamento de Seguros de Texas Consumer Protection (111-1A)
P. O. Box 149091
Austin, TX 78714-9091
FAX # (512) 490-1007
Web: <http://www.tdi.texas.gov>
E-mail: ConsumerProtection@tdi.texas.gov

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente o primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI)

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

STATE OF TEXAS
COUNTY OF CHEROKEE .

AFFIDAVIT

THAT I, the undersigned, being duly sworn, say that I was the Contractor for the performance of certain work under Contract entered into the 26th day of August, 2019, between City of Kaufman and McKinney & Moore of Texas, LP for construction of Fair Road Sewer Extension

KNOW ALL MEN BY THESE PRESENTS:

1. The undersigned hereby certifies the improvements on the aforementioned project have been fully satisfactorily completed in conformity with the contract.
2. The undersigned further certifies that there are no claims of laborers or mechanics for unpaid wages arising out of the performance of said contract and that the wage rates paid by Contractor and all Subcontractors were in conformity with the contract provisions relating to said wage rates.
3. The undersigned further certifies that there are no claims of subcontractors or materials suppliers for unpaid bills for labor or materials and supplies furnished in the course of the contract.

CERTIFIED TRUE AND CORRECT

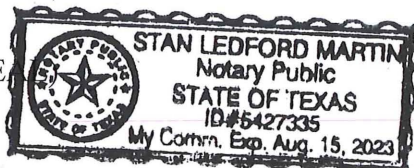
George G. McKinney
Contractor -
Firm - McKinney & Moore of Texas LP

STATE OF TEXAS
COUNTY OF CHEROKEE .

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared George G. McKinney, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and consideration therein expressed.

Given under my hand and seal of office this 27th day of February A.D., 2020.

(SE)



Stan Martin
Notary Public in and for

Cherokee County, Texas



Meeting
Date: 3/30/2020

Date: 3/19/2020

Item #: 4.

Dept.: Police

Ordinance

SUBJECT:

Hold a public hearing, consider and take appropriate action on Ordinance O-03-20, an ordinance of the City Council of the City of Kaufman, Texas, providing for the continuance of Ordinance O-19-99, as amended, codified as Division 2 – “Curfew Hours” of Article V. “Minors” of Chapter 66 “Offenses and Miscellaneous Provisions” of the Code of Ordinances of the City in order to continue and extend the curfew hours for minors in the City of Kaufman in accordance with Article V, such hours currently being from 12:01 a.m. on any day until 6:00 a.m. of the same day; providing for publication, providing a penalty not to exceed \$500 for each offense; and providing an effective date.

BACKGROUND:

The City Council adopted Ordinance O-19-99 regarding the curfew hours for minors in the City. In 2002, 2005, 2008 and 2011, the City Council continued the ordinance by adopting O-19-02, O-06-05, O-08-08, O-01-11, O-05-14 and O-05-17.

At the present time, the Police Department has not identified any problems with the enforcement of this ordinance. Enforcement is dealt with at the patrol level during their normal course of duties.

The impact of this ordinance on crime statistics is difficult to measure. What can be measured is the total number of violations that occurred over the years. Listed below are the total numbers of citations issued for that year:

2015	2016	2017	2018	2019
4	3	3	5	7

Author:
Dana Whitaker, Police Chief

Reviewed:
Mike Slye, City Manager

Cost: N/A

Funds Available: N/A

Source: N/A

Recommendation: Staff recommends approval of Ordinance O-03-20 as presented.

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☒	☐	☐	☐	☐

ORDINANCE NO. O-03-20

AN ORDINANCE OF THE CITY OF KAUFMAN, TEXAS PROVIDING FOR THE CONTINUANCE OF ORDINANCE NO. O-19-99, AS AMENDED, CODIFIED AS DIVISION 2. – “CURFEW HOURS” OF ARTICLE V. “MINORS” OF CHAPTER 66 “OFFENSES AND MISCELLANEOUS PROVISIONS” OF THE CITY’S CODE OF ORDINANCES; PROVIDING FOR THE INCORPORATION OF PREMISES; PROVIDING FOR THE CONTINUANCE OF CURFEW HOURS FOR MINORS IN THE CITY; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING FOR PUBLICATION IN THE OFFICIAL NEWSPAPER OF THE CITY; PROVIDING A PENALTY NOT TO EXCEED \$500.00 FOR EACH OFFENSE, AND A SEPARATE OFFENSE SHALL BE DEEEMED COMMITTED UPON EACH DAY DURING OR ON WHICH A VIOLATION OCCURS OR CONTINUES; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Kaufman has an obligation to provide for the protection of minors from each other and from other persons, for the enforcement of parental control and responsibility for children, for the protection of the general public, and for the reduction of juvenile criminal activities; and

WHEREAS, on May 24, 1999, the City Council passed Ordinance No. O-19-99 to establish a curfew for those under the age of seventeen (17) years, “*minors*”, within the corporate limits of the City of Kaufman; and

WHEREAS, in accordance with Section 370.002(a) of the Texas Local Government Code and Section 66-166 “City Council Review” of the City’s Code of Ordinances, the City Council is required every three (3) years to review the Ordinance and its effects on the community and on problems the Ordinance was intended to remedy, to conduct public hearings on the need to continue the Ordinance, and to abolish, continue, or modify the Ordinance; and

WHEREAS, pursuant to Section 370.002(a) of the Local Government Code and Section 66-166 of the City’s Code of Ordinance, the City Council adopted Ordinance No. O-19-02 in 2002, Ordinance No. O-06-05 in 2005, Ordinance No. O-08-08 in 2008, Ordinance No. O-01-11 in 2011, Ordinance No. O-05-14 in 2014, and Ordinance No. O-05-17 in 2017, to further continue the curfew hours for minors in the City established by Ordinance No. O-19-99; and

WHEREAS, the City Council held a public hearing on March 30, 2020, to review the effectiveness of the Ordinance to determine whether to abolish, continue, or modify the Ordinance imposing the juvenile curfew in Kaufman; and

WHEREAS, the City Council, after conducting a public hearing, has determined that continuing a curfew for those under the age of seventeen (17) years will be in the best interest of the public health, safety and general welfare of the citizens of Kaufman, will help attain the

objectives of Ordinance No. O-19-99, and will diminish the undesirable impact of such conduct on the juveniles and on the citizens of Kaufman; and

WHEREAS, the City Council wishes to continue the curfew for minors in the City of Kaufman established under Ordinance No. O-19-99, without amendment and has determined that such continuation is appropriate and necessary for the safety and general health and welfare of the citizens of Kaufman.

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

SECTION 1. INCORPORATION OF PREMSISES. That the foregoing recitals are findings of the City Council of the City of Kaufman, are true and correct, and are incorporated into this Ordinance as if fully set forth hereinbelow.

SECTION 2. CONTINUANCE OF CURFEW HOURS FOR MINORS. Pursuant to Section 66-166 "City council review" of Division 2. – "Curfew Hours" of Article V. "Minors" of Chapter 66 "Offenses and Miscellaneous Provisions" of the Code of Ordinances of the City of Kaufman, Texas, and Section 370.002(a) of the Texas Local Government Code, the City Council hereby finds and determines that the juvenile curfew regulations as set forth in Division 2. "Curfew Hours" of Article V. "Minors") shall be continued in effect for minors for another three years.

SECTION 3. CUMULATIVE REPEALER. This Ordinance shall be cumulative of all other Ordinances and shall not repeal any of the provisions of such Ordinances except for those instances where there are direct conflicts with the provisions of this Ordinance. Ordinances or parts thereof in force at the time this Ordinance shall take effect and that are inconsistent with this Ordinance are hereby repealed to the extent that they are inconsistent with this Ordinance. Provided however, that any complaint, action, claim, or lawsuit, which has been initiated or has arisen under or pursuant to such Ordinance on the date of adoption of this Ordinance, shall continue to be governed by the provisions of that Ordinance and for that purpose the Ordinance shall remain in full force and effect.

SECTION 4. SEVERABILITY. If any section, subsection, clause, phrase or provision of this Ordinance, or any application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unconstitutional, the remaining sections, subsections, clauses, phrases and provisions of this Ordinance, or any application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

SECTION 5. READINGS AND PUBLICATION. In accordance with the City Charter, this Ordinance has been read at two City Council meetings with at least one week between readings at meetings properly noticed and open to the public as required by law. The City Secretary of the City of Kaufman is hereby directed to publish the Caption of this Ordinance or to publish this Ordinance or a summary as required by state law and Charter.

SECTION 6. PENALTY. Any person who violates any provision of this Ordinance, upon conviction, shall be deemed guilty of a misdemeanor and shall be fined a sum not to exceed two thousand dollars (\$500.00) for each offense, and a separate offense shall be deemed committed upon each day during or on which a violation occurs or continues.

SECTION 7. EFFECTIVE DATE. This Ordinance shall become effective immediately upon its passage and publication as required by law and Charter.

PASSED AND ADOPTED this 30th day of March 2020.

**JEFF JORDAN
MAYOR**

ATTEST:

**JESSIE HANKS
CITY SECRETARY**

APPROVED AS TO FORM

**PATRICIA ADAMS
CITY ATTORNEY**



**Meeting
Date: 3/30/2020**

Date: 3/2/2020

Item #: 5.

**Dept.: Development
Services**

Action Item

SUBJECT:

Consider and take appropriate action on a site plan from TSKF II Ltd for development of four buildings for retail, restaurant and office development at 101 and 201 Kings Fort Parkway (across the street from Dickey's BBQ). The property is currently platted as Lots 1R-1 and Lot 2R-1, Block B, Kings Fort Addition, Phase 1. The two lot areas combined contain 2.394 acres. The lots are zoned Planned Development -14 for Commercial. (Case No. SP-01-20)

BACKGROUND:

See the attached Planning and Zoning Commission SP-01-20 report dated March 3, 2020.

Author:

Marcy Ratcliff, Development Services Director

Reviewed:

Mike Slye, City Manager

Cost: N/A

Funds Available: N/A

Source: N/A

Recommendation: The Planning and Zoning Commission, on March 3, 2020 recommended approval of SP-01-20, located at 101 and 201 Kings Fort Parkway, by a vote of 6-0.

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☒	☒	☒	☐	☐



Planning and Zoning Commission Agenda Item: 1

Meeting Date: March 3, 2020

Consent: No

Discussion/Action: Yes

SUBJECT: Consider and take appropriate action on a site plan from TSKF II Ltd for development of four buildings for retail, restaurant and office development at 101 and 201 Kings Fort Parkway (across the street from Dickey's BBQ). The property is currently platted as Lots 1R-1 and Lot 2R-1, Block B, Kings Fort Addition, Phase 1. The two lot areas combined contain 2.394 acres. The lots are zoned Planned Development -14 for Commercial. (Case No. SP-01-20)

BACKGROUND/SUMMARY:

TSKF II, Ltd. the owner of the Lots 1R-1 and 2R-1, Block B, Kings Fort Addition, Phase 1 is proposing development of four buildings for retail, restaurant and office spaces. The property is currently undeveloped. A driveway entrance to the two lots was installed during the initial construction of Kings Fort Parkway. This driveway entrance will be removed. A new driveway entrance will be installed approximately 20 feet to the east.

Lot 1R-1 (located at the northeast corner of Tabor Parkway and Kings Fort Parkway)

Building 1 area: 2,800 SF - nail salon

Parking required: 14 spaces Parking provided: 19 spaces

Lot 2R-1 (located at the northwest corner of Walton Drive and Kings Fort Parkway)

Building 2 area: 4,265 SF - restaurant w/drive through and retail uses

Building 3 area: 3,696 SF – medical/emergency care facility

Building 4 area: 4,918 SF – mixed uses

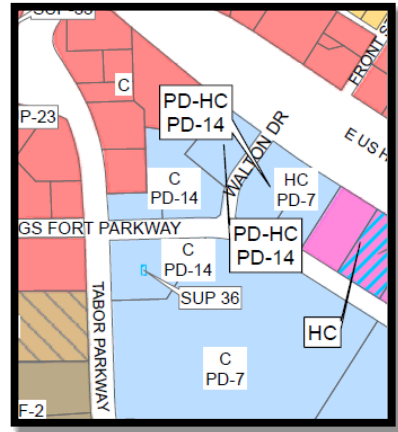
Total area: 12,879 SF

Park required: 65 spaces Parking provided: 110 spaces

The proposed building height is 24 feet high. The exterior elevations of the four buildings match the strip center on the south side of Kings Fort Parkway. Two monument signs are proposed. One sign at the corner of Tabor Parkway and Kings Fort Parkway and the other at Walton Drive and Kings Fort Parkway. No pole signs are proposed at this time. The site is required to provide 15% landscaped area and 28.89% landscaped area is proposed.

SURROUNDING ZONING AND EXISTING LAND USES:

	Zoning	Existing Land Use
North:	C	Moon's Cafeteria, Kaufman Family Dentistry, Fresenius Kidney Care, Best Western Inn
South:	PD-14 (C)	Dickey's BBQ, Roma's Italian Restaurant, AT&T Store Wal Mart
East:	PD-7 (C) PD -14	Starbucks and Verizon and Whataburger
West:	C	Typografix, mini-storage buildings and unoccupied warehouse building



COMPREHENSIVE PLAN:

Land Use Plan:

The 2014 Future Land Use Plan designated the land use of the subject property as Future Commercial. The Planned Development-14 and Commercial zoning complies with the 2014 Future Land Use Plan because it allows a variety of neighborhood service, commercial, and office uses.

Thoroughfare Plan:

The necessary right of way for Tabor Parkway, Kings Fort Parkway, Walton Drive and U.S. Highway 175 is already dedicated.

PROPERTY OWNER RESPONSES:

Property owner notification is not a requirement of the site plan review process.

RECOMMENDATIONS:

Staff recommends approval of the Site Plan SP-01-20 for development of four buildings for office retail, restaurant and office uses at 101 and 201 Kings Fort Parkway.

ATTACHMENTS:

1. Location Map
- 2.
3. Aerial Photo

Marcy Ratcliff
Development Services
972-932-2216 ext. 117
Kaufmanplanning@kaufmantx.org

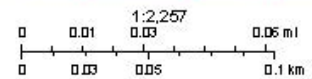
Location Map

SP-01-20 101 & 201 Kings Fort Pkwy



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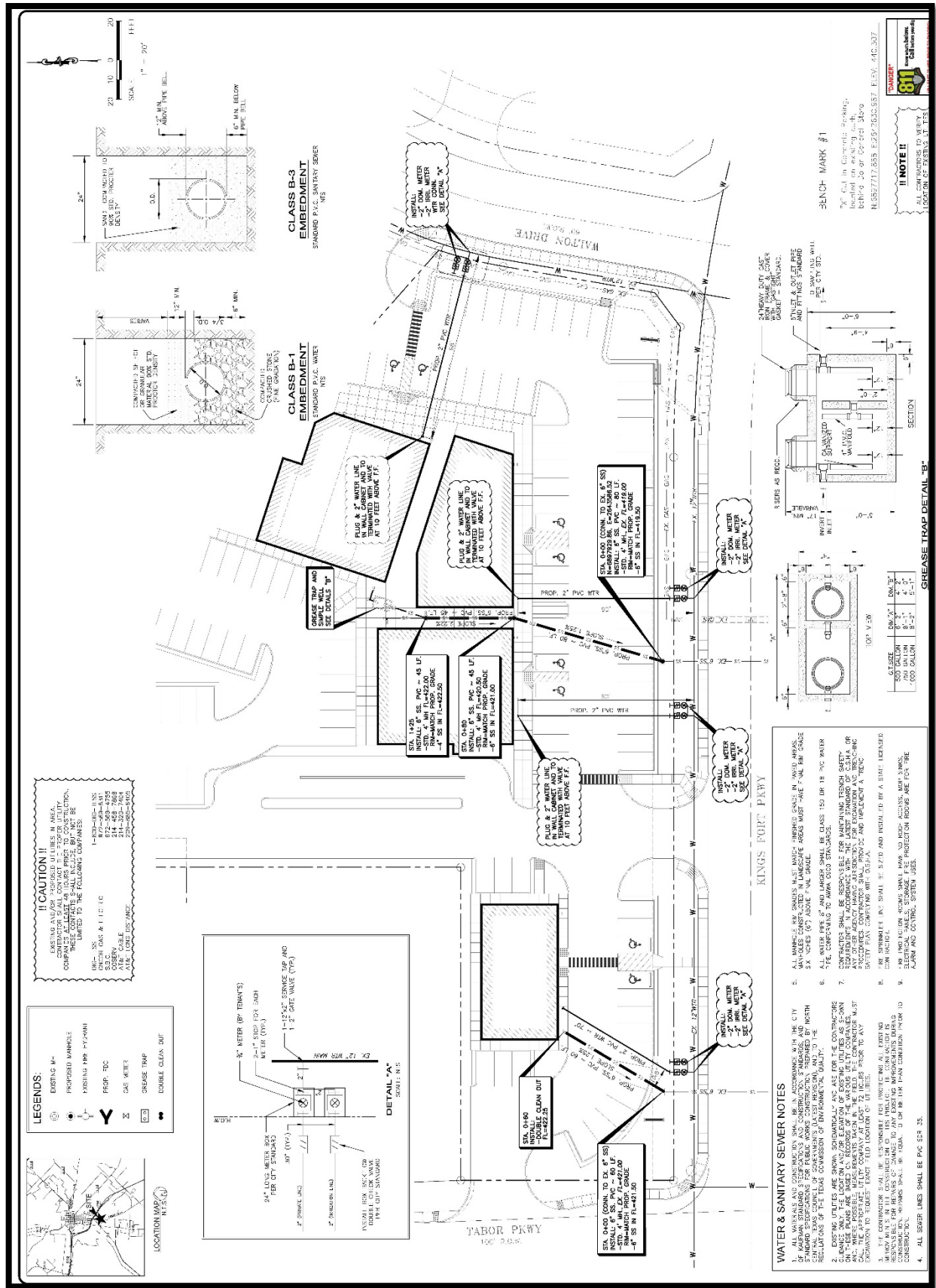


Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

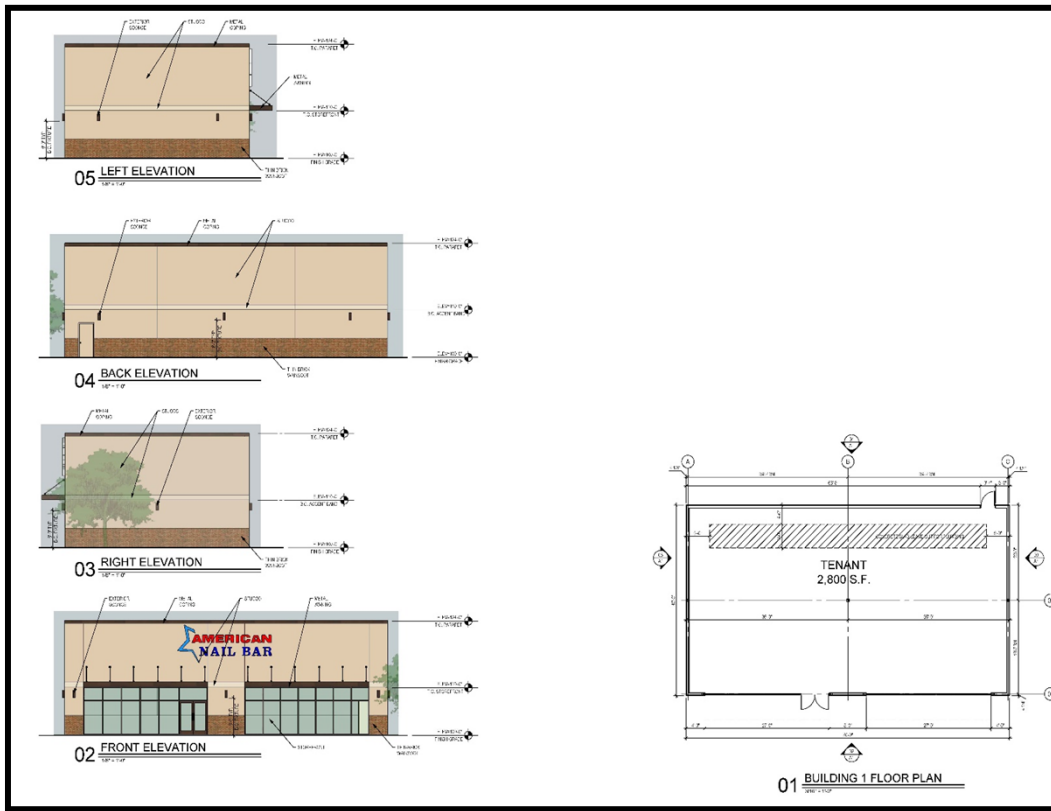
Kaufman County Appraisal District, GIS Consulting - >>> [kadconsulting.com](http://www.kadconsulting.com)

Disclaimer: This product is for informational purposes only and has not been prepared for or is suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of boundaries.

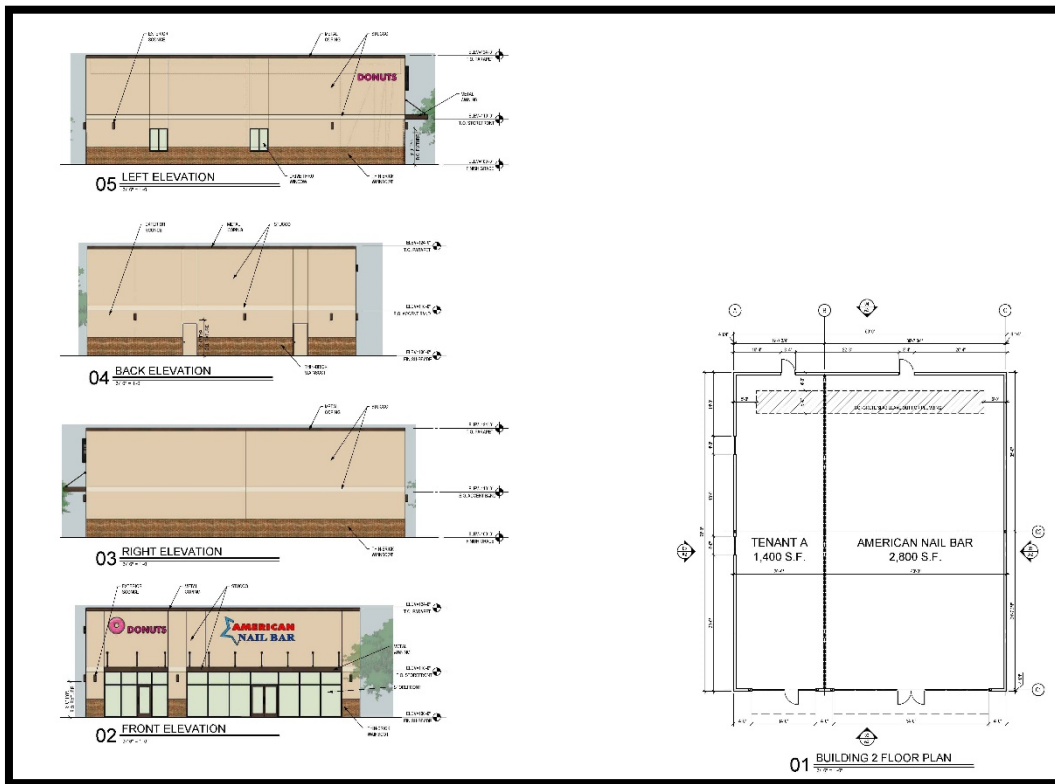




Building 1



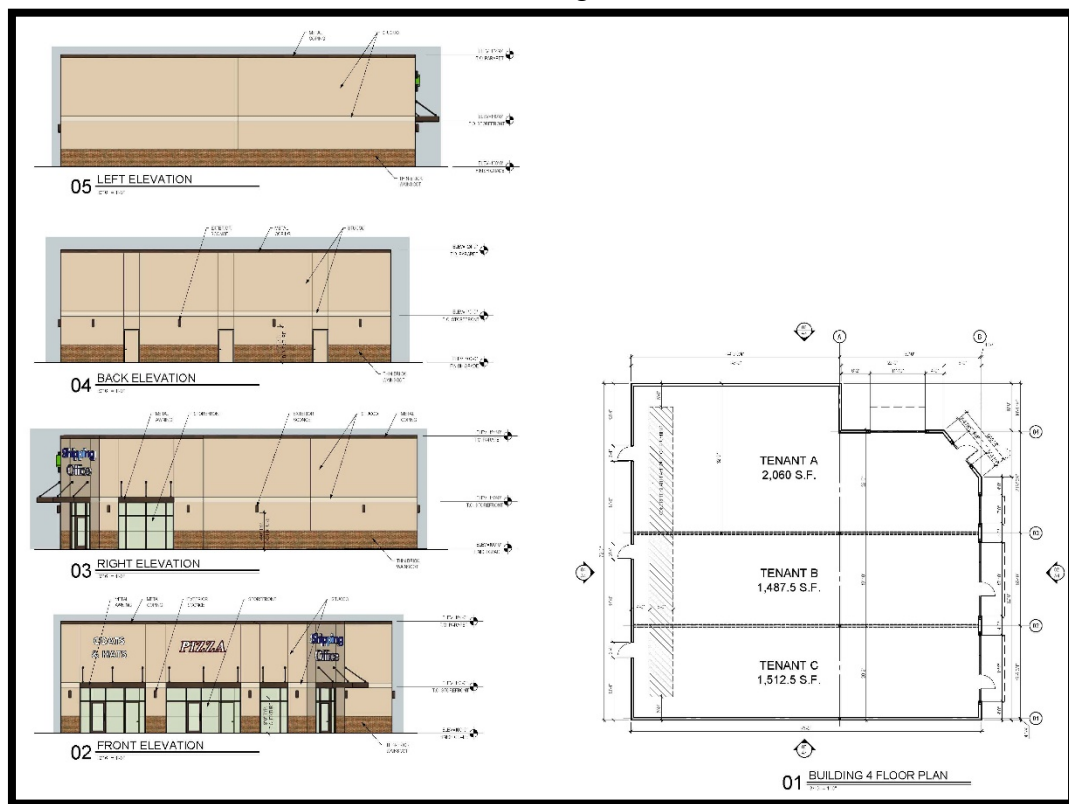
Building 2



Building 3



Building 4



View from Kings Fort Pkwy looking toward Tabor Pkwy



Rear of Buildings 2, 3 and 4



Building 2 & 3 from Kings Fort Pkwy

Buildings 3 and 4 from Walton Drive





Meeting
Date: 3/30/2020

Date: 3/2/2020

Item #: 6.

Dept.: Development
Services

Action Item

SUBJECT:

Consider and take appropriate action on a site plan from Jorge Diez for redevelopment of 208 S. Washington from a church family life center to a grocery store/restaurant (across the street from City Hall) and 208 S. Jackson for an accessory parking lot. The proposed grocery store/restaurant is platted as Lots 5, 6, 7, and 8, Block 22, Kaufman Original Addition. The parking lot is platted as Lots 6, 7, and 8, Block 21, Kaufman Original Addition. The properties are zoned Washington Street Corridor (WSC). (Case No. SP-02-20)

BACKGROUND:

See the attached Planning and Zoning Commission SP-02-20 report dated March, 3, 2020.

After the recommendation was made, one Commissioner requested staff to inquire about about striping a cross walk on S. Jackson from the grocery store to the parking lot. The City does not have a policy for striping crosswalks for private businesses on a public.

Author:

Marcy Ratcliff, Development Services Director

Reviewed:

Mike Slye, City Manager

Cost: N/A

Funds Available: N/A

Source: N/A

Recommendation: The Planning and Zoning Commission on March 3, 2020 recommended approval of SP-02-20, located at 208 S. Washington and 208 S. Jackson, by a vote of 6-0.

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☒	☒	☒	☐	☐



Planning and Zoning Commission Agenda Item: 2

Meeting Date: March 3, 2020

Consent: No

Discussion/Action: Yes

SUBJECT: Consider and take appropriate action on a site plan from Jorge Diez for redevelopment of 208 S. Washington from a church family life center to a grocery store/restaurant (across the street from City Hall) and 208 S. Jackson for an accessory parking lot. The proposed grocery store/restaurant is platted as Lots 5, 6, 7, and 8, Block 22, Kaufman Original Addition. The parking lot is platted as Lots 6, 7, and 8, Block 21, Kaufman Original Addition. The properties are zoned Washington Street Corridor (WSC). (Case No. SP-02-20)

BACKGROUND/SUMMARY:

The site plan request is for redevelopment of the existing 9,898 SF building at 208 S. Washington (formerly known as the First Baptist Church Family Life Center and Cooley's Supermarket) to a grocery store and restaurant. The site plan request including the development of a paved accessory parking lot at 208 S Jackson.

The grocery store area is approximately 5,896 SF and will require 30 off street parking spaces. The restaurant area is approximately 2,350 SF, with seating for 32 persons and will require 11 off street parking spaces. Currently, the parking lot area facing S. Washington has about 18 spaces, but the driving lane between the spaces is less than the required 24 feet. This parking lot area will be restriped and laid out with 9 off street parking spaces, in accordance with the zoning ordinance.

Currently, the parking area along W. Chestnut, on the south side of the building, there are 12 head-in spaces, partially located in the public right-of-way. These spaces require all vehicle maneuvering to partially be in the public right-of-way, which does not comply with the zoning ordinance. The applicant proposes to add a 10 foot wide sidewalk and add striping for 5 parallel off street parking spaces along W. Chestnut.

The parking area behind the west side of the building and along S. Jackson Street, is being converted from parking spaces to the grocery store's delivery loading/unloading area.

Proposed on the 208 S. Jackson lot (northwest corner of S. Jackson Street and W. Chestnut) will be a paved parking lot for 27 off street parking spaces. The combined parking will provide the required 41 off street parking spaces. The property has been historically used as an unpaved parking lot. Parking lots are typically an accessory use to a principal use on the same lot. In this case, there is no principal use on the property. The existing lot is considered a non-conforming accessory use that satisfies the required parking for 208 S. Washington. The parking

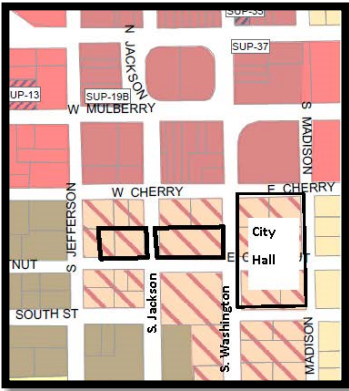
lot is required to be paved, because the use of the building is changing from a family life center to a grocery store/restaurant. A new enclosed trash dumpster will be located on the same site.

The exterior elevation changes are limited to adding parapet walls to the roof line at the S. Washington building entrance and to the W. Chestnut building entrance. All future signage will be in accordance with the Sign Regulations.

The grocery store/restaurant platted as Lots 5, 6, 7, and 8, Block 22, Kaufman Original Addition will be replatted to Lot 5R, Block 22, Kaufman Original Addition to one lot containing approximately 20,000 SF.

The accessory parking lot platted as Lots 6, 7, and 8, Block 21, Kaufman Original Addition will be replatted to Lot 6R, Block 21, Kaufman Original Addition to one lot containing approximately 15,000 SF

SURROUNDING ZONING AND EXISTING LAND USES:

	Zoning	Existing Land Use	
North:	Wash. Street Corridor (WSC)	Dale's Automotive, Masonic Lodge, Kaufman County offices and the Kaufman County parking lot	
South:	WSC	Landmark Church of Christ, Law offices, residence	
East:	WSC	Kaufman City Hall	
West:	WSC	Vacant residential lot	

COMPREHENSIVE PLAN:

Land Use Plan:

The 2009 Future Land Use Plan designated the land use of the subject property as Future Neighborhood Service/Office Use. The existing Washington Street Corridor zoning is in compliance with the 2009 Future Land Use Plan because it allows a variety of neighborhood service, commercial and office uses. Special Use Permits are allowed if approved by City Council.

Thoroughfare Plan:

The Thoroughfare Plan designates South Washington Street/State Highway 34 South as a "Type B", Minor Arterial Thoroughfare, requiring a future right-of-way width of 100 feet. The existing right-of-way width is approximately 60 feet. Typically "Type B" minor arterials are a four lane divided thoroughfare with two 33-foot wide pavement sections (four 16.5 foot wide lanes) and a

14-foot painted median divider that can serve as a dual (flush) left turn lane. No new driveway entrances are proposed.

PROPERTY OWNER RESPONSES:

Property owner notification is not a requirement of the site plan review process.

RECOMMENDATIONS:

Staff recommends approval of the Site Plan SP-02-20 for a grocery store/restaurant and parking lot located at 208 S. Washington and 208 S. Jackson.

ATTACHMENTS:

1. Location Map
2. Letter from Applicant
3. Proposed site plan

Marcy Ratcliff
Development Services
972-932-2216 ext. 117
Kaufmanplanning@kaufmantx.org

Location Map

SP-02-20 208 S. Washington & S. Jackson



La Vaquera
(Remodeling and Parking lot project)
208 S Washington St
Kaufman, Texas

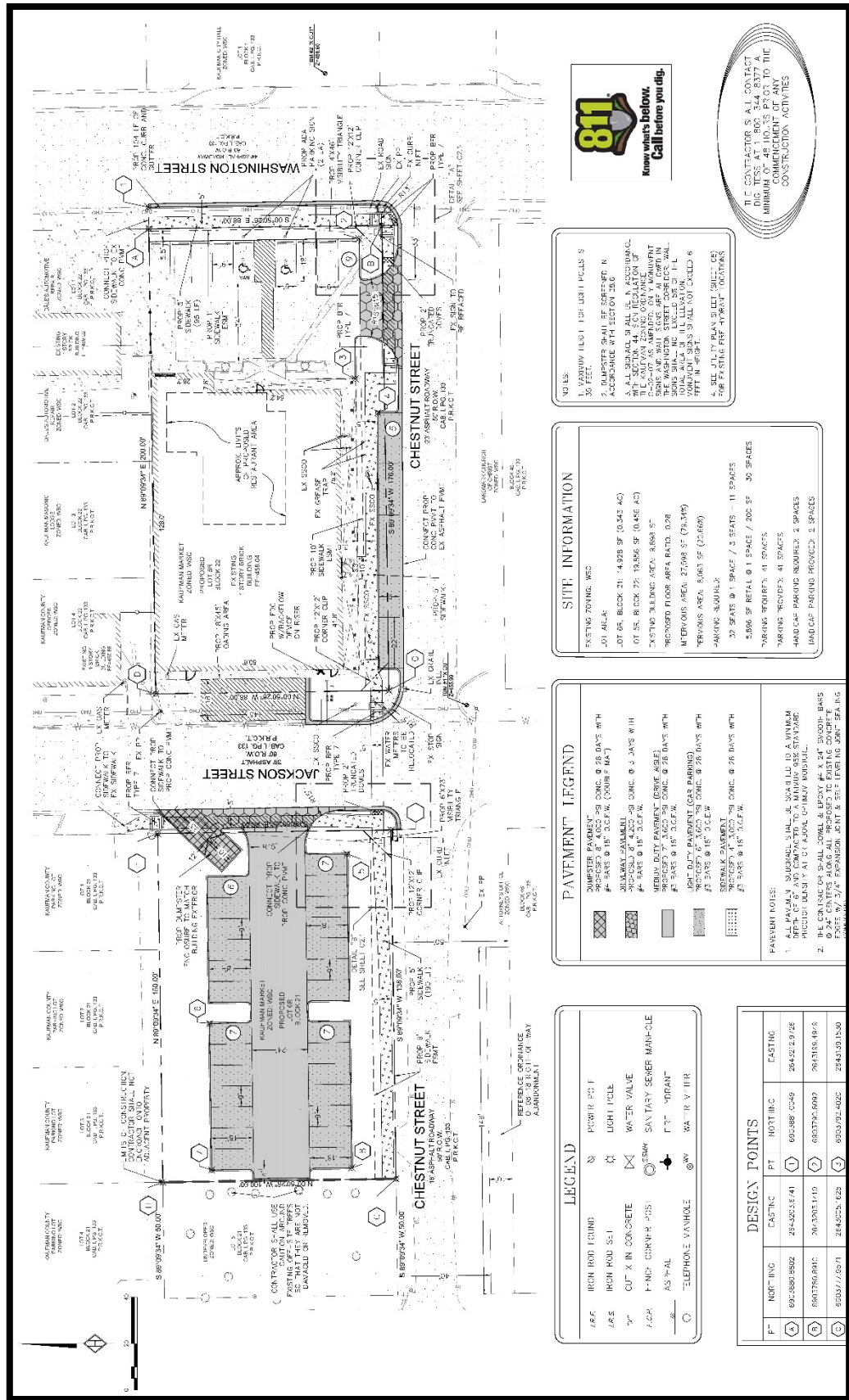
The Land Lord and owner, Mr. Robert Ibarra is in the business of running supermarkets in the Dallas and Fort Worth Metroplex area for over 20 years. The Ibarra family is committed to the enhancement, improvement and wellbeing of the local community as they have done in Garland and Ennis currently. La Vaquera is a privately own company focus and targeting the local grocery convenience market and specialty Hispanic food customers. La Vaquera, local supermarket will open 7 days a week from 7:00 AM till 9:00 PM. The supermarket will have a bakery, a meat market, a fresh produce section and a taqueria, restaurant inside of its premises. All these stores inside the supermarket will follow the same schedule as the supermarket. La Vaquera is planning to hire from 12 to 15 employees who will work there. The normal operations deliveries will occur during the day yet understanding the nature of a supermarket must fulfill depending on the demand therefore exception to a morning deli very constantly happens to meet customers' demands.

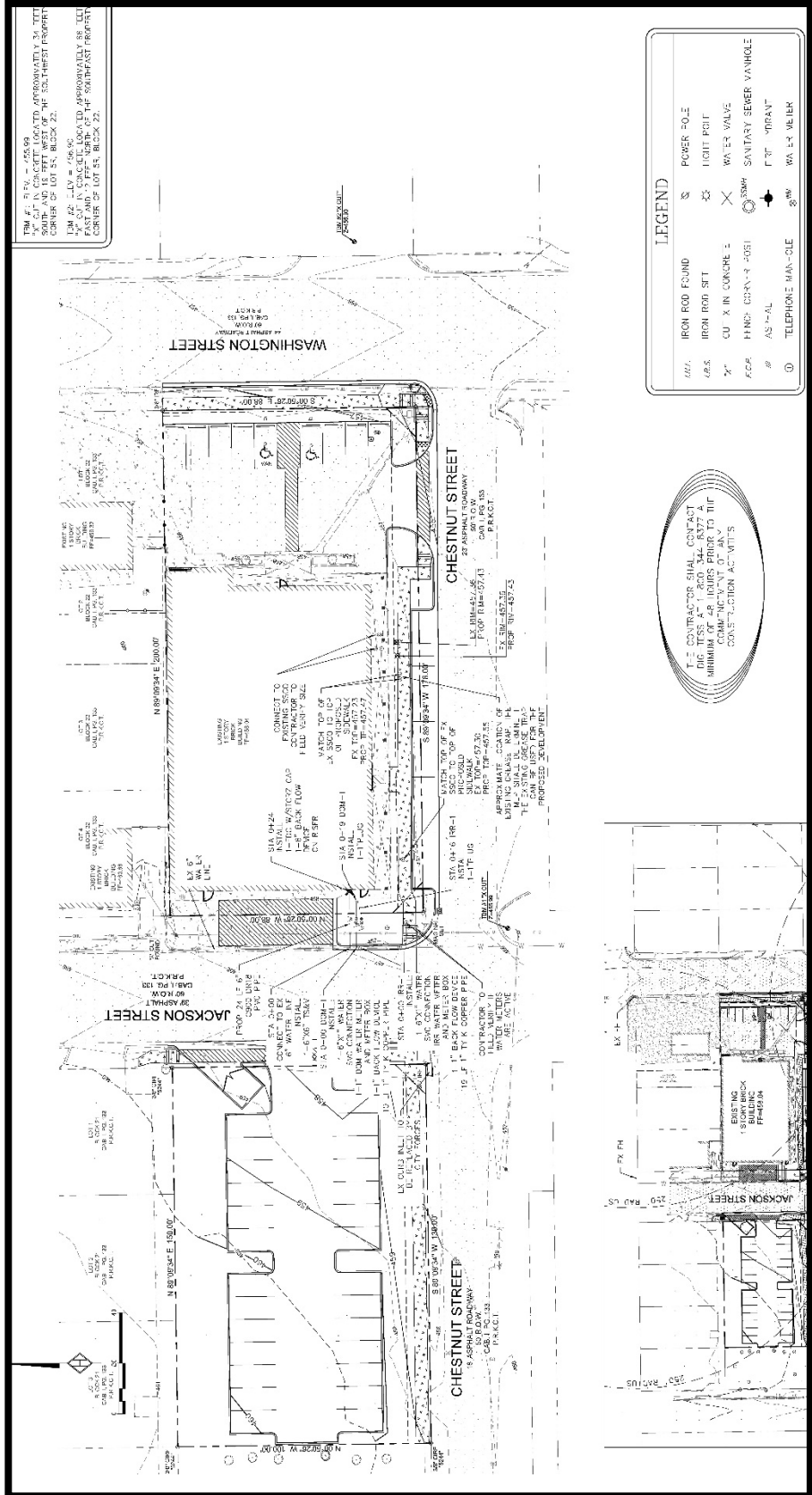
The existing building in Lot 6R, block 21 will get a full refacing as well as a total interior remodel as well in order to bring it to a grocery store standard. Also, the adjacent lot 5R, Block 22 which today is a dirt field will also get a full remodel. We ask for any and all assistance from the city supporting this long-term investment as it will benefit all Kaufman residences.

Please do not hesitate to contact us at your convenience

Most Sincerely,

Robert Ibarra







Meeting
Date: 3/30/2020

Date: 3/10/2020

Item #: 7.

Dept.: Finance

Presentation

SUBJECT:

Presentation By Yeldell, Wilson, Wood, & Reeve and the acceptance of the City of Kaufman Fiscal Year 2018-2019 Financial Audit Report; discussion of the same.

BACKGROUND:

The Home Rule Charter for the City of Kaufman, Section 7.19 - Independent Audit, says that annually "the City Council shall call for an independent audit to be made of all accounts of the City by a certified public account." This presentation is for the Fiscal Year 2019 Consolidated Annual Financial Report.

Author:
Mary Wennerstrom, Finance Director

Reviewed:
Mike Slye, City Manager

Cost: N/A

Funds Available: N/A

Source: N/A

Recommendation: Staff recommends acceptance of the 2018-2019 Financial Audit Report.

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☐	☐	☐	☐	☒



Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2019



CITY OF KAUFMAN, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

September 30, 2019

Issued By:

City Manager
Michael T. Slye

Director of Finance
Mary Wennerstrom

CITY OF KAUFMAN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2019

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INTRODUCTORY SECTION



March 30, 2020

Citizens of Kaufman, Honorable Mayor Jeff Jordan
Members of the City Council
City of Kaufman, Texas:

The Comprehensive Annual Financial Report ("CAFR") for fiscal year ended September 30, 2019 is hereby submitted as required by § 7.19 of the Kaufman City Charter. This report was prepared through the cooperative effort of the Finance Department and the City's independent auditors. The purpose of this report is to provide the City Council, management, staff, the public, bondholders and other interested parties information that reflects the City's financial condition and activities of the City government.

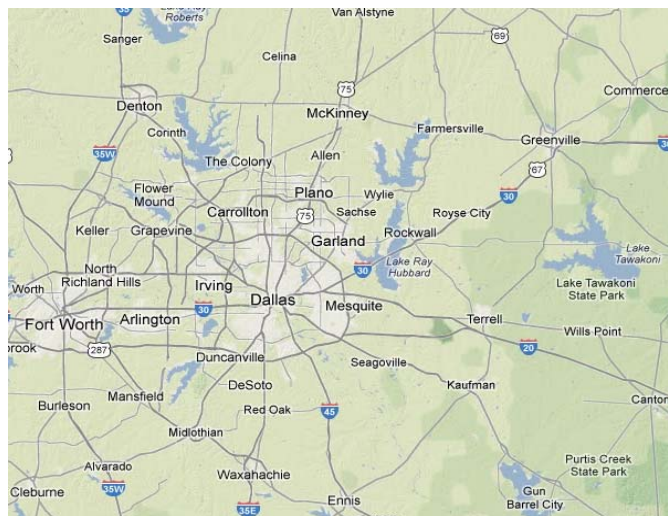
Full responsibility for both the accuracy and reliability of the data contained herein, and the completeness and fairness of the presentation, including all disclosures, rests with City management. The City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP"). Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data is accurate, in all material respects, and is reported in a manner that presents fairly the financial position and activity of the City of Kaufman. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Beginning with the fiscal year 2003 report, the City complied with Governmental Accounting Standards Board ("GASB") Statement No. 34. In addition to the basic financial statements and supplementary information, you will also find Management's Discussion and Analysis ("MD&A"). The MD&A section of the CAFR presents only objective information, or currently known facts, known by the City's financial managers as of the date of the auditor's report. The objective is to provide a much broader and detailed analysis of the City's financial condition and operating results. Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The Kaufman City Charter requires an annual audit by independent certified public accountants. The accounting firm of Yeldell, Wilson, Wood, and Reeve, P.C., Ennis, Texas, was selected by the City Council to complete the required audit. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2019, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

PROFILE OF THE GOVERNMENT

Location The City of Kaufman, established in 1853, is located just southeast of the Dallas / Fort Worth Metroplex, in Kaufman County, in the North-Central region of the State of Texas. The Dallas/Fort Worth Metroplex ranks as the top growth area in the State of Texas and one of the top growth areas in the United States. Kaufman currently has a land area of 9 ½ square miles and a population of 7,467 (per the North Central Texas Council of Governments). The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council. There is no new City Council action planned for additional annexations, but there are areas that could be considered for annexation in the future.



Governmental Structure The City of Kaufman, a Home Rule City, has operated under the Council-Manager form of government since 1987. Policymaking and legislative authority is vested in the City Council, which consists of a Mayor and six council members. The City Council is responsible for passing ordinances, adopting the budget, hiring the City Manager, and appointing the City Secretary, City Judge, City Attorney and Chief of Police. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments. The City Council is elected on a non-partisan basis. Council members are elected to two-year staggered terms with three Council members elected every two years. The Mayor is also elected to two-year terms, while all Council members are elected at-large, on a plurality basis.

Services Provided The City of Kaufman provides a full range of municipal services including police and fire protection; water, sewer, and solid waste services; recreational and cultural activities; land planning and zoning/community development; building/code enforcement; and the construction and maintenance of streets and infrastructure. The City also is financially accountable for a legally separate economic development corporation, which is reported separately within the City's financial statements. Additional information on this legally separate entity can be found in **Note 1** in the notes to the financial statements.

Mission Statement Our goal is to enhance the quality of life of our citizens by providing a safe, clean environment through efficient delivery of public services.

Budgetary Controls The City maintains acceptable budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the general fund, debt service fund and enterprise fund are included in the annual appropriated budget. Project-length budgets are adopted for capital project funds. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

As demonstrated by the statements and schedules included in the financial section of this report, the City of Kaufman continues to meet its responsibility for sound financial management.

FACTORS AFFECTING FINANCIAL CONDITION

A history of property values shows moderate growth from fiscal year 2007 through fiscal year 2009. The nationwide recession did not impact the local economy until fiscal year 2010 when the City recognized a 4.32% loss in property values. Part of this loss was related to a new exemption for 100% disabled veterans. Values in fiscal year 2012 dropped slightly and values for fiscal year 2013 increased by \$8.4 million, bringing values back to 2009 levels. Walmart opened in the spring of 2014 which has improved the City's tax base. New businesses continue to open and gain permits surrounding the strip center near the Walmart development, the State Highway 34 Bypass, and the newly developed Kingfort Parkway extension. Property values are expected to continue to improve going forward as a result of the increase in new commercial and residential development as well as the existing trend in local economy improvements.

Sales tax collections fell during fiscal year 2009 by 4.66% when compared to fiscal year 2008, partially due to the beginning of the recession. In fiscal year 2010, sales tax revenue began to recover as several new retail outlets opened, resulting in a 1.4% increase in sales tax revenue over the prior year. In fiscal year 2011, sales tax revenue was flat, but in fiscal year 2012, there was an 8% increase over 2011 and 2013 revenues increased just under 13% over the prior year. Fiscal year 2014 saw an 18% increase over 2013, 2015 saw a 16% increase over 2014, 2016 saw a 9% increase over 2015, 2017 saw a 2.75% increase over 2016, 2018 saw a 11.04% increase over 2017, and 2019 saw a 3% increase over 2018. Area market indicators and an overall improved national economy point toward positive growth in sales tax during fiscal year 2020 and beyond.

Tax Rates All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. The City's tax rate history as adopted by the City Council is shown below:

Fiscal Year	Tax Rate
2015-2016	0.702490
2016-2017	0.777725
2017-2018	0.889369
2018-2019	0.898651
2019-2020	0.848651

The City continued to monitor revenue and expenditures during the year and make adjustments as necessary. In fiscal year 2020, the City funded a 3%, 5%, or 10% COLA for most of the organization. The intent was to "true up" the lower paid employees as much as the restrictive budget would allow. Certified Police Officers, excluding the Police Chief and Captain, did not receive a COLA increase as their salaries were adjusted at mid-year of 2019 to remain competitive in the area. In addition, the city added a full-time Administrative/HR Assistant, a full-time Event Coordinator/Youth Program/Civic Center Manager, a Fire Lieutenant promotion, a part-time Accountant, and four new Summer Hire positions (for maintenance of parks), as well as additional park maintenance funds to affect the significant improvements within our park system, and \$15,000 for janitorial services for our new Municipal Complex and future Civic Center. Fiscal year 2020, also continued to fund chapter 380 agreement commitments, including KLLM, funded the Texas Municipal Retirement System Consumer Price Index participation at 50% Repeating, funded a 5-year lease of nine police vehicles and four public works vehicles, funded the schematic design and construction budget for the Community Center, funded \$150,000 Street Maintenance/Rehab (primarily dedicated to curb & sidewalk repair), and funded \$389,000 from the Street Maintenance Fund (from the sales tax reallocation of 1/4 penny Sales Tax to street rehabilitation). Retail utility rates were increased 9.43% to accommodate the increase in bulk water purchases, provide additional revenue to service \$2.71 million in Wastewater Treatment Plant upgrades, complete the requisite sanitary sewer improvements mandated by Texas Commission on Environmental Quality (TCEQ), and accommodate increased operational costs. Fiscal Year 2020, also continued to fund the Storm Drainage Fund dedicated exclusively to storm drainage improvements at an increased rate of \$4 per ERU (equivalent residential unit), effective January 2020. The rate was increased \$1 per ERU to service a \$3 million Certificate of Obligation for Storm Drainage Improvements.

During fiscal year 2016, City Council called a May Bond Election that included two propositions, a \$4,200,000 Street Bond Program that passed with a resounding 92% margin and a \$6,630,000 Joint Municipal Complex (City Hall/Police Department Complex) that passed with a 77% margin. The City also purchased a building that will become a future Community Center with certificate of obligation funds that were issued in May 2016. In 2017, an additional \$1,000,000 General Obligation Bond was issued and construction began on Houston and Fourth Streets. In 2018, Austin and Fair Streets were added to the existing Houston and Fourth Street Project, and construction is expected to be completed in March 2020.

The street improvement program included \$337,000 in fiscal year 2007, \$200,000 in fiscal year 2008, \$200,000 in fiscal year 2009, and \$175,000 in fiscal year 2010. The allotment for fiscal year 2011 was increased to \$242,500, and budget year 2012 provided for another \$200,000 in an effort to steadily address needed street improvements. In fiscal years 2013, 2014, and 2015 \$210,000, \$250,000, and \$200,000 respectively was budgeted for street repair and overlays. In fiscal year 2016, no major street repairs were planned and the budget was decreased to \$65,000. In 2017, the City issued and began utilizing 2016 General Obligation proceeds designated for the Street Bond Project to start repairs on both Houston and Fourth Streets. In 2017, an additional \$1,000,000 General Obligation Bond was issued to provide the additional funds needed to complete Phase 1 of the Street Bond Project that included Houston, Fourth, Austin, and Fair Streets. Estimated completion of Phase 1 of the Street Bond Project is March 2020. Phase 2 of the Street Bond Project includes street repairs on Ninth, Main, and Circle Drive and is currently under design. Phase 2 Construction is expected to begin in fiscal year 2020 and expected to be completed in fiscal year 2021.

Community Development Issues During fiscal year 2019, a total of 397 building permits were issued with a combined construction value of \$14,549,894. New Structures - The combined construction value of the 27 new building permits issued was \$8,885,850. Included within that number were seven commercial permits for 76,712 square feet of new building area valued at \$4,856,850. Also, included within that same number were 11 new single family permits for a total of 23,403 square feet valued at \$2,139,000; 8 new duplex permits for a total of 19,872 square feet valued at \$1,360,000; 1 new multi-family permits for a total of 116,944 square feet valued at \$800,000. Remodel/Repair Structures - The combined construction value of the 46 remodeling building permits issued was \$4,102,646. Included within that number were 18 commercial permits for 9,936 square feet of new building area valued at \$3,515,249. Also, included within that same number were 28 remodel single family permits for a total of 2,962 square feet valued at \$587,851. There was one commercial demolition permits valued at \$30,000 and five residential demolition permits valued at \$27,500. There were 318 additional permits valued at \$1,503,899. The additional permits include electrical, fences, foundations/approaches, mechanical, plumbing, signs, storage and garages, swimming pools and miscellaneous permits.

The City of Kaufman was awarded a \$390,900 Transportation Enhancement Program for the beautification and improvement of the sidewalks around the square. The City of Kaufman will be investing approximately \$1,100,000 to complete the work around the square, plus the sidewalks on the streets one block off of the square. This project will be a multi-stage project that will take approximately 15 months to complete. This project has installed all of the necessary utility improvements, light post, sidewalks and handicapped ramps. Currently the traffic lights are being installed. The landscaping will be installed and the roads will be remilled, relaid, and striped. The street and sidewalk construction is expected to be completed in April 2019. The landscaping will begin soon after and is expected to be completed in the summer of 2019. The Downtown Streetscape Project was completed and accepted by Council in December 2019.

The City recently submitted an application for a Community Development Block Grant for Drainage Improvement along Dallas Street from Mulberry Street, SH34, and FM243 to 9th street. Construction will begin in Spring of 2019, and was completed and accepted by Council in November 2019.

The City issued a 2019 Certificate of Obligation in the amount of \$3,455,000 for constructing, installing, acquiring, and equipping renovations and improvements to a City owned building to be used as a civic and community center, and related infrastructure for such improvements, and for constructing, acquiring, installing, and equipping municipal park and recreation improvements and related infrastructure for such improvements. Construction will begin in March 2020, and is expected to be completed in October 2020.

Several small utility-related capital improvement projects are currently under construction, or have just been completed, including a major sewer line extension and increasing the capacity of the storm water basin at the waste water treatment plant. The City of Kaufman's utility systems have been deteriorating for many years and an aggressive, comprehensive program is in place to make necessary improvements to our utility systems. The City also recently submitted an application for a Texas Water Development Board Loan for \$2.71 million for Improvements to the Wastewater Treatment Plant, and the City agreed to set aside an additional \$498,500. The bid opening for construction on wastewater treatment plant improvements is expected to begin in April 2020.

Compensation Plan/Personnel Overall staff budget during fiscal year 2019 was 68 full-time personnel, one part-time personnel, and two temporary hires. Total fiscal year 2020 budgeted payroll with benefits was \$4,732,583. A generous benefit package is provided to employees including vacation, holiday, sick pay and 100% employer paid health insurance plan for employees. In fiscal year 2007, health reimbursement accounts (HRA) were established for full time employees and funded by the City at the level of \$30 per month for each employee. Funding of the HRA accounts continued at the same level until fiscal year 2010 when it was increased to \$60 per month. The current HRA accounts available are at an expense to the employee, expense can range from \$40.10-\$170.48 per month per employee depending on the consumer choice plan and optional eligible insurance chosen by the employee. In fiscal year 2015, two additional health savings accounts (HSA) were established for full time employees and funded by the City. The current HSA amount funded for the employee can range from \$41.10-\$93.16 per month per employee depending on the consumer choice plan and optional eligible insurance chosen by the employee. The City also provides for retirement in the Texas Municipal Retirement System (TMRS) to their employees, with a contribution rate of 7% (effective October 2007), two to one match, five year vesting, updated service credits and a 20-year retirement plan.

Cash Management Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, and TexPool investment pool. The average yield on investments, except for the pension trust fund, at 9/30/19 was .15% on pooled bank accounts (84.00% of portfolio), 0.76% on certificates of deposit (12.07% of portfolio) and 1.9953% on investment pool (3.93% of portfolio).

The City's investment policy complies with the Public Funds Investment Act. The policy, updated in 2018, is designed to ensure the safety of its principal in the overall portfolio as the foremost objective. Accordingly, deposits are either insured by federal depository insurance or collateralized. The investment policy is reviewed and updated annually, as applicable. The City Council considered proposals for banking services in January 2016. Staff reviewed the proposals and determined the best cost of banking services for the City. As recommended, American National Bank of Texas was awarded the City's depository contract for five years, with a 90 day extension. It is anticipated the city will consider proposals for banking services again in January, 2021.

Risk Management The City currently maintains third party insurance coverage to minimize all financial risks. Risk management programs are in place to minimize risk in the areas of workers' compensation, general liability, public officials and employees' liability, police officer liability and property and fleet/equipment liability and damage.

Pension Benefits The City provides pension benefits to all of its full-time employees through a nontraditional, joint contributory, defined contribution plan in the state-wide Texas Municipal Retirement System, an agent multiple-employment public employee retirement system. The pension plan is administered and accounted for by TMRS rather than by the City.

AWARDS AND ACKNOWLEDGEMENTS

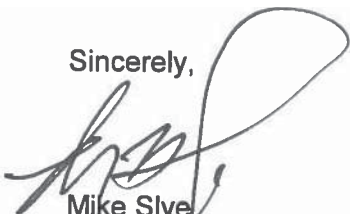
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kaufman for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the twentieth consecutive year that the government achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report was made possible by the dedicated services of the entire staff of Yeldell, Wilson, Wood, and Reeve, P.C. and the Finance Department of the City of Kaufman.

In closing, the members of the City Council are to be commended for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,



Mike Slye
City Manager



Jessie Hanks
City Secretary



Mary Wennerstrom
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Kaufman
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

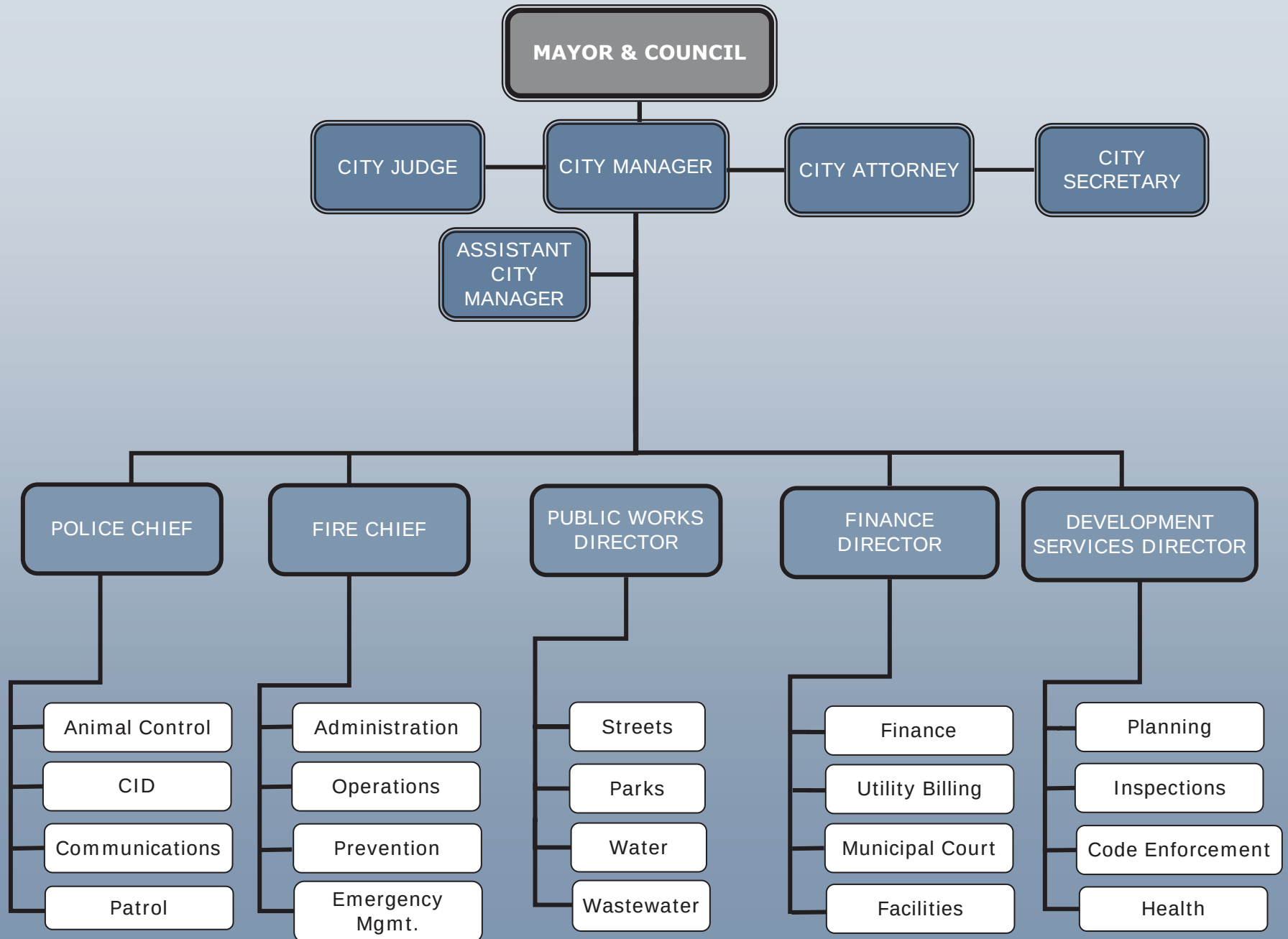
September 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF KAUFMAN ORGANIZATIONAL CHART

10



CITY OF KAUFMAN, TEXAS
LIST OF ELECTED CITY OFFICIALS AND ADMINISTRATORS
September 30, 2019

ELECTED CITY OFFICIALS

Mayor	Jeff Jordan
Mayor Pro Tem	Patty Patterson
Council Member	Carole Aga
Council Member	Jeff Council
Council Member	Charles Gillenwater
Council Member	Matt Phillips
Council Member	Barry Ratcliffe

ADMINISTRATION

City Manager	Michael T. Slye
Assistant City Manager	Mike Holder
City Secretary	Jessie Hanks
Director of Finance	Mary Wennerstrom

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council of
City of Kaufman, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Kaufman, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Kaufman, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, net pension liability information, and total OPEB liability information on pages 16-25 and 78-82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kaufman, Texas' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Mayor and City Council
City of Kaufman, Texas
Page Three

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Yeldell, Wilson, Wood & Reeve, P.C.

Yeldell, Wilson, Wood & Reeve, P.C.
Certified Public Accountants

Ennis, Texas
March 26, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Kaufman, Texas, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the letter of transmittal, which can be found on pages 2-8 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$27,207,041 (*net position*).
- The City's total net position increased by \$1,585,310.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$3,874,896, a decrease of \$2,717,199 in comparison with the prior year. Approximately 27.67% of this amount (\$1,072,258) is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,150,553, or approximately 37.3% of the total general fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, public services and operations, and parks and recreation. The business-type activities of the City include utility and drainage operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate economic development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Complete financial statements for the component unit are available from the City's Finance Director upon request.

The government-wide financial statements can be found on pages 27-28 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Grants Fund, Debt Service Fund, and Capital Improvements, which are considered to be major funds. Data from the other seven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 29-32 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. The *enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses the enterprise funds to account for its utility and drainage operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility fund and Drainage fund which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 33-35 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-76 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's Schedule of Revenues and Expenditures - Budget and Actual - General Fund, Schedule of Revenues and Expenditures - Budget and Actual - Grants Fund, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions, and the Schedule of Changes in Total OPEB Liability and Related Ratios. Required supplementary information can be found on pages 78-82 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining fund statements and schedules can be found on pages 85-96 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$27,207,041, at the close of the most recent fiscal year.

CITY OF KAUFMAN'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 16,332,540	\$ 19,563,111	\$ 6,699,224	\$ 9,002,733	\$ 23,031,764	\$ 28,565,844
Capital assets	30,971,243	28,320,797	14,510,811	12,422,822	45,482,054	40,743,619
Total assets	47,303,783	47,883,908	21,210,035	21,425,555	68,513,818	69,309,463
Total deferred outflows of resources	800,147	319,069	381,768	241,066	1,181,915	560,135
Long term liabilities	30,886,291	31,950,060	9,681,001	10,065,969	40,567,292	42,016,029
Other liabilities	1,241,025	1,230,139	630,956	617,521	1,871,981	1,847,660
Total liabilities	32,127,316	33,180,199	10,311,957	10,683,490	42,439,273	43,863,689
Total deferred inflows of resources	47,042	294,044	2,377	90,134	49,419	384,178
Net position:						
Net investment in capital assets	18,956,703	17,491,826	9,196,069	9,487,320	28,152,772	26,979,146
Restricted	1,153,109	1,191,219	285,204	234,130	1,438,313	1,425,349
Unrestricted (deficit)	(4,180,240)	(3,954,311)	1,796,196	1,171,547	(2,384,044)	(2,782,764)
Total net position	\$ 15,929,572	\$ 14,728,734	\$ 11,277,469	\$ 10,892,997	\$ 27,207,041	\$ 25,621,731

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

By far, the largest portion of the City's net position (103.5%) reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (5.29%) represents resources that are subject to external restrictions on how they may be used.

The City's total net investment in capital assets increased as the additions from capital outlays and work-in-progress exceeded depreciation and retirements.

The City's overall net position increased \$1,585,310 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

CITY OF KAUFMAN'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 754,889	\$ 807,425	\$ 4,465,227	\$ 4,486,762	\$ 5,220,116	\$ 5,294,187
Operating grants and contributions	48,464	417,325	-	-	48,464	417,325
Capital grants and contributions	1,197,213	10,997,630	180,918	202,065	1,378,131	11,199,695
General revenues:						
Property taxes	3,213,811	3,015,217	-	-	3,213,811	3,015,217
Sales taxes	2,354,351	2,314,065	-	-	2,354,351	2,314,065
Franchise taxes	432,662	425,109	-	-	432,662	425,109
Hotel occupancy taxes	45,445	43,746	-	-	45,445	43,746
Alcoholic beverage taxes	10,749	12,114	-	-	10,749	12,114
Investment earnings	12,545	11,134	20,528	13,376	33,073	24,510
Gain on sale of capital assets	10,321	-	6,545	-	16,866	-
Miscellaneous	152,026	98,122	1,880	1,013	153,906	99,135
Total revenues	8,232,476	18,141,887	4,675,098	4,703,216	12,907,574	22,845,103
Expenses:						
General government	1,250,680	1,203,419	-	-	1,250,680	1,203,419
Public safety	2,552,968	3,538,527	-	-	2,552,968	3,538,527
Public works	1,557,214	1,491,850	-	-	1,557,214	1,491,850
Public services and operations	465,988	613,769	-	-	465,988	613,769
Parks and recreation	493,476	593,384	-	-	493,476	593,384
Interest on long-term debt	752,700	699,605	-	-	752,700	699,605
Utility	-	-	4,144,684	4,771,558	4,144,684	4,771,558
Drainage	-	-	104,554	103,555	104,554	103,555
Total expenses	7,073,026	8,140,554	4,249,238	4,875,113	11,322,264	13,015,667
Increase in net position before transfers	1,159,450	10,001,333	425,860	(171,897)	1,585,310	9,829,436
Transfers	41,388	57,656	(41,388)	(57,656)	-	-
Change in net position	1,200,838	10,058,989	384,472	(229,553)	1,585,310	9,829,436
Net position - beginning	14,728,734	4,669,745	10,892,997	11,122,550	25,621,731	15,792,295
Net position - ending	\$ 15,929,572	\$ 14,728,734	\$ 11,277,469	\$ 10,892,997	\$ 27,207,041	\$ 25,621,731

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$1,200,838 from the prior fiscal year for an ending balance of \$15,929,572. Revenues decreased \$9,940,890 with grants and contributions accounting for \$9,821,564 of this change. Expenses decreased \$1,067,528 with decreases in pension expense being primarily responsible for the change.

Business-type Activities. For the City's business-type activities, the results for the current fiscal year resulted in a net increase in net position to an ending balance of \$11,277,469. The total increase in net position for business-type activities (water, sewer, and drainage operations) was \$384,472 or 3.53% of prior fiscal year. Total expenses before transfers decreased by 12.91%.

Financial Analysis of Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At September 30, 2019, the City's governmental funds reported combined fund balances of \$3,874,896, a decrease of \$2,717,199 in comparison with the prior year. Approximately 27.7% of this amount (\$1,072,258) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable* or *restricted* to indicate that it is 1) not in spendable form (\$65,050), 2) restricted for particular purposes (\$2,701,503), or 3) assigned for particular purposes (\$36,085).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,150,553, while total fund balance increased to \$2,251,688. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 37.3 percent of total general fund expenditures, while total fund balance represents approximately 39.1 percent of that same amount.

The fund balance of the City's general fund increased by \$375,305 during the current fiscal year. Property tax increased approximately 17% while sales tax increased approximately 2%. Total expenditures increased 6% over 2018 with the general government department contributing to 80% of the increase.

The grant fund, a major fund, had a decrease in fund balance during the current year of \$1,266,889 to bring the year end fund balance (deficit) to (\$1,014,846).

The debt service fund, a major fund, had a increase in fund balance during the current year of \$129,773 to bring the year end fund balance to \$510,579.

The capital improvements fund, a major fund, had a \$1,982,811 decrease in fund balance during the current fiscal year which decreased total fund balance to \$1,548,394.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility fund at the end of the year was \$1,591,873. The total decrease in net position was \$22,546. Operating revenues decreased in 2019 by \$31,988 (0.75%). Operating expenses decreased by 14.43% while interest and fiscal charges increased \$13,045.

Unrestricted net position of the Drainage fund at the end of the year was \$190,323. The total increase in net position was \$407,018. Operating revenues increased in 2019 by \$10,463 (5.13%). Operating expenses decreased by 14.43% while interest and fiscal charges increased \$12,862.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, the City increased total estimated revenues by \$2,539. Total expenditures and transfers out were decreased by \$362,532.

Final budget compared to actual results. General budgeted revenues of \$6,628,622 exceeded actual revenues of \$6,580,724 by \$47,898.

Actual general fund expenditures of \$5,738,829 exceeded budgeted expenditures of \$5,696,531. This \$42,298 negative variance in expenditures was funded by transfers in.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$45,482,054 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure. The total increase in capital assets for the current fiscal year was approximately 11.63%.

City of Kaufman's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,593,114	\$ 1,593,109	\$ 549,375	\$ 549,375	\$ 2,142,489	\$ 2,142,484
Construction in progress	4,922,168	12,599,207	4,205,787	1,483,420	9,127,955	14,082,627
Buildings	8,835,877	2,248,072	1,881,869	2,099,218	10,717,746	4,347,290
Improvements	-	-	7,315,518	7,688,428	7,315,518	7,688,428
Machinery and equipment	1,083,926	1,098,659	558,262	602,381	1,642,188	1,701,040
Infrastructure	14,536,158	10,781,750	-	-	14,536,158	10,781,750
Total	\$ 30,971,243	\$ 28,320,797	\$ 14,510,811	\$ 12,422,822	\$ 45,482,054	\$ 40,743,619

Major capital asset events during the current fiscal year included the following:

- Construction in progress additions of approximately \$6,253,000 consisting of street improvements, water and sewer improvements, community center, and a new municipal facility.
- Approximately \$11,209,000 of construction in progress was completed during the year.
- Improvements of approximately \$214,000 for water and sewer lines.
- Machinery and equipment additions of approximately \$265,000.

Additional information on the City's capital assets can be found in Note 3.G on pages 50-51 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$37,222,159.

City of Kaufman's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Certificates of obligation	\$ 1,970,000	\$ 2,060,000	\$ 7,535,000	\$ 7,830,000	\$ 9,505,000	\$ 9,890,000
General obligations						
bonds	11,080,000	11,404,400	995,000	1,180,600	12,075,000	12,585,000
Pass through bonds	7,325,000	7,640,000	-	-	7,325,000	7,640,000
Notes payable	7,623,560	8,141,695	-	-	7,623,560	8,141,695
Tax anticipation note	185,000	245,000	-	-	185,000	245,000
Development						
agreements payable	-	339,000	120,000	135,000	120,000	474,000
Capital leases	316,534	286,511	72,065	106,606	388,599	393,117
Total	\$ 28,500,094	\$ 30,116,606	\$ 8,722,065	\$ 9,252,206	\$ 37,222,159	\$ 39,368,812

The City's total debt decreased by \$2,146,653 (5.5 percent) during the current fiscal year. The reason for the increase is primarily the result of new debt issues exceeding scheduled debt payments.

The City's General Obligation and Combination Tax and Revenue Certificates of Obligation ratings are listed below.

	Moody's	Standard's & Poor's
General Obligation Bonds	A3	AA
Certificates of Obligation	A3	AA

Additional information on the City's long term-debt can be found in Note 3.M on pages 55-62 of this report.

Economic Factors and Next Year's Budgets and Rates

In the fiscal year 2020 budget, the General Fund revenues are budgeted to increase by \$2,928 or 0.042% from the fiscal year 2019 budget. General property taxes, currently the largest revenue source for the General Fund, make up about \$2,362,670 or 33.7% of anticipated general fund revenues. Property values show an increase of \$58,140,466 or 16.2% over the prior year primarily as a result of the overall improvement in the local economy, home values, and an increase in the number of new homes and businesses, including Georgetown at Kingsfort Development, Kingsfort business corridor expansion, Burger King, Starbucks, Panda Express, and Verizon Wireless. This increase is part of a trend the City has experienced over the last five years, strengthening what the City identifies as a turn-around in appraised values locally. The City Council adopted the tax rate of \$0.8486509 per \$100 assessed valuation which is a decrease to the prior year's rate. The debt service portion of the tax rate decreased by \$0.0629077, from \$0.36361483 to \$0.3007071 per \$100 of net assessed valuation. The maintenance and operations portion of the tax rate increased by \$0.0129070, from \$0.5350361 to \$0.5479431 per \$100 assessed valuation.

Sales tax, currently the second largest revenue source for the General Fund, is budgeted at \$2,335,371 or 33.3% of anticipated General Fund revenue. Wal-Mart, along with continued construction and opening of several new retail outlets along the King's Fort business corridor continues to positively impact sales tax revenue.

Other major revenue sources include \$2,678,200 from water sales, \$1,683,630 from sewer services, and \$632,882 from franchise agreements. In fiscal year 2020, retail utility rates were increased 9.43% to accommodate the increase in bulk water purchases, provide additional revenue to service \$2.71 million in Wastewater Treatment Plant upgrades, complete the requisite sanitary sewer improvements mandated by Texas Commission on Environmental Quality (TCEQ), and accommodate increased operational costs. For the average residential customer, this represents a \$8.35 increase to their monthly water utility bill. Storm Drainage fees were also budgeted to increase after the 1st quarter of FY2020, \$1 per Equivalent Residential Unit (ERU), making the new rate \$4 per ERU to service a \$3,000,000 Certificate of Obligation for Storm Drainage Improvements.

The fiscal year 2020 budget adopted by the City Council includes an decrease of \$3,000 or 0.043% in the expenditures in the General Fund operating budget and an increase of \$78,279 or 1.69% in the business-type fund operating budget when compared to previous year's budget. The 2020 budget includes a 3%, 5%, or 10% COLA for most of the organization. The intent was to "true up" the lower paid employees as much as the restrictive budget would allow. Certified Police Officers, excluding the Police Chief and Captain, did not receive a COLA increase as their salaries were adjusted at mid-year of 2019 to remain competitive in the area. In addition, the city added a full-time Administrative/HR Assistant, a full-time Event Coordinator/Youth Program/Civic Center Manager, a Fire Lieutenant promotion, a part-time Accountant, and four new Summer Hire positions (for maintenance of parks), as well as additional park maintenance funds to affect the significant improvements within our park system, and \$15,000 for janitorial services for our new Municipal Complex and future Civic Center. Fiscal year 2020, also continued to fund chapter 380 agreement commitments, including KLLM, funded the Texas Municipal Retirement System Consumer Price Index participation at 50% Repeating, funded a 5-year lease of nine police vehicles and four public works vehicles, funded the schematic design and construction budget for the Community Center, funded \$150,000 Street Maintenance/Rehab (primarily dedicated to curb & sidewalk repair), and funded \$389,228 from the Street Maintenance Fund (from the sales tax reallocation of 1/4 penny Sales Tax to street rehabilitation).

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 3003 S. Washington, Kaufman, Texas 75142.

BASIC FINANCIAL STATEMENTS

CITY OF KAUFMAN, TEXAS
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government			Component Unit
	Governmental	Business-type		Kaufman
	Activities	Activities	Total	Economic
				Development
				Corporation
ASSETS				
Cash and cash equivalents	\$ 4,175,439	\$ 1,967,858	\$ 6,143,297	\$ 924,163
Receivables (net of allowance for uncollectibles)	698,149	690,405	1,388,554	120,000
Intergovernmental receivables	10,293,902	-	10,293,902	-
Due from component unit	1,100,000	-	1,100,000	-
Due from primary government	-	-	-	130,618
Inventories	-	67,392	67,392	-
Prepaid items	65,050	6,694	71,744	-
Restricted cash and cash equivalents	-	3,966,875	3,966,875	-
Capital assets:				
Non-depreciable	6,515,282	4,755,162	11,270,444	603,745
Depreciable (net of accumulated depreciation)	24,455,961	9,755,649	34,211,610	9,378
Total Assets	47,303,783	21,210,035	68,513,818	1,787,904
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	-	104,070	104,070	-
Deferred outflows of resources related to pension	782,219	271,474	1,053,693	-
Deferred outflows of resources related to OPEB	17,928	6,224	24,152	-
Total Deferred Outflows of Resources	800,147	381,768	1,181,915	-
LIABILITIES				
Accounts payable	864,979	192,562	1,057,541	18,178
Accrued payroll payable	142,323	43,278	185,601	-
Accrued interest payable	103,105	33,299	136,404	-
Customer deposits payable	-	120,390	120,390	-
Due to component unit	130,618	-	130,618	-
Liabilities payable from restricted assets	-	241,427	241,427	-
Noncurrent liabilities:				
Due within one year	1,316,045	563,014	1,879,059	100,000
Due in more than one year	29,570,246	9,117,987	38,688,233	1,000,000
Total Liabilities	32,127,316	10,311,957	42,439,273	1,118,178
DEFERRED INFLOWS OF RESOURCES				
Deferred charges on refunding	38,732	-	38,732	-
Deferred inflows of resources related to pension	7,285	2,176	9,461	-
Deferred inflows of resources related to OPEB	1,025	201	1,226	-
Total Deferred Inflows of Resources	47,042	2,377	49,419	-
NET POSITION				
Net investment in capital assets	18,956,703	9,196,069	28,152,772	613,123
Restricted for:				
Infrastructure improvements	-	99,173	99,173	-
Public safety	173,555	-	173,555	-
Public works	434,660	-	434,660	-
Parks and recreation	34,315	-	34,315	-
Debt service	510,579	186,031	696,610	-
Economic development	-	-	-	56,603
Unrestricted (deficit)	(4,180,240)	1,796,196	(2,384,044)	-
Total Net Position (deficit)	\$ 15,929,572	\$ 11,277,469	\$ 27,207,041	\$ 669,726

The notes to financial statements are an integral part of this statement.

CITY OF KAUFMAN, TEXAS
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2019

Function/Programs:	Net (Expense) Revenue and Changes in Net Position							Component Unit Kaufman Economic Development Corporation
	Program Revenues				Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 1,250,680	\$ 319,138	\$ 30,391	\$ -	\$ (901,151)	\$ -	\$ (901,151)	\$ -
Public safety	2,552,968	101,723	14,810	-	(2,436,435)	-	(2,436,435)	-
Public works	1,557,214	333,688	-	1,197,213	(26,313)	-	(26,313)	-
Public services and operations	465,988	-	-	-	(465,988)	-	(465,988)	-
Parks and recreation	493,476	340	3,263	-	(489,873)	-	(489,873)	-
Interest on long-term debt	752,700	-	-	-	(752,700)	-	(752,700)	-
Total governmental activities	7,073,026	754,889	48,464	1,197,213	(5,072,460)	-	(5,072,460)	-
Business-type activities:								
Utility	4,144,684	4,250,741	-	180,918	-	286,975	286,975	-
Drainage	104,554	214,486	-	-	-	109,932	109,932	-
Total business-type activities	4,249,238	4,465,227	-	180,918	-	396,907	396,907	-
Total primary government	\$ 11,322,264	\$ 5,220,116	\$ 48,464	\$ 1,378,131	(5,072,460)	396,907	(4,675,553)	-
Component unit:								
Kaufman Economic Development Corporation	\$ 193,724	\$ -	\$ -	\$ -				(193,724)
Total component unit	\$ 193,724	\$ -	\$ -	\$ -				(193,724)
General revenues:								
Property taxes					3,213,811	-	3,213,811	-
Sales taxes					2,354,351	-	2,354,351	784,784
Franchise taxes					432,662	-	432,662	-
Hotel occupancy taxes					45,445	-	45,445	-
Alcoholic beverage taxes					10,749	-	10,749	-
Investment earnings					12,545	20,528	33,073	419
Gain on sale of capital asset					10,321	6,545	16,866	-
Miscellaneous					152,026	1,880	153,906	-
Transfers					41,388	(41,388)	-	-
Total general revenues					6,273,298	(12,435)	6,260,863	785,203
Change in net position					1,200,838	384,472	1,585,310	591,479
Net position - beginning					14,728,734	10,892,997	25,621,731	78,247
Net position - ending					\$ 15,929,572	\$ 11,277,469	\$ 27,207,041	\$ 669,726

The notes to financial statements are an integral part of this statement.

CITY OF KAUFMAN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	General	Grants	Debt Service	Capital Improvements	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$1,075,524	\$ 67,110	\$ 507,966	\$ 1,868,180	\$ 656,659	\$ 4,175,439
Receivables (net of allowance for uncollectibles)	651,575	-	33,576	-	12,998	698,149
Intergovernmental receivables	-	1,122,016	8,977,324	194,562	-	10,293,902
Due from component unit	1,100,000	-	-	-	-	1,100,000
Due from other funds	1,113,950	-	-	-	-	1,113,950
Prepaid items	65,050	-	-	-	-	65,050
Total assets	<u>\$4,006,099</u>	<u>\$ 1,189,126</u>	<u>\$9,518,866</u>	<u>\$ 2,062,742</u>	<u>\$ 669,657</u>	<u>\$ 17,446,490</u>
LIABILITIES						
Accounts payable	\$ 324,709	\$ 185,388	\$ 109	\$ 319,786	\$ 34,987	\$ 864,979
Accrued payroll payable	142,323	-	-	-	-	142,323
Due to other funds	-	1,058,361	-	-	55,589	1,113,950
Due to component unit	130,618	-	-	-	-	130,618
Total liabilities	<u>597,650</u>	<u>1,243,749</u>	<u>109</u>	<u>319,786</u>	<u>90,576</u>	<u>2,251,870</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	56,761	-	30,854	-	-	87,615
Unavailable revenue-grants	-	960,223	8,977,324	194,562	-	10,132,109
Unavailable revenue-other	1,100,000	-	-	-	-	1,100,000
Total deferred inflows of resources	<u>1,156,761</u>	<u>960,223</u>	<u>9,008,178</u>	<u>194,562</u>	<u>-</u>	<u>11,319,724</u>
FUND BALANCES						
Nonspendable:						
Prepaid items	65,050	-	-	-	-	65,050
Restricted:						
Capital projects	-	-	-	1,548,394	-	1,548,394
Public safety	-	-	-	-	173,555	173,555
Public works	-	-	-	-	434,660	434,660
Public service and operations	-	-	-	-	34,315	34,315
Debt service	-	-	510,579	-	-	510,579
Assigned:						
Capital outlay	36,085	-	-	-	-	36,085
Unassigned						
	2,150,553	(1,014,846)	-	-	(63,449)	1,072,258
Total fund balances	<u>2,251,688</u>	<u>(1,014,846)</u>	<u>510,579</u>	<u>1,548,394</u>	<u>579,081</u>	<u>3,874,896</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$4,006,099</u>	<u>\$ 1,189,126</u>	<u>\$9,518,866</u>	<u>\$ 2,062,742</u>	<u>\$ 669,657</u>	<u>\$ 17,446,490</u>

The notes to financial statements are an integral part of this statement.

CITY OF KAUFMAN, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2019

Amounts reported for governmental activities in the statement of net position (page 27) are different because:

Total fund balances - governmental funds (page 29)		\$ 3,874,896
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		30,971,243
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		11,319,724
Deferred outflows of resources are not reported in the governmental funds:		
Deferred outflows of resources related to pension	\$ 782,219	
Deferred outflows of resources related to OPEB	<u>17,928</u>	800,147
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(103,105)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Due within one year	(1,316,045)	
Due in more than one year	<u>(29,570,246)</u>	(30,886,291)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred charges on refunding	(38,732)	
Deferred inflows of resources related to pension	<u>(7,285)</u>	<u>(47,042)</u>
Net position of governmental activities (page 27)		<u>\$ 15,929,572</u>

The notes to financial statements are an integral part of this statement.

CITY OF KAUFMAN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2019

	General	Grants	Debt Service	Capital Improvements	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Property taxes	\$1,903,524	\$ -	\$1,394,711	\$ -	\$ -	\$ 3,298,235
Sales taxes	2,354,351	-	-	-	-	2,354,351
Franchise taxes	432,662	-	-	-	-	432,662
Hotel occupancy taxes	-	-	-	-	45,445	45,445
Alcoholic beverage taxes	10,749	-	-	-	-	10,749
Licenses and permits	319,138	-	-	-	-	319,138
Fines and forfeitures	95,852	-	-	-	5,871	101,723
Charges for services	334,028	-	-	-	-	334,028
Investment earnings	4,596	23	-	3,791	4,135	12,545
Miscellaneous	62,269	-	-	-	89,757	152,026
Intergovernmental	370,515	506,402	703,874	-	13,199	1,593,990
Contributions and donations	3,263	-	-	-	-	3,263
Total revenues	<u>5,890,947</u>	<u>506,425</u>	<u>2,098,585</u>	<u>3,791</u>	<u>158,407</u>	<u>8,658,155</u>
EXPENDITURES						
Current:						
General government	1,180,194	-	-	-	37,826	1,218,020
Public safety	2,568,476	4,029	-	-	43,499	2,616,004
Public works	783,099	1,548,606	-	-	14,000	2,345,705
Public services and operations	411,326	-	-	-	67,734	479,060
Parks and recreation	377,836	-	-	-	-	377,836
Debt service:						
Principal retirement	416,281	-	1,307,536	-	-	1,723,817
Interest and fiscal charges	26,048	-	761,276	-	-	787,324
Capital outlay:						
Public works	-	-	-	1,986,602	-	1,986,602
Total expenditures	<u>5,763,260</u>	<u>1,552,635</u>	<u>2,068,812</u>	<u>1,986,602</u>	<u>163,059</u>	<u>11,534,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>127,687</u>	<u>(1,046,210)</u>	<u>29,773</u>	<u>(1,982,811)</u>	<u>(4,652)</u>	<u>(2,876,213)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	371,225	131,000	100,000	-	24,627	626,852
Transfers out	(124,627)	(351,679)	(107,305)	-	(1,853)	(585,464)
Capital leases	-	-	107,305	-	-	107,305
Sale of capital assets	1,020	-	-	-	9,301	10,321
Total other financing sources (uses)	<u>247,618</u>	<u>(220,679)</u>	<u>100,000</u>	<u>-</u>	<u>32,075</u>	<u>159,014</u>
Net change in fund balances	375,305	(1,266,889)	129,773	(1,982,811)	27,423	(2,717,199)
Fund balances-beginning, as restated	<u>1,876,383</u>	<u>252,043</u>	<u>380,806</u>	<u>3,531,205</u>	<u>551,658</u>	<u>6,592,095</u>
Fund balances-ending	<u>\$2,251,688</u>	<u>\$ (1,014,846)</u>	<u>\$ 510,579</u>	<u>\$ 1,548,394</u>	<u>\$579,081</u>	<u>\$ 3,874,896</u>

The notes to financial statements are an integral part of this statement.

CITY OF KAUFMAN, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2019

Amounts reported for governmental activities in the statement of activities (page 28) are different because:

Net Change in Fund Balances - total governmental funds (page 31)	\$ (2,717,199)
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Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current period.	3,704,825
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Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(1,054,379)
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The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Certificates of obligation retirement	\$ 90,000	
General obligation bonds retirement	324,400	
Pass through bond retirement	315,000	
Amortization of bond premiums/discounts	(1,129)	
Amortization of deferred charge on refunding	14,994	
Note payable retirement	518,135	
Tax anticipation note retirement	60,000	
Development agreement payable retirement	339,000	
Capital lease issued	(107,305)	
Capital lease retirement	77,282	1,630,377

Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	20,415
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(544,673)
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Pension and OPEB contributions are recorded as expenditures in the governmental funds. However, in the statement of activities, these contributions are converted to the full accrual pension and OPEB amounts.

Deferred outflows/inflows of resources related to pension	708,908	
Deferred outflows/inflows of resources related to pension OPEB	4,178	713,086

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(9,537)	
Net pension liability	(524,683)	
OPEB liability	(17,394)	(551,614)

Change in net position of governmental activities (page 28)	\$ 1,200,838
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The notes to financial statements are an integral part of this statement.

CITY OF KAUFMAN, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-type Activities - Enterprise		
	Utility	Drainage	Total Enterprise Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,722,269	\$ 245,589	\$ 1,967,858
Restricted cash and cash equivalents	173,871	67,556	241,427
Receivables (net of allowance for uncollectibles)	673,904	16,501	690,405
Inventories	67,392	-	67,392
Prepaid items	6,694	-	6,694
Total current assets	2,644,130	329,646	2,973,776
Noncurrent Assets:			
Restricted cash and cash equivalents	3,716,774	8,674	3,725,448
Capital assets (net, where applicable of accumulated depreciation)	12,812,184	1,698,627	14,510,811
Total noncurrent assets	16,528,958	1,707,301	18,236,259
Total assets	19,173,088	2,036,947	21,210,035
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	104,070	-	104,070
Deferred outflows of resources related to pension	248,521	22,953	271,474
Deferred outflows of resources related to OPEB	5,838	386	6,224
Total deferred outflows of resources	358,429	23,339	381,768
LIABILITIES			
Current Liabilities:			
Accounts payable	158,860	33,702	192,562
Accrued payroll payable	39,688	3,590	43,278
Compensated absences	25,326	2,162	27,488
Customer deposits payable	120,390	-	120,390
Bonds payable	485,000	-	485,000
Capital lease payable	35,526	-	35,526
Development agreement payable	15,000	-	15,000
Accrued interest payable	27,787	5,512	33,299
Current liabilities payable from restricted assets:			
Accounts payable	100,877	18,999	119,876
Retainage payable	72,994	48,557	121,551
Total current liabilities	1,081,448	112,522	1,193,970
Noncurrent Liabilities:			
Bonds payable	6,983,318	1,198,674	8,181,992
Capital lease payable	36,539	-	36,539
Development agreement payable	105,000	-	105,000
Net pension liability	695,317	46,012	741,329
OPEB liability	50,155	2,972	53,127
Total noncurrent liabilities	7,870,329	1,247,658	9,117,987
Total liabilities	8,951,777	1,360,180	10,311,957
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	1,051	1,125	2,176
Deferred inflows of resources related to OPEB	171	30	201
Total deferred inflows of resources	1,222	1,155	2,377
NET POSITION			
Net investment in capital assets	8,687,441	508,628	9,196,069
Restricted for infrastructure improvements	99,173	-	99,173
Restricted for debt service	186,031	-	186,031
Unrestricted	1,605,873	190,323	1,796,196
Total net position	\$ 10,578,518	\$ 698,951	\$ 11,277,469

The notes to financial statements are an integral part of this statement.

CITY OF KAUFMAN, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2019

	Business-type Activities - Enterprise		
			Total Enterprise Funds
	Utility	Drainage	
Operating revenues:			
Water revenue	\$ 2,582,565	\$ -	\$ 2,582,565
Sewer revenue	1,530,001	-	1,530,001
Drainage revenue	-	212,925	212,925
Rental	28,292	-	28,292
Miscellaneous	109,883	1,561	111,444
Total operating revenues	<u>4,250,741</u>	<u>214,486</u>	<u>4,465,227</u>
Operating expenses:			
Personnel services	870,252	73,912	944,164
Supplies and materials	66,103	-	66,103
Maintenance and repair	274,424	30,642	305,066
Contractual services	1,718,266	-	1,718,266
Depreciation	940,908	-	940,908
Total operating expenses	<u>3,869,953</u>	<u>104,554</u>	<u>3,974,507</u>
Operating income	<u>380,788</u>	<u>109,932</u>	<u>490,720</u>
Nonoperating revenue (expenses):			
Investment earnings	20,528	-	20,528
Gain on sale of capital asset	6,545	-	6,545
Insurance proceeds	1,880	-	1,880
Interest expense	(230,814)	(43,917)	(274,731)
Total nonoperating revenue (expenses)	<u>(201,861)</u>	<u>(43,917)</u>	<u>(245,778)</u>
Income before contributions and transfers	178,927	66,015	244,942
Capital contributions	180,918	-	180,918
Transfer in	-	351,679	351,679
Transfer out	<u>(382,391)</u>	<u>(10,676)</u>	<u>(393,067)</u>
Change in net position	(22,546)	407,018	384,472
Net position-beginning	10,601,064	291,933	10,892,997
Net position-ending	<u>\$ 10,578,518</u>	<u>\$ 698,951</u>	<u>\$ 11,277,469</u>

The notes to financial statements are an integral part of this statement.

CITY OF KAUFMAN, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2019

	Business-type Activities - Enterprise		
	Utility	Drainage	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 4,179,817	\$ 215,322	\$ 4,395,139
Payments to suppliers and service providers	(2,131,514)	(4,563)	(2,136,077)
Payments to employees for salaries and benefits	(949,643)	(77,595)	(1,027,238)
Net cash provided by (used for) operating activities	1,098,660	133,164	1,231,824
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	351,679	351,679
Transfers to other funds	(382,391)	(10,676)	(393,067)
Net cash provided by (used for) noncapital financing activities	(382,391)	341,003	(41,388)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,473,677)	(1,409,011)	(2,882,688)
Capital contributions	46,823	-	46,823
Proceeds from sale of capital assets	6,545	-	6,545
Insurance proceeds	1,880	-	1,880
Principal paid on bond maturities	(435,600)	(45,000)	(480,600)
Interest and fiscal charges paid on bonds	(223,361)	(44,135)	(267,496)
Principal paid on development agreement	(15,000)	-	(15,000)
Principal paid on leased assets	(34,541)	-	(34,541)
Interest paid on leased assets	(3,038)	-	(3,038)
Net cash provided by (used for) capital and related financing activities	(2,129,969)	(1,498,146)	(3,628,115)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	20,528	-	20,528
Net cash provided by investing activities	20,528	-	20,528
Net increase (decrease) in cash and cash equivalents	(1,393,172)	(1,023,979)	(2,417,151)
Cash and cash equivalents October 1 (including \$6,587,088 reported in restricted accounts)	7,006,086	1,345,798	8,351,884
Cash and cash equivalents September 30 (including \$3,966,875 reported in restricted accounts)	\$ 5,612,914	\$ 321,819	\$ 5,934,733
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 380,788	\$ 109,932	\$ 490,720
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	940,908	-	940,908
(Increase) decrease in accounts receivable	(73,406)	836	(72,570)
(Increase) decrease in inventory	(37,180)	-	(37,180)
(Increase) decrease in prepaid items	(3,892)	-	(3,892)
(Increase) decrease in pension related deferred outflows/inflows	(223,565)	(18,234)	(241,799)
(Increase) decrease in OPEB related deferred outflows/inflows	(1,215)	(96)	(1,311)
Increase (decrease) in accounts payable	(31,649)	26,079	(5,570)
Increase (decrease) in accrued payroll payable	5,208	933	6,141
Increase (decrease) in compensated absences	2,641	180	2,821
Increase (decrease) in customer deposits	2,482	-	2,482
Increase (decrease) in net pension liability	131,876	13,159	145,035
Increase (decrease) in net OPEB liability	5,664	375	6,039
Total adjustments	717,872	23,232	741,104
Net cash provided by (used for) operating activities	\$ 1,098,660	\$ 133,164	\$ 1,231,824
Schedule of non-cash transactions:			
Capital assets purchased on account	\$ 173,871	\$ 67,556	\$ 241,427
Capital contributions	\$ 134,097	\$ -	\$ 134,097

The notes to financial statements are an integral part of this statement.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

The City of Kaufman, Texas (the "City") was incorporated in 1853, and operates under a Council-Manager form of government. The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the City is required to consider other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component unit.

Discretely presented component unit. The Corporation described below is included in the City's reporting entity because the City appoints the governing body and the Corporation is fiscally dependent on the City. The Corporation is reported as a discretely presented component unit since the governing body is not substantively the same as the governing body of the City, and they provides services to the citizens of Kaufman and the surrounding area as opposed to only the primary government. To emphasize that it is separate from the City, it is reported in a separate column in the financial statements.

The *Kaufman Economic Development Corporation* (the "Corporation") is responsible for collecting and disbursing the one-half percent sales tax to be used for economic development within the City. The members of the Corporation's board are appointed by the City. The City can impose its will on the Corporation by significantly influencing the program, projects, activities, or level of service performed by the Corporation. The Corporation is presented as a governmental fund type and has a September 30 year end.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Reporting entity (continued)

Separately issued financial reports are available for the Corporation. This report may be obtained by contacting the following office.

City of Kaufman
3003 S. Washington
Kaufman, Texas 75142

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the City has a discretely presented component unit. The Economic Development Corporation is considered to be a major component unit and is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of presentation – fund financial statements (continued)

The *capital improvements fund* accounts for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *grants fund* accounts for grants received from the federal, state and local governments.

The City reports the following major enterprise fund:

The *utility fund* accounts for the activities of the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

The *drainage fund* accounts for the drainage operations that are to be self-supporting through user charges.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement focus and basis of accounting (continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of one year or less from the date of acquisition.

2. Investments

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in TexPool. In accordance with state law, TexPool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, TexPool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. TexPool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

The State Comptroller of Public Accounts oversees TexPool. Federated Investors is the full service provider to the pools managing the assets, providing participant services, and arranging for all custody and other functions in support of the pools operations under a contract with the Comptroller.

TexPool is managed conservatively to provide a safe, efficient, and liquid investment alternative to Texas governments. The pools seek to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds. TexPool is rated AAAm by Standard & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool, like its participants, is governed by the Texas Public Funds Investment Act, and is in full compliance with the Act.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

3. *Restricted assets*

Certain proceeds of the City's enterprise funds general obligation bonds are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "infrastructure improvements" account is used to segregate resources from impact fees for infrastructure improvements.

4. *Inventories and prepaid items*

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. *Capital assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the government constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value at the date of donation.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period. The amount of interest capitalized depends on the specific circumstances.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	10-50
Improvements	7-30
Machinery and equipment	5-15
Infrastructure	30-50

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources reported in this year's financial statements include (1) deferred outflows of resources for contributions made to the City's defined benefit pension plan and OPEB plan between the measurement date of the net pension liabilities from that plan and the end of the City's fiscal year, (2) a deferred outflow of resources for the difference between expected and actual experience data used by the actuary for the OPEB plan, (3) a deferred outflow of resources related to the changes in actuarial assumptions of the City's defined benefit pension plan, (4) deferred outflow of resources related to the differences between the projected and actual investment earnings for the City's multiple-employer defined benefit plan, and (5) deferred charge on refunding. Deferred outflows for pension contributions will be recognized in the subsequent fiscal year. Deferred outflows of resources for the difference between expected and actual experience data is attributed to OPEB expense over a total of 5.71 years, including the current year. Deferred outflows for changes in actuarial assumptions is attributed to pension expense over a total of 1 year. The differences between the projected and actual investment earnings are attributed to pension expense over a total of 5 years, including the current year. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. No deferred outflows of resources affect the governmental funds financial statements in the current year.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the City's various statements of net position for (1) the difference between expected and actual experience data used by the actuary for the pension plan, (2) a deferred outflow of resources related to changes in actuarial assumptions of the City's OPEB plan, and (3) deferred charge on refunding. Deferred inflows of resources for the difference between expected and actual experience data is attributed to pension expense over a total of 3.34 years, including the current year. Deferred outflows for changes in actuarial assumptions is attributed to OPEB expense over a total of 5.71 years. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The City will not recognize the related revenues until they are available (collected not later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenue from property taxes is reported in the governmental funds balance sheet.

7. Long-term obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Net position flow assumption

Net position represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

Net investment in capital assets —This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position —This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position —This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

9. Fund balance flow assumption

The governmental fund financial statements present fund balance categorized based on the nature and extent of the constraints placed on the specific purposes for which a government's funds may be spent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance —amounts that are not in spendable form (such as inventories and prepaid items) or are required to be maintained intact.

Restricted fund balance —amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance —amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned fund balance —amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

Unassigned fund balance— amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned. Positive balances are reported only in the general fund.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

It is the long-term goal of the City to maintain a minimum unassigned fund balance in the General Fund equal to three months of the annually budgeted expenditures. The City will appropriate one percent (1%) of each year's General Fund budgeted expenditures until the identified goal is met.

10. Deficit fund equity

As of September 30, 2019, the Court Technology fund, a nonmajor governmental fund, has a deficit net position of \$23,650.

As of September 30, 2019, the Public Improvements District fund, a nonmajor governmental fund, has a deficit net position of \$39,799.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Revenues and expenditures/expenses

1. *Program revenues*

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. *Property taxes*

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property. Appraised values are established by the Kaufman County Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. The Kaufman County Tax Assessor/Collector bills and collects the City's property taxes, which are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Over time substantially all property taxes are collected.

3. *Compensated absences*

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from City service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Vacation leave shall be taken during the year following its accumulation.

4. *Proprietary funds operating and nonoperating revenues and expenses*

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility and nonmajor enterprise funds are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Revenues and expenditures/expenses (continued)

5. *Pensions and Other Post Employment Benefits (OPEB)*

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 75 requires recognition of the Total OPEB Liability (TOL), deferred (inflows)/outflows of resources, and total OPEB expense on the face of the employer's financial statements. The TOL is calculated by the System's actuary in accordance with the provisions of GASB 75. The OPEB expense and deferred (inflows)/outflows of resources related to OPEB, which are required to be reported by an employer, primarily result from changes in the components of the TOL. Most changes in the TOL will be included in OPEB expense in the period of the change. For example, changes in the TOL resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in OPEB expense immediately. Changes in the TOL that have not been included in OPEB expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to OPEB.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of actual expenditures over budget in individual fund

The General Fund had an excess of actual expenditures over budget by \$42,298. This excess was funded by transfers in.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash deposits with financial institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by State statutes at September 30, 2019. At year end, the bank balance of the City's deposits was \$9,694,442. Of the bank balance, \$500,000 was covered by federal depository insurance and the remaining balance, \$9,194,442, was covered by collateral pledged in the City's name. The collateral was held in the City's name by the safekeeping department of the pledging bank's agent and had a fair value of approximately \$14,805,000.

B. Investments

Public funds of the City may be invested in 1) obligations of the United States of America, its agencies and instrumentalities; 2) certificates of deposit; 3) fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities; 4) money market mutual funds; and 5) local government investment pools.

The State Treasurer's Investment Pool (TexPool) operates in accordance with state law, which requires it to meet all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. See note 1.F.2, *Investments*, for a discussion of how the shares in the Pool are valued. The Pool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

<u>Investment Type</u>	<u>Fair Value</u>
TexPool	<u>\$ 393,990</u>

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of September 30, 2019, the City's investment in TexPool was rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of credit risk. The City's investment policy contains no limitations on the amount that can be invested in any one issuer.

TexPool is considered a cash equivalent on the Government-wide Statement of Net Position and on the Balance Sheets of the Fund Financial Statements.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

C. Restricted assets

The balances of the restricted asset accounts in the Utility fund are as follows:

	Utility	Drainage	Total
Revenue bond current debt service account	\$ 186,031	\$ -	\$ 186,031
Revenue bond construction	3,605,441	76,230	3,681,671
Infrastructure improvements	99,173	-	99,173
	<u>\$ 3,890,645</u>	<u>\$ 76,230</u>	<u>\$ 3,966,875</u>

D. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general, debt service, nonmajor governmental, utility, and nonmajor enterprise funds, including the applicable allowances for uncollectible accounts:

Receivables:	General	Debt Service	Nonmajor Governmental	Utility	Drainage	Total
Taxes	\$ 663,718	\$ 46,057	\$ -	\$ -	\$ -	\$ 709,775
Accounts	40,349	-	-	739,524	18,583	798,456
Other	30	-	12,998	-	-	13,028
Gross receivables	<u>704,097</u>	<u>46,057</u>	<u>12,998</u>	<u>739,524</u>	<u>18,583</u>	<u>1,521,259</u>
Less: allowance for uncollectibles	(52,522)	(12,481)	-	(65,620)	(2,082)	(132,705)
Net total receivables	<u>\$ 651,575</u>	<u>\$ 33,576</u>	<u>\$ 12,998</u>	<u>\$ 673,904</u>	<u>\$ 16,501</u>	<u>\$ 1,388,554</u>

E. Intergovernmental receivables

The Texas Department of Transportation ("TxDOT") has entered into a contract with the City to reimburse the City for a portion of the costs associated with the State Highway 34 re-alignment project ("SH34"). The maximum amount to be reimbursed totals \$11,047,887. The City issued debt in the amount of \$8,250,000 to fund these highway improvements. After completion of the work, the State of Texas shall be responsible for the maintenance of the state highway system, therefore, the costs associated with the SH34 have been expensed rather than capitalized by the City. The balance due as of September 30, 2019 was \$9,792,111.

Kaufman County ("County") has entered into a contract with the City to reimburse the City for costs associated with the County Road 151 utility and road improvements. Under the agreement, the County agreed to reimburse the City for construction costs. The balance due as of September 30, 2019 was \$194,592.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

F. Kaufman Economic Development Corporation receivables

On May 19, 2015, the City entered into an agreement with the Kaufman Economic Development Corporation (Corporation) to provide for the construction of the State Highway 34 re-alignment. Under the agreement the Corporation agrees to pay \$100,000 per year beginning in fiscal year 2015 for a total of sixteen payments towards the project. The funds to be repaid at September 30, 2019 totaled \$1,100,000.

G. Capital assets

Capital asset activity for the year ended September 30, 2019, was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,593,109	\$ 5	\$ -	\$ 1,593,114
Construction in progress	12,599,207	3,531,478	(11,208,517)	4,922,168
Total capital assets not being depreciated	14,192,316	3,531,483	(11,208,517)	6,515,282
Capital assets being depreciated:				
Buildings	3,611,600	6,818,362	-	10,429,962
Machinery and equipment	2,979,441	173,342	-	3,152,783
Infrastructure	13,684,987	4,390,155	-	18,075,142
Totals capital assets being depreciated	20,276,028	11,381,859	-	31,657,887
Less accumulated depreciation for:				
Buildings	(1,363,528)	(230,557)	-	(1,594,085)
Machinery and equipment	(1,880,782)	(188,075)	-	(2,068,857)
Infrastructure	(2,903,237)	(635,747)	-	(3,538,984)
Total accumulated depreciation	(6,147,547)	(1,054,379)	-	(7,201,926)
Total capital assets, being depreciated, net	14,128,481	10,327,480	-	24,455,961
Governmental activities capital assets, net	<u>\$ 28,320,797</u>	<u>\$ 13,858,963</u>	<u>\$ (11,208,517)</u>	<u>\$ 30,971,243</u>

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental activities:

General government	\$ 70,799
Public safety	186,741
Public works	666,359
Parks and recreational	130,480
Total depreciation expense - governmental activities	<u>\$ 1,054,379</u>

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

G. Capital assets (continued)

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 549,375	\$ -	\$ -	\$ 549,375
Construction in progress	1,483,420	2,722,367	-	4,205,787
Total capital assets not being depreciated	2,032,795	2,722,367	-	4,755,162
Capital assets being depreciated:				
Buildings	7,968,972	-	-	7,968,972
Improvements	15,147,997	214,499	-	15,362,496
Machinery and equipment	1,459,312	92,031	(78,281)	1,473,062
Total capital assets being depreciated	24,576,281	306,530	(78,281)	24,804,530
Less accumulated depreciation for:				
Buildings	(5,869,754)	(217,349)	-	(6,087,103)
Improvements	(7,459,569)	(587,409)	-	(8,046,978)
Machinery and equipment	(856,931)	(136,150)	78,281	(914,800)
Total accumulated depreciation	(14,186,254)	(940,908)	78,281	(15,048,881)
Total capital assets being depreciated, net	10,390,027	(634,378)	-	9,755,649
Business-type capital assets, net	<u>\$ 12,422,822</u>	<u>\$ 2,087,989</u>	<u>\$ -</u>	<u>\$ 14,510,811</u>

Depreciation expense was charged to the functions/programs of the business-type activities of the primary government as follows:

Business-type activities:

Utility	<u>\$ 940,908</u>
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H. Construction commitments

The City has active construction projects as of September 30, 2019. The projects include street improvements, community center, water and sewer improvements, and drainage improvements. At year end, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Street improvements	\$ 4,224,868	\$ 966,910
Community center	155,365	75,585
Water and sewer improvements	1,763,592	895,810
Drainage improvements	1,624,977	99,593
	<u>\$ 7,768,802</u>	<u>\$ 2,037,898</u>

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

H. Construction commitments (continued)

The street improvements and community center projects are commitments of the City's Capital Improvement and Grants funds. The projects are being funded by general obligation bonds, certificates of obligation, and grant proceeds.

The water and sewer improvements and drainage improvements are commitments of the City's Utility fund and Drainage fund. The projects are being funded by general obligation bonds, certificates of obligation, and grant proceeds.

I. Other significant commitments

The City entered into a contract with the North Texas Municipal Water District on July 24, 2014. The City agreed to take or pay for at least 440,188,000 gallons of water annually. The rate paid for the fiscal year ended September 30, 2019 was 2.97 cents per thousand gallons. The contract shall continue in force and effect for twenty years.

Actual payments for the year ended September 30, 2019 were \$1,366,167.

The City created a tax increment reinvestment zone (the "Zone") to fund a series of infrastructure improvements, which are needed to incentivize and accelerate the rate of development in the Zone. On April 24, 2017, the City authorized the execution of a development agreement with JWS Land, Ltd. ("Company"). Under the agreement (Public Improvements TIF Agreement) the Company is to design and construct public improvements in the Zone. Following completion of the public improvements with funding provided by the Company, the City shall acquire the public improvements and reimburse the acquisition funding by the use of tax increment reinvestment zone funds. As of September 30, 2019 the unreimbursed costs due the Company totaled \$7,004,577.

On December 18, 2017, the City authorized the execution of a development agreement with JWS Land, Ltd. ("Company"). Under the agreement (TIF Purchase Agreement) the Company has agreed to sell to the City a 4.51 acre tract of real property located within the Zone. Payments shall be made to the Company through the use of tax increment reinvestment zone funds. As of September 30, 2019 the unreimbursed costs due the Company totaled \$638,004.

On December 18, 2017, the City authorized the execution of a development agreement with JWS Land, Ltd. ("Company"). Under the agreement (Developer Reimbursement Agreement) the Company has agree to develop and construct a subdivision within the Zone. Following completion of the subdivision the City shall reimburse the Developer for approved project costs through the use of tax increment reinvestment zone funds. As of September 30, 2019 the unreimbursed costs due the Company totaled \$0.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

I. Other significant commitments (continued)

On November 13, 2018, the City authorized the execution of a development agreement with Georgetown KF, Ltd. ("Developer"). Under the agreement (Park Improvement Fee Reimbursement Agreement) the Developer has agree to pay a one-time Park Improvement Fee to the City in the amount of \$1,470,750. The City shall reimburse the Developer for the fee through the use of tax increment reinvestment zone funds. As of September 30, 2019 the unreimbursed amounts due the Company totaled \$0.

Under the terms of the agreements, disbursement of tax increment reinvestment zone funds shall be made for the following purposes and in the following priority: (1) to reimburse the City for administrative costs; (2) to reimburse the Developer under the Developer Reimbursement Agreement; (3) to reimburse the Developer under the Public Improvements TIF Agreement; (4) to pay the Developer under the TIF Purchase Agreement; and (5) to reimburse the Developer under the Park Improvement Fee Reimbursement Agreement.

On May 28, 2019, the City authorized the execution of a development agreement with Lions Den Self Storage, LLC-Highway 175 Series ("Developer"). Under the agreement the Developer has agree to construct public improvements within the Zone. Following completion of the improvements the City shall reimburse the Developer for approved project costs through the use of tax increment reinvestment zone funds. As of September 30, 2019 the unreimbursed costs due the Company totaled \$0.

On November 13, 2018, the City authorized the creation a Kaufman Public Improvement District No.1 (the "District") to fund a series of infrastructure improvements, which are needed to incentivize and accelerate the rate of development in the District. On August 5, 2019, the City authorized the execution of a development agreement with Georgetown KF, Ltd. ("Developer"). Under the agreement the Developer is to design and construct public improvements in the District. Following completion of the public improvements with funding provided by the Developer, the City shall acquire the public improvements and reimburse the Developer for budgeted public improvement construction costs in the amount of \$3,380,000 with the use of bond proceeds. As of September 30, 2019 the no reimbursements were due to the Developer.

The City entered into a contract with Kaufman County to operate and maintain a consolidated county-wide public health and safety communication facility. Population from census data is used to calculate the City's annual projected cost. The term of the agreement extends to September 30, 2019 but shall continue in full force and effect thereafter, provided the City may withdraw on one year notice. Actual payments for the year ended September 30, 2019 were \$8,385.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

J. Tax abatements

The City has two programs through which tax abatements are provided:

The City is authorized by Texas Tax Code Chapter 312 Property Redevelopment and Tax Abatement Act (Tax Abatement Act) to enter into property tax abatement agreements as an economic development tool available to cities to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions or reductions. Tax abatements up to one-hundred percent of property tax on the value of the property improvement with a duration of up to ten years, may be established upon property within the City or the extra-territorial jurisdiction of the City. The threshold criteria used for the abatement include adding a minimum of ten full-time employees and adding at least \$1,000,000 to the tax rolls. The City recaptures any and all property tax revenue lost as a result of the agreement if the owner of the property fails to complete, make, and maintain the threshold criteria. The City Council establishes the criteria and guidelines that govern all tax abatement agreements including the percentage amount and duration of the tax abatement, which is not to exceed ten years. The market value of the property is reduced by the exempted amount under the agreement to arrive at the taxable value used to bill the property owner.

<u>Tax Abatement Program</u>	<u>Amount Abated</u>
Tax Abatement Act	<u>\$ 8,385</u>

On August 9, 2016, the City entered into a performance agreement to make annual grant payments equal to eighty percent of the ad valorem property tax paid by KLLM Transport Services, LLC., for a period of ten years to relocate their transportation business to the City of Kaufman. The incentive period began for the tax year 2018. The abatement amount totaled \$132,437 for the fiscal year ended September 30, 2019.

K. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

L. Lease obligations

1. Capital lease (as lessee)

The City is currently purchasing equipment under lease purchase agreements. The interest on the leases range from 2.49-4.75%.

The assets acquired through capital leases are as follows:

<u>Asset</u>	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 621,480	\$ 140,191
Less: accumulated depreciation	(201,754)	(76,485)
Total	<u>\$ 419,726</u>	<u>\$ 63,706</u>

Annual debt service requirements to maturity are as follows –

<u>Year Ending September 30</u>	Capital Lease Obligations			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 113,672	\$ 11,326	\$ 35,526	\$ 2,054
2021	117,656	7,343	36,539	1,044
2022	85,206	3,225	-	-
	<u>\$ 316,534</u>	<u>\$ 21,894</u>	<u>\$ 72,065</u>	<u>\$ 3,098</u>

M. Long-term liabilities

Certificates of Obligation

The City issues certificates of obligation to provide funds for the acquisition, construction and maintenance of major capital facilities. Certificates of obligation have been issued for governmental and business-type activities. Certificates of obligation are direct obligations and pledge the full faith and credit of the government. Certificates of obligation outstanding at September 30, 2019 are as follows:

Governmental Activities:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2014	\$ 1,045,000	2/15/2034	2.0-4.0	\$ 840,000
2016B	1,250,000	2/15/2036	2.75-4.0	1,130,000
Total				<u>\$ 1,970,000</u>

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

Business-type Activities:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2011	\$ 880,000	2/15/2027	2.0-3.0	\$ 595,000
2016A	3,990,000	2/15/2036	2.0-3.0	3,530,000
2016B	880,000	2/15/2036	2.75-4.0	795,000
2018	1,430,000	2/15/2038	3.25-5.0	1,420,000
2018	1,240,000	2/15/2038	3.25-5.0	1,195,000
Total				<u><u>\$ 7,535,000</u></u>

The debt service requirements for the City's certificates of obligation are as follows:

Year Ending September 30	Certificates of Obligation			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 90,000	\$ 63,220	\$ 315,000	\$ 226,980
2021	90,000	60,408	330,000	217,555
2022	95,000	57,270	335,000	207,780
2023	100,000	54,095	395,000	196,630
2024	105,000	51,021	410,000	184,030
2025-2029	585,000	204,647	2,105,000	726,764
2030-2034	720,000	97,244	2,235,000	408,828
2035-2038	185,000	6,281	1,410,000	74,212
	<u><u>\$ 1,970,000</u></u>	<u><u>\$ 594,186</u></u>	<u><u>\$ 7,535,000</u></u>	<u><u>\$ 2,242,779</u></u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition, construction and maintenance of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding at September 30, 2019 are as follows:

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

Governmental Activities:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2011 - Refunding	\$ 1,275,000	2/15/2022	2.0-2.5	\$ 315,000
2016 - Refunding	275,000	2/15/2022	1.5-2.15	140,000
2016	1,000,000	2/15/2036	2.75	965,000
2017	3,200,000	2/15/2037	3.7	3,175,000
2017A	6,630,000	2/15/2057	2.375	6,485,000
Total				<u><u>\$11,080,000</u></u>

Business-type Activities:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2011 - Refunding	\$ 600,000	2/15/2022	3.0	\$ 160,000
2016 - Refunding	1,180,000	2/15/2027	1.5-2.15	835,000
Total				<u><u>\$ 995,000</u></u>

The debt service requirements for the City's general obligation bonds are as follows:

Year Ending September 30	General Obligation Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 350,000	\$ 304,529	\$ 170,000	\$ 18,995
2021	355,000	294,998	180,000	15,233
2022	360,000	285,724	175,000	11,408
2023	290,000	276,697	125,000	8,720
2024	290,000	268,351	130,000	5,720
2025-2029	1,640,000	1,197,417	215,000	4,790
2030-2034	2,320,000	914,379	-	-
2035-2039	1,680,000	560,829	-	-
2040-2044	900,000	398,918	-	-
2045-2049	1,005,000	285,294	-	-
2050-2054	1,140,000	158,485	-	-
2055-2057	750,000	27,046	-	-
	<u><u>\$ 11,080,000</u></u>	<u><u>\$ 4,972,667</u></u>	<u><u>\$ 995,000</u></u>	<u><u>\$ 64,866</u></u>

Pass-Through Toll Revenue and Limited Tax Bonds

The City issues pass-through toll revenue and limited tax bonds to provide funds for the design, development, construction and relocation of SH 34. Pass-through toll revenue and limited tax bonds have been issued for the governmental activities. Pass-through toll revenue and limited tax bonds outstanding at September 30, 2019 are as follows:

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

Governmental Activities:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2014	\$ 8,255,000	8/15/2036	2.0-4.0	<u>\$ 7,325,000</u>

The debt service requirements for the City's pass through bonds are as follows:

<u>Year Ending September 30</u>	<u>Pass Through Bonds</u>	
	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 325,000	\$ 251,306
2021	330,000	244,806
2022	340,000	236,556
2023	345,000	228,056
2024	360,000	217,706
2025-2029	1,950,000	918,181
2030-2034	1,995,000	567,675
2035-2036	1,680,000	102,200
	<u>\$ 7,325,000</u>	<u>\$ 2,766,486</u>

Notes Payable

Notes payable currently outstanding and reported as a liability of the City's governmental activities are:

The City received a loan from State Infrastructure Bank for \$4,500,000 to fund the City's portion of the State Highway 34 re-alignment project in July 2014. The loan will be repaid in 17 annual installments, with the first principal payment due in July 2018. Interest payments are to be made annually beginning July 2015 at an interest rate of 3%. The balance due at September 30, 2019 was \$4,033,583.

The City entered into an agreement with Kaufman County ("County") to help pay for the State Highway 34 re-alignment project. The City is to be reimbursed by the Texas Department of Transportation ("TxDOT") for 80% of the cost of the project and has agreed to reimburse the County 39.99% of the amount received from TxDOT. The balance due at September 30, 2019 was \$3,589,977.

The payment of this note will not begin until the project is completed and traffic flows on the roadway. The monies from TxDOT will be based on the number of vehicles that use the roadway; therefore, the payment amount to the County will be calculated on the monies received. At this time, there is not a timeline of payments to be expected to be made by TxDOT or the City.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

The debt service requirements for the City's notes payable are as follows:

Year Ending September 30	Notes Payable **	
	Governmental Activities	
	Principal	Interest
2020	\$ 243,755	\$ 124,107
2021	251,068	115,595
2022	258,600	106,813
2023	266,358	98,405
2024	274,349	90,414
2025-2029	1,500,251	323,563
2030-2033	1,239,202	88,550
	<u>\$ 4,033,583</u>	<u>\$ 947,447</u>

** Does not include note payable in the amount of \$3,589,977 that does not have a repayment schedule.

Tax Anticipation Note

Tax anticipation note payable currently outstanding and reported as a liability of the City's governmental activities consist of:

The Tax Anticipation Note, Series 2015, with an interest rate of 2.00 percent, was issued on December 22, 2015, for \$365,000, and matures on February 15, 2022. The proceeds were utilized for the public purpose of paying costs of constructing, installing and equipping municipal park improvements, acquiring computer equipment and software for the Development Services department and vehicles and equipment for the Public Works and Police Departments, renovation to existing municipal buildings including City Hall and Police building and Fire Department building, street and road improvements and improvements, storm drainage improvements, extensions and additions to the City's waterworks and sewer system (the "Project"), and to pay the costs of issuance incurred in connection with the issuance of the Note.

The debt service requirements for the City's tax anticipation note payable is as follows:

Year Ending September 30	Tax Anticipation Note	
	Governmental Activities	
	Principal	Interest
2020	\$ 60,000	\$ 3,100
2021	60,000	1,900
2022	65,000	650
	<u>\$ 185,000</u>	<u>\$ 5,650</u>

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

Development Agreements Payable

Development agreements payable currently outstanding and reported as a liability of the City's business-type activities consist of:

A Chapter 380 Partnership Agreement with the First Baptist Church of Kaufman for the construction of public improvements to the City's water system. Under the agreement the City agreed to reimburse the Church \$150,000 for construction of these improvements over ten years. Payments will commence on the first day of the first month following the first anniversary date of the issuance of the first certificate of occupancy and continue for a total of ten years.

The development agreements payable currently outstanding and reported as a liability of the City's business-type activities at September 30, 2019 totaled \$120,000. The amount due within one year totals \$15,000.

The debt service requirements for the City's development agreements payable are as follows:

Year Ending September 30	Development Agreement Payable Business- Type Activities Principal
2020	\$ 15,000
2021	15,000
2022	15,000
2023	15,000
2024	15,000
2025-2027	45,000
	\$ 120,000

Compensated Absences

Compensated absences represent the estimated liability for employees' paid time off benefits for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund, Utility Fund and nonmajor enterprise fund based on the assignment of an employee at termination.

Net Pension Liability

The net pension liability represents the liability for employees' for projected pension benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service less the amount of the pension plan's fiduciary net position.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

Other Post-Employment Benefit Liability (OPEB)

The total OPEB liability represents the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Statement No. 75.

Changes in Long-term Liabilities

Changes in the City's long-term liabilities for the year ended September 30, 2019 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Certificates of obligation	\$ 2,060,000	\$ -	\$ (90,000)	\$ 1,970,000	\$ 90,000
General obligation bonds	11,404,400	-	(324,400)	11,080,000	350,000
Pass through bonds	7,640,000	-	(315,000)	7,325,000	325,000
Less deferred amounts:					
For issuance discounts	(31,338)	-	1,814	(29,524)	-
For issuance premium	2,877	-	(685)	2,192	-
Total bonds payable	21,075,939	-	(728,271)	20,347,668	765,000
Notes payable	8,141,695	-	(518,135)	7,623,560	243,755
Tax anticipation note	245,000	-	(60,000)	185,000	60,000
Development agreements payable	339,000	-	(339,000)	-	-
Capital leases	286,511	107,305	(77,282)	316,534	113,672
Compensated absences	124,081	82,223	(72,686)	133,618	133,618
Net pension liability	1,610,651	524,683	-	2,135,334	-
OPEB liability	127,183	17,394	-	144,577	-
Governmental activity					
Long-term liabilities	<u>\$ 31,950,060</u>	<u>\$ 731,605</u>	<u>\$ (1,795,374)</u>	<u>\$ 30,886,291</u>	<u>\$ 1,316,045</u>

Certificates of obligation, general obligation bonds, pass through bonds, notes payable and tax anticipation note payable issued for governmental activity purposes are liquidated by the debt service fund. Governmental developer agreements payable, capital lease obligations, compensated absences, net pension liability and OPEB liability will be liquidated by the general fund. Vacation leave is expected to be taken during the year following its accumulation.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Certificates of obligation	\$ 7,830,000	\$ -	\$ (295,000)	\$ 7,535,000	\$ 315,000
General obligation bonds	1,180,600	-	(185,600)	995,000	170,000
Less deferred amounts:					
For issuance premiums	145,714	-	(8,722)	136,992	-
Total bonds payable	9,156,314	-	(489,322)	8,666,992	485,000
Development agreement payable	135,000	-	(15,000)	120,000	15,000
Capital lease	106,606	-	(34,541)	72,065	35,526
Compensated absences	24,667	34,370	(31,549)	27,488	27,488
Net pension liability	596,294	145,035	-	741,329	-
OPEB liability	47,088	6,039	-	53,127	-
Business-type activity					
Long-term liabilities	<u>\$ 10,065,969</u>	<u>\$ 185,444</u>	<u>\$ (570,412)</u>	<u>\$ 9,681,001</u>	<u>\$ 563,014</u>

Certificate of obligation, general obligation bonds, development agreements payable, capital lease obligations, compensated absences, net pension liability and OPEB liability issued for business-type activities are repaid from the utility fund.

N. Interfund receivables and payables

The composition of interfund balances as of September 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
General	Grants	\$ 1,058,361
General	Nonmajor governmental funds	55,589
		<u>\$ 1,113,950</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

O. Interfund transfers

The composition of interfund transfers as of September 30, 2019 is as follows:

Transfer out:	Transfer In					Total
	General	Grants	Debt Service	Nonmajor Governmental	Drainage	
General	\$ -	\$ -	\$ 100,000	\$ 24,627	\$ -	\$ 124,627
Grants	-	-	-	-	351,679	351,679
Debt Service	107,305	-	-	-	-	107,305
Nonmajor Governmental	1,853	-	-	-	-	1,853
Utility	251,391	131,000	-	-	-	382,391
Drainage	10,676	-	-	-	-	10,676
Total	<u>\$ 371,225</u>	<u>\$ 131,000</u>	<u>\$ 100,000</u>	<u>\$ 24,627</u>	<u>\$ 351,679</u>	<u>\$ 978,531</u>

Transfers are primarily used to move debt proceeds to the General Fund. Repayments of a long-term receivable received by the General Fund were transferred to the Debt Service Fund. Transfers from the Utility Fund to the General Fund for administrative services. Transfers from the Grant Fund to the Drainage Fund for capital project funding.

P. Discretely presented component units

1. Kaufman Economic Development Corporation (Corporation)

Cash deposits with financial institutions

At year-end, the Corporation's bank balance was \$935,160. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance, \$685,160 was covered by collateral pledged in the Corporation's name. The collateral was held in the Corporation's name by the safekeeping departments of the pledging bank's agent and had a fair value of approximately \$1,278,000.

Loan Receivable

The Corporation has an outstanding loan receivable at zero percent interest totaling \$120,000 at fiscal year end due from a Company as part of an economic development agreement. The loan shall be repaid by the Company by making \$10,000 per year payments to the Corporation each year for fifteen years. Management feels that collectability of the loan is certain. Accordingly, no allowance for doubtful accounts has been recorded for the loan receivable.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

P. Discretely presented component units (continued)

Capital assets

Capital asset activity for the Corporation for the year ended September 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 603,745	\$ -	\$ -	\$ 603,745
Total capital assets not being depreciated	603,745	-	-	603,745
Capital assets being depreciated:				
Infrastructure	25,453	-	-	25,453
Machinery and equipment	9,278	-	-	9,278
Totals capital assets being depreciated	34,731	-	-	34,731
Less accumulated depreciation				
Infrastructure	(14,378)	(1,697)	-	(16,075)
Machinery and equipment	(9,278)	-	-	(9,278)
Total accumulated depreciation	(23,656)	(1,697)	-	(25,353)
Total capital assets being depreciated, net	11,075	(1,697)	-	9,378
Corporation capital assets, net	\$ 614,820	\$ (1,697)	\$ -	\$ 613,123

Commitments

On June 11, 2019, the Corporation entered into a professional services agreement with Retail Strategies, LLC (Consultant). The Consultant agrees to provide consulting services for a period of three years commencing on July 1, 2019 and terminating on July 1, 2022. In consideration for providing these services, the Corporation agrees to pay the Consultant a consulting fee in the amount of \$45,000 in 2019, \$40,000 in 2020, and \$40,000 in 2021. The Corporation may terminate this agreement without cause by providing at least sixty day written notice of termination. Expenses incurred as of September 30, 2019 were \$11,250.

On June 11, 2019, the Corporation entered into an agreement with Site Location Partnership (SLP). SLP agrees to provide the Corporation economic development services. The agreement will remain in effect for one year and will terminate on September 30, 2020 at a total cost of \$14,995. There were no expenses incurred as of September 30, 2019.

On August 13, 2019, the Corporation entered into an agreement with the Kaufman Chamber of Commerce (Chamber). The Chamber agrees to provide CEO services, general administrative services, and strategic plan services. The agreement may be terminated at any time by either party providing at least sixty day written notice of termination. The agreement will remain in effect until September 30, 2020 at a monthly payment of \$5,227. Actual payments for the year ended September 30, 2019 were \$5,227.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

P. Discretely presented component units (continued)

Long-term liabilities

Economic Development agreements

On May 19, 2015, the Corporation entered into an agreement with the City of Kaufman, Texas to provide for the construction of the Highway 34 by-pass project. Under the agreement the Corporation agrees to pay \$100,000 per year beginning in fiscal year 2015 for a total of sixteen payments towards the project. The funds to be repaid at September 30, 2019 totaled \$1,100,000. The amount due within one year totals \$100,000.

Changes in long-term liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Corporation					
Economic development agreements	\$ 1,453,324	\$ -	\$ (353,324)	\$ 1,100,000	\$ 100,000
Long-term liabilities	<u>\$ 1,453,324</u>	<u>\$ -</u>	<u>\$ (353,324)</u>	<u>\$ 1,100,000</u>	<u>\$ 100,000</u>

	Component Unit Economic Development Agreement Principal
Year Ending September 30	
2020	\$ 100,000
2021	100,000
2022	100,000
2023	100,000
2024	100,000
2025-2029	500,000
2030	100,000
	<u>\$ 1,100,000</u>

Subsequent events

Subsequent to year end the Corporation:

- Approved contributing \$250,000 to a City infrastructure project.
- Approved services to be performed by a Civil Engineering firm for \$65,000.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

Q. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

R. Subsequent events

Subsequent to year end the City:

- Approved various contracts related to Construction projects for approximately \$8,247,000.
- Approved the issuance of Combination Tax and Limited Surplus Revenue Certificates of Obligation Series 2019 in the amount of \$3,625,000.
- Approved the sale of a portion of its CCN to College Mound Special Utility District in amount of \$75,000.

S. Prior period adjustment

Corrections have been made to the beginning fund financial statements due to an error in classification and recording of a financial transaction in the prior period, resulting in an understatement of deferred inflows of resources and overstatement of fund balance. The change to the beginning fund balance as of October 1, 2018 is summarized as follows:

	Fund Financial Statements	
	General	Debt Service
As previously reported, October 1, 2018	\$ 3,329,706	\$ 10,062,005
Understatement of unavailable revenue-grants	(1,453,323)	(9,681,199)
Restated, October 1, 2018	<u>\$ 1,876,383</u>	<u>\$ 380,806</u>
Effect of restatement on operations for the year ending September 30, 2018	<u>\$ -</u>	<u>\$ -</u>

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 4 - DEFINED BENEFIT PENSION PLANS

A. Plan description

The City of Kaufman, Texas participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

B. Benefits provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

	Plan Provisions
Employee deposit rate	7%
Municipal current matching ratio	2 - 1
Updated service credits:	
Rate (%)	100 T
Year effective	2008R
Increase benefits to retirees:	
Rate (%) ⁽¹⁾	50
Year effective	2019R
Military service credit effective date	10-01
Vesting	5 yrs
Service retirement eligibilities	5 yrs/age 60, 20 yrs/any age
Restricted prior service credit effective date	6-97
Supplemental death benefits:	
Employees	Yes
Retirees	Yes
Statutory maximum (%)	Removed

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 4 - DEFINED BENEFIT PENSION PLANS (continued)

B. Benefits provided (continued)

⁽¹⁾ For years prior to 1982, the rate is the actual percentage in annuities. For 1982 and later, the rate is the percentage of the change in the CPI-U since retirement date, granted to each annuitant as an increase of the original annuity.

T — Includes Transfer Credits.

R — Annually Repeating. Ordinance automatically renews effective January 1 of each successive year.

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	54
Active employees	55
	161

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Kaufman, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Kaufman, Texas were 9.33% and 13.92% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were \$392,490, and were equal to the required contributions.

D. Net pension liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 4 - DEFINED BENEFIT PENSION PLANS (continued)

D. Net pension liability (continued)

Actuarial assumptions

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 4 - DEFINED BENEFIT PENSION PLANS (continued)

D. Net pension liability (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 4 - DEFINED BENEFIT PENSION PLANS (continued)

D. Net pension liability (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	\$ 14,703,677	\$ 12,496,732	\$ 2,206,945
Changes for the year:			
Service cost	503,803	-	503,803
Interest	938,944	-	938,944
Change of benefit terms	(655,526)	-	(655,526)
Difference between expected and actual experience	(7,891)	-	(7,891)
Contributions - employer	-	280,961	(280,961)
Contributions - employee	-	210,796	(210,796)
Net investment income	-	(374,531)	374,531
Benefit payments, including refunds of employee contributions	(779,534)	(779,534)	-
Administrative expense	-	(7,235)	7,235
Other changes	-	(379)	379
Net Changes	\$ (204)	\$ (669,922)	\$ 669,718
Balance at 12/31/2018	\$ 14,703,473	\$ 11,826,810	\$ 2,876,663

Sensitivity of the net pension liability to changes in the discount rate -

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1.0% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1.0% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 4,919,487	\$ 2,876,663	\$ 1,203,634

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Payables to the Pension Plan - Legally required contributions outstanding at the end of the year totaled \$33,386.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 4 - DEFINED BENEFIT PENSION PLANS (continued)

E. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2019, the City recognized pension expense of \$111,501.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	
		Governmental Activities	Business-Type Activities
Changes in actuarial assumptions	\$	-	\$ 3,933
Contributions subsequent to the measurement date		231,070	80,221
Differences between expected and actual economic experience		70,712	26,096
Difference between projected and actual investment earnings		480,437	161,224
Total	\$	782,219	\$ 271,474

		Deferred Inflow of Resources	
		Governmental Activities	Business-Type Activities
Changes in actuarial assumptions	\$	3,933	\$ -
Differences between expected and actual economic experience		3,352	2,176
Total	\$	7,285	\$ 2,176

\$311,291 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	
2019	\$ 295,564
2020	107,350
2021	86,414
2022	243,613
Total	<u>\$ 732,941</u>

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 5 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

A. Plan description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e. , no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single-employer, defined benefit OPEB plan. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

B. Benefits provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 5 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (continued)

C. Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>55</u>
	92

D. Total OPEB liability

The City's total OPEB liability of \$197,704 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50%, including inflation
Discount rate*	3.71%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 5 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (continued)

D. Total OPEB liability (continued)

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2017	\$ 174,271
Changes for the year:	
Service cost	9,335
Interest	5,908
Difference between expected and actual experience	21,748
Changes in assumptions or other inputs	(12,655)
Benefit payments**	(903)
Net Changes	\$ 23,433
Balance at 12/31/2018	\$ 197,704

** Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Sensitivity of the total OPEB liability to changes in the discount rate -

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
Total OPEB liability	\$ 231,903	\$ 197,704	\$ 170,860

CITY OF KAUFMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 5 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (continued)

E. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$22,415. At September 30, 2019, the City reported deferred outflows of resources and related to OPEB from the following sources:

		Deferred Outflows of Resources	
		Governmental Activities	Business-Type Activities
City contributions subsequent to the measurement date		\$ 4,612	\$ 1,601
Differences between expected and actual economic experience		13,316	4,623
Total		<u>\$ 17,928</u>	<u>\$ 6,224</u>
		Governmental Activities	Business-Type Activities
Changes of assumptions		\$ 1,025	\$ 201
Total		<u>\$ 1,025</u>	<u>\$ 201</u>

\$6,213 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31</u>	
2019	\$ 4,015
2020	4,015
2021	4,015
2022	3,311
2023	1,357
Total	<u>\$ 16,713</u>

F. Payable to the OPEB plan

At September 30, 2019, the City reported a payable of \$480 for the outstanding amount of contributions to the Plan required for the year ended September 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	
REVENUES						
Property taxes	\$ 1,796,728	\$ 1,901,763	\$ 1,903,524	\$ 6,532	\$ 1,910,056	\$ 8,293
Sales taxes	2,267,350	2,338,000	2,354,351	(5,800)	2,348,551	10,551
Franchise taxes	442,809	450,908	432,662	(2,415)	430,247	(20,661)
Alcoholic beverage taxes	12,000	11,000	10,749	-	10,749	(251)
Licenses and permits	473,050	346,448	319,138	-	319,138	(27,310)
Fines and forfeitures	179,203	103,603	95,852	(4,165)	91,687	(11,916)
Charges for services	303,700	327,500	334,028	(8,250)	325,778	(1,722)
Investment earnings	2,160	4,650	4,596	-	4,596	(54)
Miscellaneous	49,365	65,900	62,269	-	62,269	(3,631)
Intergovernmental	1,061,609	1,075,000	370,515	703,875	1,074,390	(610)
Contributions and donations	1,350	3,850	3,263	-	3,263	(587)
Total revenues	<u>6,589,324</u>	<u>6,628,622</u>	<u>5,890,947</u>	<u>689,777</u>	<u>6,580,724</u>	<u>(47,898)</u>
EXPENDITURES						
Current:						
General government	1,226,593	1,189,364	1,180,194	(2,699)	1,177,495	(11,869)
Public safety	2,681,475	2,464,755	2,568,476	(12,489)	2,555,987	91,232
Public works	781,722	787,495	783,099	(4,618)	778,481	(9,014)
Public services and operations	525,586	437,281	411,326	(2,096)	409,230	(28,051)
Parks and recreation	375,307	375,307	377,836	(2,529)	375,307	-
Debt service:						
Principal retirement	454,193	416,281	416,281	-	416,281	-
Interest and fiscal charges	39,476	26,048	26,048	-	26,048	-
Total expenditures	<u>6,084,352</u>	<u>5,696,531</u>	<u>5,763,260</u>	<u>(24,431)</u>	<u>5,738,829</u>	<u>42,298</u>
Excess (deficiency) of revenues over (under) expenditures	<u>504,972</u>	<u>932,091</u>	<u>127,687</u>	<u>689,777</u>	<u>841,895</u>	<u>(90,196)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	298,595	261,836	371,225	-	371,225	109,389
Transfers out	(803,344)	(828,633)	(124,627)	(703,875)	(828,502)	131
Total other financing sources (uses)	<u>(504,749)</u>	<u>(566,797)</u>	<u>247,618</u>	<u>(703,875)</u>	<u>(456,257)</u>	<u>110,540</u>
Net change in fund balances	<u>\$ 223</u>	<u>\$ 365,294</u>	<u>\$ 375,305</u>	<u>\$ (14,098)</u>	<u>\$ 385,638</u>	<u>\$ 20,344</u>

NOTES TO BUDGETARY INFORMATION

1. Budgetary basis of accounting

An annual budget is adopted on the budgetary basis of accounting. Appropriations lapse at the end of the fiscal year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GRANTS FUND
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	
REVENUES						
Investment earnings	\$ 1,500	\$ 25	\$ 23	\$ -	\$ 23	\$ (2)
Intergovernmental	458,670	345,000	506,402	(161,793)	344,609	(391)
Total revenues	460,170	345,025	506,425	(161,793)	344,632	(393)
EXPENDITURES						
Current:						
Public safety	184,200	185,034	4,029	-	4,029	(181,005)
Public works	1,120,108	1,869,937	1,548,606	351,679	1,900,285	30,348
Total expenditures	1,304,308	2,054,971	1,552,635	351,679	1,904,314	(150,657)
Excess (deficiency) of revenues over (under) expenditures	(844,138)	(1,709,946)	(1,046,210)	(513,472)	(1,559,682)	150,264
OTHER FINANCING SOURCES (USES)						
Transfers in	131,000	131,000	131,000	-	131,000	-
Transfers out	-	-	(351,679)	351,679	-	-
Total other financing sources (uses)	131,000	131,000	(220,679)	351,679	131,000	-
Net change in fund balances	\$ (713,138)	\$ (1,578,946)	\$ (1,266,889)	\$ (161,793)	\$ (1,428,682)	\$ 150,264

NOTES TO BUDGETARY INFORMATION

1. Budgetary basis of accounting

An annual budget is adopted on the budgetary basis of accounting. Appropriations lapse at the end of the fiscal year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

CITY OF KAUFMAN, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Calendar Years (will ultimately be displayed)

	2014	2015	2016	2017	2018
Total pension liability					
Service Cost	\$ 405,637	\$ 491,919	\$ 499,848	\$ 466,908	\$ 503,803
Interest (on the Total Pension Liability)	777,889	732,140	730,703	919,527	938,944
Changes of benefit terms	-	(1,159,659)	(691,158)	1,959,761	(655,526)
Difference between expected and actual experience	(330,714)	(8,006)	96,318	177,714	(7,891)
Changes of assumptions	-	261,150	-	-	-
Benefit payments, including refunds of employee contributions	(378,062)	(401,635)	(446,215)	(499,294)	(779,534)
Net Change in Total Pension Liability	474,750	(84,091)	189,496	3,024,616	(204)
Total Pension Liability - Beginning	11,098,906	11,573,656	11,573,656	11,679,061	14,703,677
Total Pension Liability - Ending (a)	<u>\$ 11,573,656</u>	<u>\$ 11,489,565</u>	<u>\$ 11,763,152</u>	<u>\$ 14,703,677</u>	<u>\$ 14,703,473</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 399,817	\$ 431,985	\$ 311,064	\$ 277,314	\$ 280,961
Contributions - Employee	187,080	202,674	214,527	215,449	210,796
Net Investment Income	529,502	14,738	691,376	1,523,670	(374,531)
Benefit payments, including refunds of employee contributions	(378,062)	(401,635)	(446,215)	(499,294)	(779,534)
Administrative Expense	(5,527)	(8,976)	(7,805)	(7,892)	(7,235)
Other	(454)	(443)	(420)	(400)	(379)
Net Change in Plan Fiduciary Net Position	732,356	238,343	762,527	1,508,847	(669,922)
Plan Fiduciary Net Position - Beginning	9,254,659	9,987,015	9,987,015	10,987,885	12,496,732
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,987,015</u>	<u>\$ 10,225,358</u>	<u>\$ 10,749,542</u>	<u>\$ 12,496,732</u>	<u>\$ 11,826,810</u>
Net Pension Liability - Ending (a) - (b)	\$ 1,586,641	\$ 1,264,207	\$ 1,013,610	\$ 2,206,945	\$ 2,876,663
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.29%	89.00%	91.38%	84.99%	80.44%
Covered Payroll	2,672,571	2,895,343	3,064,670	3,077,841	3,011,372
Net Pension Liability as a Percentage of Covered Payroll	59.37%	43.66%	33.07%	71.70%	95.53%

Notes to Schedule:

N/A

CITY OF KAUFMAN, TEXAS
SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years (will ultimately be displayed)

	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 387,392	\$ 347,168	\$ 285,723	\$ 279,762	\$ 392,490
Contributions in relation to the actuarially determined contribution	387,392	347,168	285,723	279,762	392,490
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	2,558,729	3,029,037	3,061,302	3,028,970	3,106,585
Contributions as a percentage of covered payroll	15.14%	11.46%	9.33%	9.24%	12.63%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes 1) Granted 50% repeating COLA

CITY OF KAUFMAN, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Calendar Years (will ultimately be displayed)

	2017	2018
Total OPEB liability		
Service Cost	\$ 8,310	\$ 9,335
Interest (on the Total OPEB Liability)	5,709	5,908
Difference between expected and actual experience	-	21,748
Changes of assumptions and other inputs	13,828	(12,655)
Benefit payments	(923)	(903)
Net Change in Total OPEB Liability	26,924	23,433
Total OPEB Liability - Beginning	147,347	174,271
Total OPEB Liability - Ending	\$ 174,271	\$ 197,704
 Covered Payroll	 3,077,841	 3,011,372
 OPEB Liability as a Percentage of Covered Payroll	 5.66%	 6.57%

Notes to Schedule:

Note 1 - No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Note 2 - The actuarial assumptions and other inputs used to calculate the total OPEB liability are described in note 5.D to the financial statements.

Note 3 - Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Hotel/Motel Fund - This fund is used to account for the Hotel/Motel Occupancy Tax levied on all hotels and motels in the City. Funds are used for attracting and promoting tourism and the convention and hotel industry as authorized by statute.

Law Enforcement Fund - This fund is used to account for seized property to be used for official purposes as provided by Article 59.06 Texas Code of Criminal Procedure.

Court Technology Fund - This fund is used to accounts for monies received to purchase technological enhancements for the municipal court.

Court Security Fund - This fund is used to accounts for monies received to secure the municipal court.

Impact Fees Fund - This fund is used to account for revenues from impact fees assessed to be used for infrastructure improvements.

Tax Increment Reinvestment Zone Fund - This fund is used to account for funds received and expended within the City's Tax Increment Reinvestment Zone.

Public Improvements District Fund - This fund is used to account for funds received and expended within the City's Public Improvements District.

CITY OF KAUFMAN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2019

	Hotel/ Motel	Law Enforcement	Court Technology	Court Security	Impact Fees	Tax Increment Reinvestment Zone	Public Improvements District	Totals
ASSETS								
Cash and cash equivalents	\$ 21,317	\$ 148,170	\$ -	\$ 38,512	\$448,660	\$ -	\$ -	\$ 656,659
Receivables	12,998	-	-	-	-	-	-	12,998
Total assets	<u>\$ 34,315</u>	<u>\$ 148,170</u>	<u>\$ -</u>	<u>\$ 38,512</u>	<u>\$448,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 669,657</u>
LIABILITIES								
Accounts payable	\$ -	\$ 13,127	\$ 7,483	\$ -	\$ 14,000	\$ -	\$ 377	\$ 34,987
Due to other funds	-	-	16,167	-	-	-	39,422	55,589
Total liabilities	<u>-</u>	<u>13,127</u>	<u>23,650</u>	<u>-</u>	<u>14,000</u>	<u>-</u>	<u>39,799</u>	<u>90,576</u>
FUND BALANCE								
Restricted:								
Public safety	-	135,043	-	38,512	-	-	-	173,555
Public works	-	-	-	-	434,660	-	-	434,660
Public services and operations	34,315	-	-	-	-	-	-	34,315
Unassigned:	-	-	(23,650)	-	-	-	(39,799)	(63,449)
Total fund balance	<u>34,315</u>	<u>135,043</u>	<u>(23,650)</u>	<u>38,512</u>	<u>434,660</u>	<u>-</u>	<u>(39,799)</u>	<u>579,081</u>
Total liabilities and fund balances	<u>\$ 34,315</u>	<u>\$ 148,170</u>	<u>\$ -</u>	<u>\$ 38,512</u>	<u>\$448,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 669,657</u>

CITY OF KAUFMAN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended September 30, 2019

	Hotel/ Motel	Law Enforcement	Court Technology	Court Security	Impact Fees	Tax Increment Reinvestment Zone	Public Improvements District	Totals
REVENUES								
Hotel occupancy taxes	\$ 45,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,445
Fines and forfeitures	-	1,585	2,433	1,853	-	-	-	5,871
Investment earnings	-	-	-	-	4,135	-	-	4,135
Miscellaneous	-	-	-	-	89,757	-	-	89,757
Intergovernmental	-	-	-	-	-	13,199	-	13,199
Total revenues	<u>45,445</u>	<u>1,585</u>	<u>2,433</u>	<u>1,853</u>	<u>93,892</u>	<u>13,199</u>	<u>-</u>	<u>158,407</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	37,826	-	37,826
Public safety	-	14,873	28,626	-	-	-	-	43,499
Public works	-	-	-	-	14,000	-	-	14,000
Public services and operations	34,647	-	-	-	-	-	33,087	67,734
Total expenditures	<u>34,647</u>	<u>14,873</u>	<u>28,626</u>	<u>-</u>	<u>14,000</u>	<u>37,826</u>	<u>33,087</u>	<u>163,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,798</u>	<u>(13,288)</u>	<u>(26,193)</u>	<u>1,853</u>	<u>79,892</u>	<u>(24,627)</u>	<u>(33,087)</u>	<u>(4,652)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	24,627	-	24,627
Transfers out	-	-	-	(1,853)	-	-	-	(1,853)
Sale of capital assets	-	9,301	-	-	-	-	-	9,301
Total other financing sources (uses)	<u>-</u>	<u>9,301</u>	<u>-</u>	<u>(1,853)</u>	<u>-</u>	<u>24,627</u>	<u>-</u>	<u>32,075</u>
Net change in fund balances	10,798	(3,987)	(26,193)	-	79,892	-	(33,087)	27,423
Fund balances (deficit)-beginning	<u>23,517</u>	<u>139,030</u>	<u>2,543</u>	<u>38,512</u>	<u>354,768</u>	<u>-</u>	<u>(6,712)</u>	<u>551,658</u>
Fund balances (deficit)-ending	<u>\$ 34,315</u>	<u>\$ 135,043</u>	<u>\$ (23,650)</u>	<u>\$ 38,512</u>	<u>\$ 434,660</u>	<u>\$ -</u>	<u>\$ (39,799)</u>	<u>\$ 579,081</u>

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOTEL/MOTEL FUND
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	
REVENUES						
Hotel occupancy taxes	35,500	\$ 47,226	\$ 45,445	\$ 1,781	\$ 47,226	\$ -
Total revenues	35,500	47,226	45,445	1,781	47,226	-
EXPENDITURES						
Current:						
Public services and operations	35,500	35,500	34,647	-	34,647	(853)
Total expenditures	35,500	35,500	34,647	-	34,647	(853)
Net change in fund balances	-	11,726	10,798	1,781	12,579	853
Fund balances-beginning	15,271	15,271	23,517	-	23,517	8,246
Fund balances-ending	<u>\$ 15,271</u>	<u>\$ 26,997</u>	<u>\$ 34,315</u>	<u>\$ 1,781</u>	<u>\$ 36,096</u>	<u>\$ 9,099</u>

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAW ENFORCEMENT FUND
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	
REVENUES						
Fines and forfeitures	\$ 6,500	\$ 6,500	\$ 1,585	\$ -	\$ 1,585	\$ (4,915)
Total revenues	6,500	6,500	1,585	-	1,585	(4,915)
EXPENDITURES						
Current:						
Public safety	2,800	11,690	14,873	-	14,873	3,183
Total expenditures	2,800	11,690	14,873	-	14,873	3,183
Excess (deficiency) of revenues over (under) expenditures	3,700	(5,190)	(13,288)	-	(13,288)	(8,098)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	7,000	7,000	9,301	-	9,301	2,301
Total other financing sources (uses)	7,000	7,000	9,301	-	9,301	2,301
Net change in fund balances	10,700	1,810	(3,987)	-	(3,987)	(5,797)
Fund balances-beginning	158,281	158,281	139,030	-	139,030	(19,251)
Fund balances-ending	\$ 168,981	\$ 160,091	\$ 135,043	\$ -	\$ 135,043	\$ (25,048)

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT TECHNOLOGY FUND
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	
REVENUES						
Fines and forfeitures	\$ 4,000	\$ 2,284	\$ 2,433	\$ -	\$ 2,433	\$ 149
Investment earnings	40	40	-	-	-	(40)
Total revenues	<u>4,040</u>	<u>2,324</u>	<u>2,433</u>	<u>-</u>	<u>2,433</u>	<u>109</u>
EXPENDITURES						
Current:						
Public safety	38,760	33,220	28,626	-	28,626	(4,594)
Total expenditures	<u>38,760</u>	<u>33,220</u>	<u>28,626</u>	<u>-</u>	<u>28,626</u>	<u>(4,594)</u>
Net change in fund balances	(34,720)	(30,896)	(26,193)	-	(26,193)	4,703
Fund balances (deficit)-beginning	<u>(29,492)</u>	<u>(29,492)</u>	<u>2,543</u>	<u>-</u>	<u>2,543</u>	<u>32,035</u>
Fund balances (deficit) -ending	<u>\$ (64,212)</u>	<u>\$ (60,388)</u>	<u>\$ (23,650)</u>	<u>\$ -</u>	<u>\$ (23,650)</u>	<u>\$ 36,738</u>

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT SECURITY FUND
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	
REVENUES						
Fines and forfeitures	\$ 3,000	\$ 2,000	\$ 1,853	\$ -	\$ 1,853	\$ (147)
Total revenues	3,000	2,000	1,853	-	1,853	(147)
EXPENDITURES	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	3,000	2,000	1,853	-	1,853	(147)
OTHER FINANCING SOURCES (USES)						
Transfers out	(3,000)	(2,000)	(1,853)	-	(1,853)	147
Total other financing sources (uses)	(3,000)	(2,000)	(1,853)	-	(1,853)	147
Net change in fund balances	-	-	-	-	-	-
Fund balances-beginning	38,512	38,512	38,512	-	38,512	-
Fund balances-ending	<u>\$ 38,512</u>	<u>\$ 38,512</u>	<u>\$ 38,512</u>	<u>\$ -</u>	<u>\$ 38,512</u>	<u>\$ -</u>

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEES FUND
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	
REVENUES						
Investment earnings	\$ 2,000	\$ 3,500	\$ 4,135	\$ -	\$ 4,135	\$ 635
Miscellaneous	65,800	82,000	89,757	-	89,757	7,757
Total revenues	67,800	85,500	93,892	-	93,892	8,392
EXPENDITURES						
Current:						
Public works	-	-	14,000	-	14,000	14,000
Total expenditures	-	-	14,000	-	14,000	14,000
Net change in fund balances	67,800	85,500	79,892	-	79,892	(5,608)
Fund balances-beginning	374,609	374,609	354,768	-	354,768	(19,841)
Fund balances-ending	<u>\$ 442,409</u>	<u>\$460,109</u>	<u>\$ 434,660</u>	<u>\$ -</u>	<u>\$ 434,660</u>	<u>\$ (25,449)</u>

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TAX INCREMENT REINVESTMENT ZONE
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	
REVENUES						
Intergovernmental	\$ 11,300	\$ 13,199	\$ 13,199	\$ -	\$ 13,199	\$ -
Total revenues	11,300	13,199	13,199	-	13,199	-
EXPENDITURES						
Current:						
General government	31,300	37,826	37,826	-	37,826	-
Total expenditures	31,300	37,826	37,826	-	37,826	-
Excess (deficiency) of revenues over (under) expenditures	(20,000)	(24,627)	(24,627)	-	(24,627)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	20,000	24,627	24,627	-	24,627	-
Total other financing sources (uses)	20,000	24,627	24,627	-	24,627	-
Net change in fund balances	-	-	-	-	-	-
Fund balances-beginning	4,251	4,251	-	-	-	(4,251)
Fund balances-ending	\$ 4,251	\$ 4,251	\$ -	\$ -	\$ -	\$ (4,251)

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the payment of principal and interest on general long-term debt.

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Property taxes	\$1,279,800	\$1,383,500	\$ 1,394,711	\$ (7,451)	\$ 1,387,260	\$ 3,760
Investment earnings	50	50	-	-	-	(50)
Total revenues	<u>1,279,850</u>	<u>1,383,550</u>	<u>2,098,585</u>	<u>(711,325)</u>	<u>1,387,260</u>	<u>3,710</u>
EXPENDITURES						
Debt service:						
Principal retirement	1,289,925	1,291,242	1,307,536	-	1,307,536	16,294
Interest and fiscal charges	773,219	777,461	761,276	-	761,276	(16,185)
Total expenditures	<u>2,063,144</u>	<u>2,068,703</u>	<u>2,068,812</u>	<u>-</u>	<u>2,068,812</u>	<u>109</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(783,294)</u>	<u>(685,153)</u>	<u>29,773</u>	<u>(711,325)</u>	<u>(681,552)</u>	<u>3,601</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	783,344	803,874	100,000	703,874	803,874	-
Transfers out	-	-	(107,305)	(255,000)	(362,305)	(362,305)
General obligation bonds issued	-	-	-	255,000	255,000	255,000
Capital leases	-	-	107,305	-	107,305	107,305
Total other financing sources (uses)	<u>783,344</u>	<u>803,874</u>	<u>100,000</u>	<u>703,874</u>	<u>803,874</u>	<u>-</u>
Net change in fund balances	50	118,721	129,773	(7,451)	122,322	3,601
Fund balances-beginning, as restated	<u>263,312</u>	<u>263,312</u>	<u>380,806</u>	<u>-</u>	<u>380,806</u>	<u>117,494</u>
Fund balances-ending	<u>\$ 263,362</u>	<u>\$ 382,033</u>	<u>\$ 510,579</u>	<u>\$ (7,451)</u>	<u>\$ 503,128</u>	<u>\$ 121,095</u>

Proprietary Funds

Enterprise Funds

Utility Fund - This fund is used to account for the water and sewer utility operations.

CITY OF KAUFMAN, TEXAS
SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND - UTILITY
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
OPERATING REVENUES						
Water revenue	\$ 2,902,005	\$ 2,467,175	\$ 2,582,565	\$ (76,480)	\$ 2,506,085	\$ 38,910
Sewer revenue	1,645,250	1,496,986	1,530,001	(19,961)	1,510,040	13,054
Rental	30,000	30,000	28,292	-	28,292	(1,708)
Miscellaneous	49,585	65,450	109,883	-	109,883	44,433
Total operating revenues	<u>4,626,840</u>	<u>4,059,611</u>	<u>4,250,741</u>	<u>(96,441)</u>	<u>4,154,300</u>	<u>94,689</u>
OPERATING EXPENSES						
Personnel services	1,136,010	949,929	870,252	84,601	954,853	4,924
Supplies and materials	127,550	96,414	66,103	-	66,103	(30,311)
Maintenance and repair	2,288,110	1,795,905	274,424	1,457,051	1,731,475	(64,430)
Contractual services	1,864,820	1,752,490	1,718,266	-	1,718,266	(34,224)
Total operating expenses before depreciation	<u>5,416,490</u>	<u>4,594,738</u>	<u>2,929,045</u>	<u>1,541,652</u>	<u>4,470,697</u>	<u>(124,041)</u>
Depreciation	-	-	940,908	(940,908)	-	-
Total operating expenses	<u>5,416,490</u>	<u>4,594,738</u>	<u>3,869,953</u>	<u>600,744</u>	<u>4,470,697</u>	<u>(124,041)</u>
Operating income (loss)	<u>\$ (789,650)</u>	<u>\$ (535,127)</u>	<u>\$ 380,788</u>	<u>\$ (697,185)</u>	<u>\$ (316,397)</u>	<u>\$ 218,730</u>

STATISTICAL SECTION

This part of the City of Kaufman, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	98-102
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	103-106
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	107-110
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	111-112
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	113-115

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF KAUFMAN, TEXAS
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 2,100,017	\$ 2,280,578	\$ 2,469,014	\$ 2,846,779	\$ 788,591	\$ 4,133,424	\$ 4,190,990	\$ 5,037,515	\$ 17,491,826	\$ 18,956,703
Restricted	45,261	355,713	369,700	647,308	11,514,811	1,455,330	267,446	1,646,430	1,191,219	1,153,109
Unrestricted (deficit)	2,894,313	2,479,843	2,432,807	2,368,657	1,652,765	692,891	(1,235,329)	(1,910,878)	(3,954,311)	(4,180,240)
Total governmental activities net position	<u>\$ 5,039,591</u>	<u>\$ 5,116,134</u>	<u>\$ 5,271,521</u>	<u>\$ 5,862,744</u>	<u>\$ 13,956,167</u>	<u>\$ 6,281,645</u>	<u>\$ 3,223,107</u>	<u>\$ 4,773,067</u>	<u>\$ 14,728,734</u>	<u>\$ 15,929,572</u>
Business-type activities										
Net investment in capital assets	\$ 8,167,062	\$ 8,536,149	\$ 7,358,938	\$ 8,180,720	\$ 8,148,142	\$ 9,277,027	\$ 9,156,309	\$ 9,247,153	\$ 9,487,320	\$ 9,196,069
Restricted	321,019	246,088	176,116	183,269	189,208	221,555	270,622	290,212	234,130	285,204
Unrestricted	1,444,279	1,302,882	2,526,400	1,766,054	1,691,884	1,023,920	1,479,868	1,623,436	1,171,547	1,796,196
Total business-type activities net position	<u>\$ 9,932,360</u>	<u>\$ 10,085,119</u>	<u>\$ 10,061,454</u>	<u>\$ 10,130,043</u>	<u>\$ 10,029,234</u>	<u>\$ 10,522,502</u>	<u>\$ 10,906,799</u>	<u>\$ 11,160,801</u>	<u>\$ 10,892,997</u>	<u>\$ 11,277,469</u>
Primary government										
Net investment in capital assets	\$ 10,267,079	\$ 10,816,727	\$ 9,827,952	\$ 11,027,499	\$ 8,936,733	\$ 13,410,451	\$ 13,347,299	\$ 14,284,668	\$ 26,979,146	\$ 28,152,772
Restricted	366,280	601,801	545,816	830,577	11,704,019	1,676,885	538,068	1,936,642	1,425,349	1,438,313
Unrestricted (deficit)	4,338,592	3,782,725	4,959,207	4,134,711	3,344,649	1,716,811	244,539	(287,442)	(2,782,764)	(2,384,044)
Total primary government net position	<u>\$ 14,971,951</u>	<u>\$ 15,201,253</u>	<u>\$ 15,332,975</u>	<u>\$ 15,992,787</u>	<u>\$ 23,985,401</u>	<u>\$ 16,804,147</u>	<u>\$ 14,129,906</u>	<u>\$ 15,933,868</u>	<u>\$ 25,621,731</u>	<u>\$ 27,207,041</u>

Source: Comprehensive Annual Financial Report

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Note 1: The City implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

Note 2: The City implemented GASB Statement No. 75 in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this standard.

CITY OF KAUFMAN, TEXAS
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

		Fiscal Year										
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Expenses	Governmental Activities:											
	General government	\$ 617,346	\$ 713,661	\$ 785,132	\$ 752,655	\$ 1,038,186	\$ 890,648	\$ 795,430	\$ 889,202	\$ 1,203,419	\$ 1,250,680	
	Public safety	2,136,890	1,952,397	2,012,451	2,185,030	2,173,310	2,183,520	1,965,831	2,369,520	3,538,527	2,552,968	
	Public works	649,766	642,185	664,620	617,511	3,721,180	11,557,777	5,152,645	998,534	1,491,850	1,557,214	
	Public services and operations	-	269,726	300,000	296,982	373,393	435,194	336,920	324,759	613,769	465,988	
	Parks and recreational	408,849	325,739	314,967	297,587	379,839	322,998	466,463	503,986	593,384	493,476	
	Interest on long-term debt	93,137	83,546	48,569	44,454	167,236	620,218	571,583	645,093	699,605	752,700	
	Total governmental activities expenses	3,905,988	3,987,254	4,125,739	4,194,219	7,853,144	16,010,355	9,288,872	5,731,094	8,140,554	7,073,026	
	Business-type Activities:											
	Utilities	2,991,423	3,023,158	3,124,159	3,205,722	3,260,804	3,515,919	3,767,304	3,816,367	4,771,558	4,144,684	
	Drainage	-	-	-	-	-	-	118,100	71,999	103,555	104,554	
	Total business-type activities expenses	2,991,423	3,023,158	3,124,159	3,205,722	3,260,804	3,515,919	3,885,404	3,888,366	4,875,113	4,249,238	
	Total primary government expenses	\$ 6,897,411	\$ 7,010,412	\$ 7,249,898	\$ 7,399,941	\$ 11,113,948	\$ 19,526,274	\$ 13,174,276	\$ 9,619,460	\$ 13,015,667	\$ 11,322,264	
	Program Revenues	Governmental Activities:										
		Charges for services:										
General government		\$ 106,942	\$ 314,635	\$ 324,060	\$ 597,204	\$ 508,092	\$ 403,294	\$ 265,178	\$ 288,218	\$ 255,191	\$ 319,138	
Public safety		216,152	206,375	330,417	157,387	231,171	274,775	219,331	195,061	243,904	101,723	
Public works		18,722	-	-	-	-	32,865	265,714	295,618	307,105	333,688	
Public services and operations		-	55,310	52,826	57,610	43,181	47,557	-	-	-	-	
Parks and recreational		3,353	3,523	2,871	767	1,560	725	1,105	1,870	1,225	340	
Operating grants and contributions		9,003	29,373	2,575	39,601	11,084,663	7,928,705	32,720	48,395	417,325	48,464	
Capital grants and contributions		117,223	75,700	199,433	401,341	100,000	1,529,071	742,919	1,401,852	10,997,630	1,197,213	
Total Governmental Activities Program Revenues		471,395	684,916	912,182	1,253,910	11,968,667	10,216,992	1,526,967	2,231,014	12,222,380	2,000,566	
Business-type Activities:												
Charges for services:												
Utilities		2,547,465	3,095,161	2,944,416	3,245,608	3,129,605	3,242,295	3,953,166	3,886,217	4,282,739	4,250,741	
Drainage		-	-	-	-	-	-	131,043	197,761	204,023	214,486	
Operating grants and contributions		-	-	-	-	-	-	-	20,191	-	-	
Capital grants and contributions	185,916	147,753	-	-	-	420,000	177,372	33,813	202,065	180,918		
Total Business-type Activities Program Revenues	\$ 2,733,381	\$ 3,242,914	\$ 2,944,416	\$ 3,245,608	\$ 3,129,605	\$ 3,662,295	\$ 4,261,581	\$ 4,137,982	\$ 4,688,827	\$ 4,646,145		
Total Primary Government Program Revenues	\$ 3,204,776	\$ 3,927,830	\$ 3,856,598	\$ 4,499,518	\$ 15,098,272	\$ 13,879,287	\$ 5,788,548	\$ 6,368,996	\$ 16,911,207	\$ 6,646,711		
NET (EXPENSE)/REVENUE												
Governmental Activities:	\$ (3,434,593)	\$ (3,302,338)	\$ (3,213,557)	\$ (2,940,309)	\$ 4,115,523	\$ (5,793,363)	\$ (7,761,905)	\$ (3,500,080)	\$ 4,081,826	\$ (5,072,460)		
Business-type Activities:	(258,042)	219,756	(179,743)	39,886	(131,199)	146,376	376,177	249,616	(186,286)	396,907		
Total Primary Government Program Net Expenses	\$ (3,692,635)	\$ (3,082,582)	\$ (3,393,300)	\$ (2,900,423)	\$ 3,984,324	\$ (5,646,987)	\$ (7,385,728)	\$ (3,250,464)	\$ 3,895,540	\$ (4,675,553)		

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property taxes	\$ 1,768,186	\$ 1,777,109	\$ 1,772,204	\$ 1,743,664	\$ 1,807,255	\$ 1,990,159	\$ 2,114,025	\$ 2,370,809	\$ 3,015,217	\$ 3,213,811
Sales taxes	1,104,987	1,104,523	1,193,154	1,351,409	1,594,892	1,842,273	2,022,782	2,070,430	2,314,065	2,354,351
Franchise taxes	385,293	483,935	399,268	374,933	417,416	397,783	403,640	425,130	425,109	432,662
Hotel occupancy taxes	36,046	35,819	21,780	28,802	31,387	20,196	33,420	31,825	43,746	45,445
Alcoholic beverage taxes	7,744	8,044	5,267	3,567	5,802	6,914	8,042	8,028	12,114	10,749
Investment earnings	11,263	5,477	4,346	4,107	12,446	17,360	6,170	5,214	11,134	12,545
Donations	-	5,774	-	-	-	-	-	-	-	-
Gain on sale of capital assets	9,497	-	-	-	-	-	20,487	-	-	10,321
Miscellaneous	66,146	75,566	40,045	33,149	56,364	54,397	91,801	115,475	98,122	152,026
Transfers	(61,212)	(34,328)	173,051	18,902	25,338	(284,430)	3,000	23,129	57,656	41,388
Total Governmental Activities	<u>3,327,950</u>	<u>3,461,919</u>	<u>3,609,115</u>	<u>3,558,533</u>	<u>3,950,900</u>	<u>4,044,652</u>	<u>4,703,367</u>	<u>5,050,040</u>	<u>5,977,163</u>	<u>6,273,298</u>
Business-type Activities:										
Investment earnings	7,167	5,230	18,195	14,311	12,725	12,278	11,120	11,985	13,376	20,528
Gain on sale of capital assets	-	-	-	-	-	-	-	14,679	-	6,545
Miscellaneous	117,548	6,077	3,286	33,296	43,002	74,786	-	851	1,013	1,880
Transfers	61,212	34,328	(173,051)	(18,902)	(25,338)	284,430	(3,000)	(23,129)	(57,656)	(41,388)
Total Business-type Activities	<u>185,927</u>	<u>45,635</u>	<u>(151,570)</u>	<u>28,705</u>	<u>30,389</u>	<u>371,494</u>	<u>8,120</u>	<u>4,386</u>	<u>(43,267)</u>	<u>(12,435)</u>
Total Primary Government	<u>\$ 3,513,877</u>	<u>\$ 3,507,554</u>	<u>\$ 3,457,545</u>	<u>\$ 3,587,238</u>	<u>\$ 3,981,289</u>	<u>\$ 4,416,146</u>	<u>\$ 4,711,487</u>	<u>\$ 5,054,426</u>	<u>\$ 5,933,896</u>	<u>\$ 6,260,863</u>
CHANGE IN NET POSITION										
Governmental activities	\$ (106,643)	\$ 159,581	\$ 395,558	\$ 618,224	\$ 8,066,423	\$ (1,748,711)	\$ (3,058,538)	\$ 1,549,960	\$ 10,058,989	\$ 1,200,838
Business-type activities	(72,115)	265,391	(331,313)	68,591	(100,810)	517,870	384,297	254,002	(229,553)	384,472
Total primary government	<u>\$ (178,758)</u>	<u>\$ 424,972</u>	<u>\$ 64,245</u>	<u>\$ 686,815</u>	<u>\$ 7,965,613</u>	<u>\$ (1,230,841)</u>	<u>\$ (2,674,241)</u>	<u>\$ 1,803,962</u>	<u>\$ 9,829,436</u>	<u>\$ 1,585,310</u>

Source: Comprehensive Annual Financial Report

Note 1: The City implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

Note 2: The City implemented GASB Statement No. 75 in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this standard.

CITY OF KAUFMAN, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable	\$ -	\$ 18,981	\$ 2,923	\$ 13,868	\$ 18,400	\$ 74,913	\$ 28,127	\$ 60,472	\$ 60,990	\$ 65,050
Restricted	227,546	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	96,818	96,985	100,476	34,526	36,085
Unassigned	1,951,777	2,029,082	1,968,406	1,841,869	1,539,800	928,996	1,399,264	1,523,945	1,780,866	2,150,553
Total general fund	<u>\$ 2,179,323</u>	<u>\$ 2,048,063</u>	<u>\$ 1,971,329</u>	<u>\$ 1,855,737</u>	<u>\$ 1,558,200</u>	<u>\$ 1,100,727</u>	<u>\$ 1,524,376</u>	<u>\$ 1,684,893</u>	<u>\$ 1,876,382</u>	<u>\$ 2,251,688</u>
All other governmental funds										
Nonspendable	\$ -	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	39,360	355,563	370,023	674,773	436,648	2,215,242	3,045,274	10,211,061	4,722,424	2,701,503
Assigned	730,348	480,263	555,578	694,585	1,031,484	439,247	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(6,712)	(1,078,295)
Total all other governmental funds	<u>\$ 769,708</u>	<u>\$ 835,976</u>	<u>\$ 925,601</u>	<u>\$ 1,369,358</u>	<u>\$ 1,468,132</u>	<u>\$ 2,654,489</u>	<u>\$ 3,045,274</u>	<u>\$ 10,211,061</u>	<u>\$ 4,715,712</u>	<u>\$ 1,623,208</u>

Source: Comprehensive Annual Financial Report

CITY OF KAUFMAN, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Property taxes	\$ 1,757,609	\$ 1,804,279	\$ 1,759,924	\$ 1,752,725	\$ 1,815,219	\$ 1,941,275	\$ 2,160,878	\$ 2,323,203	\$ 2,963,053	\$ 3,298,235
Sales taxes	1,104,987	1,104,523	1,193,154	1,351,409	1,594,892	1,842,273	2,022,782	2,070,430	2,314,065	2,354,351
Franchise fees	385,293	483,935	399,268	374,933	417,416	397,783	403,640	425,130	425,109	432,662
Hotel occupancy taxes	36,046	35,819	21,780	28,802	31,387	29,799	33,420	31,825	43,746	45,445
Alcoholic beverage taxes	7,744	8,044	5,267	3,567	5,802	6,914	8,042	8,028	12,114	10,749
Licenses and permits	83,755	87,478	95,864	122,192	108,529	171,781	265,178	288,218	255,191	319,138
Fines and forfeitures	207,236	217,618	345,313	176,882	207,263	264,801	219,332	195,063	243,905	101,723
Charges for current services	53,564	268,845	253,656	260,414	267,302	252,951	266,819	297,488	308,330	334,028
Impact fees	-	1,520	2,839	251,714	165,161	32,864	-	-	-	-
Grants	-	-	-	1,341	2,755	4,366	-	-	-	-
Investment earnings	11,263	5,477	4,346	4,106	12,447	17,360	6,166	5,213	11,133	12,545
Miscellaneous	123,488	105,073	59,540	400,000	100,000	55,927	91,806	115,474	98,120	152,026
Intergovernmental	69,500	80,876	40,045	33,149	56,365	16,093,021	774,130	1,022,142	3,104,374	1,593,990
Contributions and donations	-	5,774	623	4,548	2,372	1,256	1,510	2,263	42,818	3,263
Total revenues	3,840,485	4,209,261	4,181,619	4,765,782	4,786,910	21,112,371	6,253,703	6,784,477	9,821,958	8,658,155
EXPENDITURES										
Current:										
General government	496,204	684,238	737,287	731,811	1,037,749	875,001	847,136	892,264	977,146	1,218,020
Public safety	2,153,242	1,830,633	1,831,677	1,961,215	2,010,423	2,235,392	2,452,185	2,565,841	3,302,819	2,616,004
Public works	498,463	528,899	551,452	503,324	3,492,612	11,287,061	4,948,322	676,340	698,911	2,345,705
Public services and operations	-	268,517	301,051	297,551	373,629	329,880	412,349	318,491	497,534	479,060
Parks and recreational	258,227	208,609	198,975	181,909	245,390	297,773	2,036,212	385,809	418,815	377,836
Debt service:										
Principal retirement	124,287	128,171	155,863	152,554	195,346	602,711	618,456	1,326,415	1,694,358	1,723,817
Interest and fiscal charges	89,732	84,826	40,585	49,405	136,088	556,638	530,831	573,135	793,833	787,324
Bond issuance charges	-	-	-	-	-	-	57,936	55,169	-	-
Capital outlay	171,188	392,505	345,515	578,747	2,290,910	427,720	466,551	3,475,387	8,127,008	1,986,602
Total expenditures	3,791,343	4,126,398	4,162,405	4,456,516	9,782,147	16,612,176	12,369,978	10,268,851	16,510,424	11,534,368
Excess (deficiency) of revenues over (under) expenditures	49,142	82,863	19,214	309,266	(4,995,237)	4,500,195	(6,116,275)	(3,484,374)	(6,688,466)	(2,876,213)
OTHER FINANCING SOURCES (USES)										
Transfers in	177,019	-	173,051	18,902	14,019,214	2,623,944	3,074,491	575,559	2,230,272	626,852
Transfers out	(238,231)	(34,329)	-	-	(13,994,489)	(2,908,374)	(3,071,491)	(552,430)	(2,172,616)	(585,464)
Certificates of obligation issued	-	-	-	-	1,045,000	-	1,250,000	-	-	-
General obligation bonds issued	-	-	-	-	-	-	1,000,000	9,830,000	-	-
Refunding bonds issued	-	-	-	-	-	-	275,000	-	-	-
Tax anticipation note issued	-	-	-	-	-	-	365,000	-	-	-
Pass through bonds issued	-	-	-	-	8,255,000	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(277,515)	-	-	-
Premium on bonds issued	-	-	-	-	-	-	1,248	-	-	-
Note payable issued	-	-	-	-	4,500,000	4,438,669	-	-	-	-
Capital lease proceeds	-	-	-	-	527,799	-	-	136,423	-	107,305
Sale of capital assets	9,497	-	12,502	-	35,750	35,289	20,487	23,447	-	10,321
Total other financing sources (uses)	(51,715)	(34,329)	185,553	18,902	14,388,274	4,189,528	2,637,220	10,012,999	57,656	159,014
Net change in fund balances	\$ (2,573)	\$ 48,534	\$ 204,767	\$ 328,168	\$ 9,393,037	\$ 8,689,723	\$ (3,479,055)	\$ 6,528,625	\$ (6,630,810)	\$ (2,717,199)
Debt service as a percentage of noncapital expenditures	5.91%	5.70%	5.15%	5.21%	4.42%	7.16%	11.38%	30.10%	32.70%	32.07%

Source: Comprehensive Annual Financial Report

CITY OF KAUFMAN, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Fiscal Year Ended September 30	Estimated Actual Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Taxable Value	Total Direct Rate
	Real Property	Personal Property					
2010	\$ 336,596,364	\$ 36,768,460	\$ 100,256,681	\$ 273,108,143	73.15%	\$ 373,364,824	\$0.63710
2011	333,616,219	38,556,450	100,510,922	271,661,747	72.99%	372,172,669	0.64040
2012	326,261,068	39,926,850	99,740,725	266,447,193	72.76%	366,187,918	0.64539
2013	323,747,199	41,637,470	99,243,200	266,141,469	72.84%	365,384,669	0.65249
2014	328,703,417	45,524,420	99,621,127	274,606,710	73.38%	374,227,837	0.65249
2015	338,385,382	47,963,990	103,979,495	282,369,877	73.09%	386,349,372	0.70249
2016	365,457,870	60,754,710	130,166,145	296,046,435	69.46%	426,212,580	0.70249
2017	375,220,983	60,500,840	134,968,935	300,752,888	69.02%	435,721,823	0.77726
2018	389,763,658	79,031,250	133,077,698	335,717,210	71.61%	468,794,908	0.89937
2019	494,627,469	72,226,600	149,564,850	417,289,219	73.61%	566,854,069	0.89865

Source: City Administration Office.

Note: Property is reassessed annually. Property is assessed at actual value; therefore, the assessed values are equal to actual value.
 Tax rates are per \$100 of assessed value.

CITY OF KAUFMAN, TEXAS
PROPERTY TAX RATES
DIRECT AND OVERLAPPING¹ GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	City of Kaufman			Overlapping Rates			Total Direct and Overlapping Rates
	Operating / General Rate	General Obligation Debt Service	Total Direct	Kaufman Independent School District	Kaufman County	Trinity Valley Community College	
2010	\$ 0.55900	\$ 0.07810	\$0.63710	\$ 1.30000	\$0.55650	\$ 0.07440	\$ 2.49360
2011	0.56200	0.07840	0.64040	1.30000	0.50770	0.07750	2.44810
2012	0.56659	0.07880	0.64539	1.30000	0.49910	0.08150	2.44449
2013	0.57698	0.07551	0.65249	1.30000	0.55650	0.08900	2.50899
2014	0.57896	0.07353	0.65249	1.30000	0.55650	0.09600	2.50899
2015	0.49769	0.20480	0.70249	1.30000	0.57620	0.10360	2.57869
2016	0.50735	0.19514	0.70249	1.46000	0.57620	0.12674	2.73869
2017	0.50735	0.26991	0.77726	1.53000	0.58870	0.13567	2.89596
2018	0.50735	0.39202	0.89937	1.55000	0.58870	0.13854	3.03807
2019	0.53504	0.36361	0.89865	1.55000	0.58870	0.13854	3.03735

Source: City Administration Office

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Kaufman, Texas.

CITY OF KAUFMAN, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2019 ¹			2010 ²		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
ITS Equipment Leasing & Maintenance LLC	\$ 15,022,380	1	3.60%	-		-
JWS Land Ltd.	9,393,230	2	2.25%	-		-
Wal-Mart Real Estate Business Trust	8,548,852	3	2.05%	-		-
Kolder Inc.	5,720,800	4	1.37%	2,735,210	5	1.00%
Wal-Mart Stores	5,216,990	5	1.25%	-		-
Falcon Steel Inc.	4,984,880	6	1.19%	5,148,860	1	1.89%
BWR Apartments LP	4,819,880	7	1.16%	-		-
Brookshire Grocery Co.	4,003,470	8	0.96%	4,095,120	4	1.50%
Tables Manufacturing Inc.	4,064,830	9	0.97%	2,215,100	6	0.81%
Centro NP Holdings 12 SPE LLC	3,154,470	10	0.76%	-		-
Oncor Electric Delivery Co.	-		-	1,915,080	9	0.70%
TCI Hunters Glen	-		-	4,819,880	3	1.76%
Abox Paperboard	-		-	5,128,670	2	1.88%
Centeramerica Capital Partnership	-		-	2,153,940	7	0.79%
2M Properties, LTD	-		-	1,977,690	8	0.72%
Kinplex Trust A	-		-	1,708,000	10	0.63%
Total	<u>\$ 64,929,782</u>		<u>15.56%</u>	<u>\$ 31,897,550</u>		<u>11.68%</u>

Source: ¹ www.kaufman-cad.net

² City Administration Office.

CITY OF KAUFMAN, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

	Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
			Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy	
106	2010	\$ 1,774,744	\$ 1,678,366	94.57	\$ 93,465	\$ 1,771,831	99.84	%
	2011	1,739,722	1,689,601	97.12	46,444	1,736,045	99.79	
	2012	1,733,400	1,687,208	97.34	41,295	1,728,503	99.72	
	2013	1,736,415	1,684,211	96.99	47,934	1,732,145	99.75	
	2014	1,769,535	1,742,183	98.45	22,457	1,764,640	99.72	
	2015	1,983,620	1,906,266	96.10	64,393	1,970,659	99.35	
	2016	2,081,279	2,040,636	98.05	27,409	2,068,045	99.36	
	2017	2,336,670	2,244,619	96.06	78,758	2,323,377	99.43	
	2018	3,086,895	2,939,233	95.22	121,357	3,060,590	99.15	
	2019	3,264,706	3,213,590	98.43	-	3,213,590	98.43	

Source: Kaufman County Tax Office

CITY OF KAUFMAN, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						
	Certificates of Obligation	General Obligation Bonds	Pass Through Bonds	Notes Payable	Tax Anticipation Note	Development Agreement Payable	Capital Leases
2010	\$ 2,018,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2011	1,890,606	-	-	-	-	-	-
2012	547,504	1,251,200	-	-	-	-	-
2013	449,350	1,201,092	-	-	-	-	-
2014	1,475,647	1,056,754	8,221,846	4,500,000	-	1,695,000	490,553
2015	1,425,850	917,072	8,223,382	8,938,669	-	1,356,000	416,042
2016	2,220,116	2,054,378	8,224,918	8,917,995	365,000	1,017,000	340,761
2017	2,140,394	11,692,909	7,921,454	8,644,726	305,000	678,000	399,238
2018	2,055,672	11,407,278	7,612,989	8,141,695	245,000	339,000	286,511
2019	1,965,950	11,082,192	7,299,526	7,623,560	185,000	-	316,534

Fiscal Year	Business- Activities						
	Certificates of Obligation	General Obligation Bonds	Development Agreement Payable	Capital Leases	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
2010	\$ 2,376,222	\$ 1,870,000	\$ -	\$ -	\$ 6,265,000	2.47%	\$ 895
2011	2,232,393	1,520,000	399,263	-	6,042,262	2.45%	888
2012	2,376,495	1,748,800	399,263	-	6,323,262	2.42%	907
2013	2,201,650	1,358,179	399,263	60,772	5,670,306	2.12%	810
2014	2,065,350	907,143	399,263	46,310	20,857,866	8.20%	2,980
2015	1,916,150	436,107	549,263	31,557	24,210,092	9.36%	3,498
2016	5,747,495	1,551,299	404,916	16,302	30,860,180	11.32%	4,312
2017	5,534,902	1,371,788	404,916	140,191	39,233,518	14.13%	5,464
2018	7,970,637	1,185,677	135,000	106,606	39,486,065	14.20%	5,393
2019	7,667,627	999,365	120,000	72,065	37,331,819	11.67%	5,000

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ Personal income data and population data can be found in the Schedule of Demographic and Economic Statistics on page 111.

CITY OF KAUFMAN, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING ¹
Last Ten Fiscal Years

Fiscal Year	Certificates of Obligation	General Obligation Bonds	Tax Anticipation Note	Development Agreement Payable	Less: Amounts Available in	Total	Percentage of Estimated Actual Taxable Value ² of Property	Per Capita ³
					Debt Service Fund			
2010	\$ 4,395,000	\$ 1,870,000	\$ -	\$ -	\$ 33,029	\$ 6,231,971	2.28%	\$ 890
2011	4,122,999	1,520,000	-	399,263	34,506	6,007,756	2.21%	883
2012	2,923,999	3,000,000	-	399,263	38,201	6,285,061	2.36%	902
2013	2,651,000	2,559,271	-	399,263	45,605	5,563,929	2.09%	795
2014	3,540,997	1,963,897	-	399,263	45,195	5,858,962	2.13%	837
2015	3,342,000	1,353,179	-	549,263	118,828	5,125,614	1.82%	740
2016	7,967,611	3,605,677	365,000	769,916	124,819	12,583,385	4.25%	1,758
2017	7,675,296	13,064,697	305,000	709,916	271,861	21,483,048	7.14%	2,992
2018	10,026,309	12,592,955	245,000	380,000	385,644	22,858,620	6.81%	3,122
2019	9,633,577	12,081,557	185,000	305,000	507,966	21,697,168	5.20%	2,906

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ General Bonded Debt Outstanding does not include notes payable that will not be repaid with general government resources.

² See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 103 for property value data.

³ Population data can be found in the Schedule of Demographic and Economic Statistics on page 111.

CITY OF KAUFMAN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable¹	Amounts Applicable to Primary Government
Debt repaid with property taxes: Kaufman County	\$ 59,287,925	4.73%	\$ 2,804,319
Debt repaid with property taxes: School District	72,940,940	45.81%	<u>33,414,245</u>
Subtotal, overlapping debt			36,218,564
City of Kaufman, Texas direct debt			<u>28,472,762</u>
Total direct and overlapping debt			<u><u>\$ 64,691,326</u></u>

Source: Texas Municipal Reports

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the property taxes of the City of Kaufman, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxes should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county and school district's taxable assessed value that is within the city's boundaries and dividing it by the county and school district's total taxable assessed value.

CITY OF KAUFMAN, TEXAS
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Waterworks and Sewer System Revenue Bonds						
Fiscal Year	Total Revenues¹	Less Operating Expenses²	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
2010	\$ 2,672,180	\$ 2,101,132	\$ 571,048	\$ 335,000	\$ 77,295	1.39
2011	3,254,220	2,152,934	1,101,286	511,834	142,072	1.68
2012	2,945,309	2,258,624	686,685	570,446	150,266	0.95
2013	3,278,904	2,351,745	927,159	586,956	111,667	1.33
2014	3,172,607	2,464,632	707,975	635,030	91,330	0.97
2015	3,191,532	2,621,892	569,640	619,800	89,400	0.80
2016	3,942,046	2,670,799	1,271,247	154,363	154,349	4.12
2017	3,874,232	2,767,539	1,106,693	383,800	131,734	2.15
2018	4,269,363	3,587,127	682,236	420,400	188,713	1.12
2019	4,271,269	2,929,045	1,342,224	480,600	230,814	1.89

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ Includes operating and nonoperating revenues.

² Includes operating expenses minus depreciation.

CITY OF KAUFMAN, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year	Estimated Population¹	Personal Income	Per Capita Personal Income²	Median Age²	School Enrollment³	Unemployment Rate⁴
2010	7,000	\$ 253,988,000	\$ 36,284	30.3	3,746	9.0 %
2011	6,805	246,912,620	36,284 **	30.3	3,820	9.0 **
2012	6,969	261,553,965	37,531 **	30.3	3,737	6.6
2013	7,000	266,903,000	38,129	32.0	3,752	6.5 ⁵
2014	7,000	254,275,000	36,325	32.0	3,798	6.8
2015	6,922	258,522,856	37,348	37.0	3,844	4.9
2016	7,156	272,686,536	38,106	34.0	3,851	3.6
2017	7,181	277,624,641	38,661	34.6	3,931	3.1
2018	7,322	278,074,916	37,978	35.6	4,002	3.2
2019	7,467	319,863,879	42,837	35.4	4,018	3.8

Sources:

¹ North Central Texas Council of Governments

² U.S. Department of Commerce - Bureau of Economic Analysis

³ Kaufman Independent School District

⁴ Texas Workforce Commission

⁵ www.citydata.com

* Median age only available when released in census years.

** Estimated

CITY OF KAUFMAN, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Kaufman County	554	1	13.55%	580	1	13.53%
Kaufman ISD	524	2	12.82%	486	2	11.33%
Walmart	300	3	7.34%	-		-
Numo Manufacturing	208	4	5.09%	112	9	2.61%
Texas Health Presbyterian	200	5	4.89%	285	3	6.65%
Enertech	175	6	4.28%	-		-
Advanced Tabco / Tables Mfg. Inc.	170	7	4.16%	114	8	2.66%
Trinity Valley Electric Cooperative	157	8	3.84%	150	5	3.50%
Falcon Steel	143	9	3.50%	167	4	3.89%
Sunflower Nursing Home	105	10	2.57%	100	10	2.33%
Abox Packaging	-		-	150	6	3.50%
Brookshire's Grocery Company	-		-	140	7	3.26%
Total	2,536		62.04%	2,284		53.26%

Source: City Administration Office.

CITY OF KAUFMAN, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Administrative Services										
Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
City Secretary	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Secretary/Admin Assistant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Financial Services										
Finance	5.0	5.0	5.0	5.0	6.0	6.0	5.0	5.0	5.0	5.0
Municipal Court	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Municipal Court Judge	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Safety										
Police	24.0	26.0	26.0	26.0	25.0	25.0	25.0	24.0	24.0	23.0
Development Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Fire	4.0	4.0	4.0	4.0	6.0	6.0	6.0	6.0	6.0	7.0
Streets	10.0	10.0	10.0	10.0	12.0	10.0	10.0	12.0	12.0	7.0
Parks										5.0
Water and Sewer Systems	13.0	13.0	13.0	13.0	12.0	14.0	14.0	13.0	13.0	13.0
Total	64.0	66.0	66.0	66.0	69.0	69.0	68.0	68.0	68.0	68.0

Source: City Administration Office.

CITY OF KAUFMAN, TEXAS
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
UCR - Reported Crimes	181	144	134	155	132	209	200	230	201	175
Number of Violations (Citations)	1,577	3,396	5,504	4,074	2,977	6,995	5,845	6,933	4,872	5,198
Judicial										
Municipal Court Fines	\$ 207,236	\$ 217,618	\$ 257,964	\$ 224,673	\$ 258,077	\$ 289,161	\$ 211,091	\$ 172,099	\$ 114,402	\$ 91,687
Fire										
Fire Calls	813	910	940	735	880	1,156	1,569	1,974	2,271	2,414
Fire Loss	\$ 216,411	\$ 309,100	unavailable	unavailable	unavailable	unavailable	unavailable	unavailable	unavailable	unavailable
Inspection										
Permits Issued (Units)	3	1	6	3	3	485	431	572	522	512
Permit Value	\$3,711,993	\$550,000	\$1,233,000	\$10,309,526	\$1,470,000	\$14,036,494	\$56,041,030	\$14,769,321	\$18,776,255	\$14,549,894
Streets										
Miles of Streets Maintained	35.31	35.31	35.36	35.31	35.81	35.81	35.81	35.81	37.31	37.31
114 Health										
Animals Impounded	316	282	276	269	245	226	279	164	203	190
Cultural and Recreational										
Parks										
Parks Maintained	5	5	5	5	5	5	5	5	5	5
Sanitation Service										
Refuse Customers	1,832	1,835	1,833	1,835	1,788	1,686	1,859	2,245	1,784	1,932
Water										
Number of Water Customers	2,470	2,480	2,463	2,451	2,447	2,374	2,551	2,480	2,651	2,639
Estimated Gallons Billed (in thousands)	320,810	420,491	427,433	341,270	324,422	299,781	328,672	289,399	261,916	284,801
Sewer										
Number of Wastewater Customers	2,347	2,345	2,126	2,142	2,108	2,111	2,190	2,104	1,974	2,254

Sources: Various city departments.

CITY OF KAUFMAN, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Fire Hydrants	265	265	300	300	312	362	364	456	456	456
Streets										
Miles of Streets	35.31	35.31	35.31	35.31	35.81	35.81	35.81	35.81	37.31	37.31
Cultural and Recreational										
Parks Maintained	5	5	5	5	5	5	5	5	5	5
Water										
Water Storage Capacity (gallons)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Sewer										
Sewer Plant Capacity (million gallons per day)	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20

Sources: Various city departments.



Meeting
Date: 3/30/2020

Date: 3/2/2020

Item #: 8.

Dept.: Administration

Ordinance

SUBJECT:

Consider and take appropriate action on Ordinance O-02-20, an ordinance of the City Council of the City of Kaufman, Texas, amending the City's Personnel Policies Manual, adopted as Section 2-62, "Personnel Policies; Job Classification" of Article III, "Officers and Employees" of Chapter 2, "Administration" of the Code of Ordinances of the City by adopting a new Section 4.03, "Internships" and amending Section 4.01, "Categories" in order to include Paid and Unpaid Internships and to establish requirements and guidelines for departments utilizing Paid and Unpaid Interns and to incorporate the new section into the existing Personnel Policies Manual; and providing an effective date.

BACKGROUND:

City Staff presented a draft internship policy to City Council at the February 24, 2020 City Council Meeting and received direction to develop the attached personnel policy amendment detailed in Ordinance O-02-20.

This internship policy will allow the City of Kaufman to improve by preparing the workforce, identifying future candidates, and obtaining additional resources to improve the City's service delivery. With different availability in each department, having interns in these positions will improve how fast the City delivers services. The City of Kaufman will also improve because it will teach the current staff how to train new employees, which will benefit the City as it continues to grow. The City can also use this internship program to teach candidates how to do specific jobs and skills so they will develop workforce skills. This also allows the City of Kaufman to look at these interns and identify any future candidates for the City of Kaufman.

Author:
Mike Holder, Assistant City Manager

Reviewed:
Mike Slye, City Manager

Cost: N/A

Funds Available: N/A

Source: N/A

Recommendation: Staff recommends approval of Ordinance O-02-20 as presented.

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☐	☐	☒	☐	☒

ORDINANCE NO. O-02-20

AN ORDINANCE OF THE CITY OF KAUFMAN, TEXAS AMENDING SECTION 2-62, "PERSONNEL POLICIES; JOB CLASSIFICATION PLAN", OF ARTICLE III, "OFFICERS AND EMPLOYEES", OF CHAPTER 2, "ADMINISTRATION", OF THE CITY'S CODE OF ORDINANCES TO PROVIDE FOR A CITY OF KAUFMAN INTERNSHIP POLICY; PROVIDING FOR THE INCORPORATION OF PREMISES; PROVIDING FOR THE ADOPTION OF A NEW SUBSECTION, SUBSECTION C, "INTERNSHIPS:", TO SECTION 4.01, "CATEGORIES", OF THE CITY OF KAUFMAN PERSONNEL POLICIES MANUAL, ("PERSONNEL MANUAL"), AND THE ADOPTION OF A NEW SECTION, SECTION 4.03, "INTERNSHIPS", TO THE PERSONNEL MANUAL, ADOPTED IN SECTION 2-62 OF THE CODE OF ORDINANCES; PROVIDING FOR THE RATIFICATION AND REAFFIRMATION OF THE PERSONNEL MANUAL AS SET FORTH IN EXHIBIT "A" HERETO; PROVIDING FOR CUMULATIVE REPEALER, SAVINGS, AND SEVERABILITY CLAUSES; PROVIDING FOR READINGS AND PUBLICATION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Section 4.06 of the City of Kaufman Home Rule Charter provides that the City Manager shall prepare personnel rules and the Council may, by ordinance, adopt them without amendment; and

WHEREAS, Section 4.06 further provides that the personnel rules shall provide for the classification of all City positions, based upon duties, authority and responsibility of each position, provision for reclassification of any position, and a pay plan for all City positions; and

WHEREAS, Section 2-62, entitled "Personnel Policies; Job Classification Plan", of Article III, "Officers and Employees", of Chapter 2, "Administration", of the Code of Ordinances of the City of Kaufman adopts a Personnel Manual, which has been updated via amending ordinance over the years; and

WHEREAS, upon additional review of the existing Personnel Manual, the City Manager determined it appropriate to again amend the Personnel Manual adopted in Section 2-62 of the Code of Ordinances to amend Section 4.01, "Categories", to add a new subsection, subsection C, "Internships:", to Section 4.01 and by adding a new section, Section 4.03, "Internships", to the Personnel Manual, a copy of which containing the amendments approved by this Ordinance is attached hereto and incorporated herein as Exhibit "A", entitled "Personnel Policies Manual"; and

WHEREAS, the City Council, having reviewed the proposed additions to the Personnel Manual, determined that the Personnel Manual should be amended as stated herein and that the amendments approved by this Ordinance should be added to the existing Personnel Manual so that the Personnel Manual includes the adoption of subsection C to Section 4.01 and Section 4.03; and

WHEREAS, the City Council further finds that the amendments set forth herein are

adopted and shall be incorporated as part of Exhibit "A" to Section 2-62 of Article III of Chapter 2 of the Code of Ordinances by reference and shall remain on file in the office of the City Secretary of the City of Kaufman, Texas.

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

Section 1: **Incorporation of Premises.** That all of the above premises are found to be true and correct and are incorporated into the body of this Ordinance as if copied in their entirety.

Section 2: **Amendments.**

2.01 That Section 2-62, entitled "Personnel Policies; Job Classification Plan", of Article III, "Officers and Employees", of Chapter 2, "Administration" of the Code of Ordinances of the City of Kaufman is hereby amended and shall be and read in its entirety as follows:

"2.62. Personnel Policies; Job Classification Plan

(a) Adoption of City of Kaufman Personnel Policies Manual. The City Council hereby adopts the policies and rules set forth in the City of Kaufman Personnel Policies Manual, as set forth in **Exhibit "A"**, to Ordinance No. O-02-20, a copy of which is incorporated herein in its entirety by reference and shall be maintained on file in the Office of the City Secretary of the City of Kaufman, Texas. The City of Kaufman Personnel Policies Manual set forth in Exhibit "A" supersedes all previously adopted Personnel Manuals applicable to City positions.

...

2.02 That the Personnel Manual adopted in Section 2-62, entitled "Personnel Policies; Job Classification Plan", of Article III, "Officers and Employees", of Chapter 2, "Administration", is hereby amended to provide for the adoption of a new subsection, subsection C, "Internships:", to Section 4.01, "Categories", of the Personnel Manual, which is hereby adopted to be and read in its entirety as follows:

4.01 CATEGORIES

...

- C. Internships: There are two (2) types of internships with the City of Kaufman:
- a. **Paid:** Employed to hold an authorized position that involves, on average, twenty (20) hours or less per work week, less than forty (40) hours per work period, and less than one thousand (1,000) hours per year. Such appointment is not entitled to the City of Kaufman's fringe benefits, other than workers' compensation and minimum wage.
 - b. **Unpaid:** Assignment for a pre-determined time period (ex: school semester or year, or summer break), entered into with the understanding

that the internship is unpaid and the intern will receive none of the City's fringe benefits, nor pay for hours worked. The intern will instead receive experience to satisfy a school credit or knowledge towards specific educational programs or specific career goals.

...

2.03 That the Personnel Manual adopted in Section 2-62, entitled "Personnel Policies; Job Classification Plan", of Article III, "Officers and Employees", of Chapter 2, "Administration", of the Code of Ordinances of the City is hereby amended to provide for the adoption of a new section, Section 4.03, "Internships", to the Personnel Manual, which is hereby adopted to be and read in its entirety as follows:

4.03 INTERNSHIPS

- A.** Departments must fill out the intern request form and submit it to HR to be eligible for an intern in their department. The request must specify assignments for the intern to do, the supervisor of the intern, hours of work, duration of the internship, and proposed rate of pay if it is a paid internship.
- B.** HR will coordinate workstation needs and issues, including telephone and internet capabilities, before the intern's start date.
- C.** Paid interns will abide by the City of Kaufman's personnel policies and will be given a personnel policy orientation at the start of their internship. Unpaid interns shall execute a release and waiver form at the start of their internship and will be given an abbreviated personnel policy orientation regarding general dress code, conduct, and performance expectations.
- D.** The head of the department where the intern is working will give the intern a departmental orientation and explain the duties the intern is responsible for. Departments should strive to delegate assignments and tasks which pertain to an intern's desired knowledge or school program.
- E.** If the intern is a student, whether Paid or Unpaid, the intern supervisor will submit a written progress report of the intern's activities, progress, and performance every month to HR for delivery to the intern's school.
- F.** If the intern is not a student, whether Paid or Unpaid, the intern supervisor will submit a review every month to HR for record keeping and intern progress reporting.
- G.** At the end of the internship, the supervisor will do a final report on the progress of the intern. An exit interview will be scheduled between HR, the intern supervisor, and the intern, to determine the success of the internship and if goals were attained.
- H.** An internship with the City does not guarantee or imply future employment with the City of Kaufman.
- I.** Interns may be reassigned or dismissed as duties or needs change or performance does not meet standards.

...

Section 3. Severability. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holdings shall not affect the validity of the remaining portions of this Ordinance, and the City Council hereby

declares it would have passed such remaining portions of this Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

Section 4. Cumulative Repealer. This Ordinance shall be cumulative of all other Ordinances of the City of Kaufman and shall not repeal any of the provisions of such Ordinances except for those instances where there are direct conflicts with the provisions of this Ordinance. Ordinances or parts thereof in force at the time this Ordinance shall take effect and that are inconsistent with this Ordinance are hereby repealed to the extent that they are inconsistent with this Ordinance. Provided, however, that any complaint, action, claim or lawsuit which has been initiated or has arisen under or pursuant to such Ordinance on the date of adoption of this Ordinance is saved and shall continue to be governed by the provisions of that Ordinance and for that purpose the Ordinance shall remain in full force and effect.

Section 5. Readings and Publication. In accordance with the City Charter, this Ordinance has been read at a City Council meeting properly noticed and open to the public as required by law. The City Secretary of the City of Kaufman is hereby directed to publish the Caption of this Ordinance or to publish this Ordinance or a summary as required by state law and Charter.

Section 6. Effective Date. That this Ordinance shall become effective on and after its passage and adoption.

PASSED AND APPROVED this 30th day of March, 2020.

**JEFF JORDAN
MAYOR**

ATTEST:

**JESSIE HANKS
CITY SECRETARY**

APPROVED AS TO FORM:

**PATRICIA A. ADAMS
CITY ATTORNEY**

**Exhibit A
City of Kaufman Personnel Policies Manual**



Personnel Policies Manual

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1.00 GENERAL PROVISIONS

1.01 AUTHORITY

The policies contained in the City of Kaufman's Personnel Policies Manual ("Manual") are established by the City Council. The City reserves the authority to modify, revoke, interpret or terminate any or all of the policies specified in this Manual, in whole or in part, at any time, with or without notice. Any modifications, revocations or additions to the Manual must be approved by the City Council.

Due to the variety of services performed by the City, it may be necessary for individual departments to establish codes of conduct, rules and regulations, and policies and procedures to accomplish departmental responsibilities. All such departmental rules/policies, which must be approved by the City Manager, shall not conflict with the policies of this Manual and may be more restrictive, but not less restrictive, than what this Manual provides. An employee who violates a departmental code of conduct, rules, policy or procedure is subject to disciplinary action.

The issuance of this Manual does not constitute an express or implied contract between the City and its employees. City supervisory personnel shall not make any representation to employees or applicants concerning the terms or conditions of employment with the City that are not consistent with this Manual.

1.02 STATEMENT OF AT-WILL EMPLOYMENT

Employment with the City of Kaufman is on an at-will basis. The employee may quit and the City may terminate the employee at any time, for any non-discriminatory reason or for no reason. The provisions of this Manual are not intended to create a contract of employment, and no agreement or promise regarding an employee's terms or conditions of employment is binding on the City. The City has the right to change the policies at any time without prior notice. No contrary verbal representation or statement of an employee's terms and conditions of employment is binding upon the City.

1.03 RESPONSIBILITY FOR IMPLEMENTATION OF PERSONNEL POLICIES MANUAL

The City Manager is responsible for the administration of the Personnel Policies Manual. The City Manager may delegate authority to appropriate staff members to act on his or her behalf in the administration of these policies and procedures.

With the exception of matters of appointments and other personnel actions reserved to the City Council by statute, charter or ordinance, the general and final authority on personnel decisions is reserved to the City Manager.

Each department head is responsible for enforcing the provisions of this Manual.

City employees are responsible for complying with and adhering to this Manual and for conforming to the directions provided by departmental management in the fulfillment of this Manual.

1.04 PURPOSE AND OBJECTIVES

The purpose of the Manual is to create a high degree of understanding, cooperation, efficiency and unity, all of which come through the systematic application of established procedures in personnel management and administration, and to provide a primary, uniform policy for all employees, with all the benefits such a program ensures.

The Manual has been prepared and adopted to acquaint all employees with the City and to provide information about working conditions, employee benefits and policies affecting employment. Employees should read, understand and comply with all provisions of the Manual. It describes many responsibilities as an employee and outlines the programs developed by the City to benefit employees. If an employee has any question concerning the Manual, or the responsibilities and benefits described herein, he or she may direct any such question to the Human Resources Department.

No personnel policies manual can anticipate every circumstance or question about policy. As the City continues to grow and as the need may arise, the City reserves the right to revise, supplement or rescind any policies or portion of the Manual from time to time as it may deem appropriate, in its sole and absolute discretion. The only exception to any changes is the employment-at-will policy permitting the employee or the City to end the employment relationship for any reason at any time. Any future changes to the Manual will be communicated to employees through official notices. The fundamental objectives of these rules and regulations set forth in this Manual are:

- A. To promote and increase efficiency, responsiveness to the public and economy in the service of the City;
- B. To develop a program of recruitment, advancement and tenure that will make service to the City attractive as a career and will encourage each employee to render his best services to the City;
- C. To establish and maintain an equitable and uniform plan of evaluation and compensation based upon the relative duties and responsibilities of positions within the City and to reward meritorious service;
- D. To establish and promote high morale among City employees by providing a good working environment, uniform personnel policies and opportunity for advancement;

- E. To comply with all applicable state and federal statutes and regulations;
- F. To provide an attractive, efficient and safe environment by maintaining good physical working conditions and a planned safety program;
- G. To regard planned training, continuing education and staff development activities as an investment for the mutual benefit of employees and the City;
- H. To communicate freely and to encourage communication from and among all employees;
- I. To provide a work environment that is conducive to both personal and professional growth; and
- J. To safeguard any employee's right to be treated with respect, dignity, equity and fairness; where provided, the right to appeal any violation of these rights; and to assure the right of employees to present grievances through appropriate channels.

1.05 APPLICABILITY OF PERSONNEL POLICIES MANUAL

The rules and regulations of this Manual shall apply to all employees unless superseded by the state and federal constitutions, state and federal legislation and/or regulations, the City Charter and City ordinances. Failure to comply with this Manual may result in appropriate disciplinary action. All City employees are charged with the responsibility of being thoroughly familiar with all provisions of this Manual and any subsequent amendments thereto, and each employee shall sign and date an Acknowledgment Receipt Form to this effect.

Each City employee is to receive the Personnel Policies Manual upon commencement of employment and thereafter he or she will receive subsequent amendments to the Manual. No employee handbook accompanies the issuance of this Manual, and any employee handbook that previously may have been issued by the City no longer constitutes a part of or is a complement

to the City's official personnel policies and procedures, and therefore is to be disregarded in its entirety.

Elected officials, the City Attorney, the Judge of the Municipal Court, members of appointed boards and commissions, persons employed under contract and personnel appointed to serve without pay shall not be considered City employees for purposes of this Manual.

1.06 DISSEMINATION OF PERSONNEL POLICIES MANUAL

The City Manager and/or the City Secretary shall maintain complete sets of the

Personnel Policies Manual with all revisions for reference by employees. In addition, a complete copy of the Manual and a copy of all subsequent revisions shall be provided to each employee. Each department head also shall keep a copy of the updated Manual available to employees in the department.

1.07 DATE OF ADOPTION

This Manual, and the rules and regulations that it contains, shall be effective immediately upon approval by the City Council.

1.08 EMPLOYEE SUGGESTIONS

Employees are encouraged to make constructive suggestions for improvements in the Manual or in work procedures or conditions.

1.09 DEFINITIONS

ACCIDENT means an incident involving a motor vehicle in which there is either a fatality, any property damage, an injury treated immediately and/or away from the scene, or a vehicle that is required to be towed, due to disabling damage, from the scene.

ADDRESS means the street and number, city, state and zip code of a residence and/or the post office box mailing address, if applicable.

ADMINISTRATIVE LEAVE means an authorized absence with pay.

ANNIVERSARY DATE means the month and date at which one (1) year or additional years of employment with the City is attained by a regular full-time employee.

CITY means the City of Kaufman, Texas.

CONTINUOUS SERVICE means employment with the City uninterrupted by leave of absence without pay or separation from City service.

CONTRACT EMPLOYEE means an employee who has contracted with the City to perform a specific task at a set rate of compensation.

DEMOTION means the assignment of an employee from a position in one classification to a position in another classification having a lower pay grade.

DEPARTMENT means a major functional unit of City government.

DEPARTMENT HEAD means any person appointed by the City Manager who is responsible for the administration of a City department.

DIVISION means a functional unit of a department.

DIVISION HEAD means any person who is responsible for the administration of a division or administrative office of the City.

EMPLOYEE means any person employed and paid a salary or wages by the City, and includes a person employed on a temporary or part-time basis, but does not include an independent contractor, contract employee, the Municipal Court Judge, the City Attorney, a member of an appointed Board or Commission, or a member of the City Council.

EXEMPT EMPLOYEE means any employee who occupies an executive, administrative or professional position as defined by the Fair Labor Standards Act.

FULL-TIME EMPLOYEE means any employee scheduled to work forty (40) hours or more per work week.

GRADE means a division of a salary and classification schedule with specified rates and/or ranges of pay into which a job or position is classified according to such factors as level of difficulty, responsibility and other criteria.

IMMEDIATE FAMILY means the spouse, son, daughter, father, mother, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, father-in-law, mother-in-law, brother, sister, brother-in-law, sister-in-law, grandfather, grandmother, spouse's grandfather, spouse's grandmother, grandchildren or any relative who may be residing in the same household with an employee.

JOB means a collection of tasks, duties and responsibilities regularly assigned to and performed by an individual or individuals when the magnitude of the job is such that it cannot be performed by one person.

JOB CLASSIFICATION means all positions, regardless of departmental location, that are sufficiently alike in duties and responsibilities to:

1. Be called by the same descriptive title;
2. Be accorded the same pay scale under like conditions; and/or
3. Require substantially the same education, experience and skills.

LEAVE WITHOUT PAY means an authorized temporary absence without pay.

MERIT means character or conduct deserving reward, honor or esteem.

MILITARY LEAVE means any authorized absence of an employee for active or reserve duty or training in the United States armed forces.

MONTH means one (1) calendar month.

NON-EXEMPT EMPLOYEE means any employee who does not occupy an executive, administrative or professional position as defined by the Fair Labor Standards Act.

PART-TIME EMPLOYEE means any employee scheduled to work fewer than forty (40) hours per work period.

PHYSICIAN OR LICENSED PHYSICIAN means any physician licensed by the Texas State Board of Medical Examiners.

PROMOTION means an assignment of an employee from a position of one (1) classification to a position in another classification having a higher pay grade.

REDUCTION IN FORCE means a separation from City service because of a shortage of funds or materials, abolition of a position or other reasons beyond the control of an employee and not reflecting discredit upon him or her.

REGULAR EMPLOYEE means an employee who is either full-time or part-time and is non-seasonal and non-temporary.

RESIDENCE means the actual place of abode of an employee.

RETIREMENT DATE means the first day an eligible employee becomes entitled to receive retirement benefits.

SECONDARY EMPLOYMENT means any business, trade, occupation or profession performed for any entity other than the City, including self-employment.

SERIOUS HEALTH CONDITION means an illness, injury, impairment or physical or mental condition involving inpatient care or continuing treatment by a health care provider.

SUPERVISOR means any person responsible to a superior for directing the work of others.

SUSPENSION means an involuntary discontinuance of pay for a specified period of time.

TEMPORARY EMPLOYEE means any employee appointed to any of the following:

1. An assignment or job scheduled to last fewer than six (6) months;
2. A position funded under a federal employment and training program as a participant meeting federal eligibility requirements, but not including administrative or staff positions;
3. A cooperative work-study program with an educational institution;

4. A seasonal position, even though the assignment may last more than six (6) months;
5. Any assignment of less than a full calendar year, which is repeated from year to year, even though the assignment may last more than six (6) months; or
6. A position that, by City policy and practice, is intended to give introductory work experience to a person preparing for entry into the work force.

TERMINATION means a cessation of employment with the City.

TRANSFER means any change of an employee from one position to another position in a classification having the same pay grade.

WORKDAY OR WORKING DAY means any one shift during which a department is open for business or on which an employee is scheduled to work.

WORKWEEK means a fixed, recurring period of 168 consecutive hours (7 days X 24 hours = 168).

2.00 EMPLOYEE RESPONSIBILITIES AND PERFORMANCE STANDARDS

2.01 GENERAL

The City of Kaufman is a public, tax-supported organization that strives to constantly develop more effective and efficient means to serve its citizens. Its employees must adhere to high standards of public service that emphasize professionalism, courtesy and the avoidance of even the appearance of illegal or unethical conduct. Employees are required to competently carry out the work items assigned as their responsibility, to maintain good moral conduct and to do their part in maintaining good relationships with the public, City officials, their supervisors and their fellow employees.

2.02 TIMELINESS

Employees are to be punctual in reporting for work, keeping appointments, and meeting schedules for completion of work.

An employee who expects to be late or absent from work must report the expected tardiness or absence to his or her supervisor within fifteen (15) minutes after the time the employee is scheduled to begin work.

2.03 OUTSIDE ACTIVITIES

Employees may not engage in any outside employment, activity or enterprise determined by the City Manager (1) to be inconsistent or incompatible with employment with the City; or (2) to affect the employee's job performance adversely.

An employee must have the advance approval of his or her department head and the City Manager to engage in any outside employment, including self-employment.

2.04 GIFTS

Employees will not accept gifts from contractors, vendors or other persons who have business dealings with the City.

2.05 CONFLICT OF INTEREST

An officer of the City shall not have a financial interest in the profits of any contract, service or other work performed by the City, nor shall that official personally profit, directly or indirectly, from any contract, purchase, sale or service between the City and any person or company.

An employee of the City shall not: (1) solicit or accept or agree to accept a

financial benefit, other than from the City, that might reasonably tend to

influence his or her performance of duties for the City or that he or she knows or should know is offered with an intent to influence the employee's performance; (2) accept employment or compensation that might reasonably induce him or her to disclose confidential information acquired in the performance of official duties for the City; (3) accept outside employment or compensation or compensation that might reasonably tend to impair independence of judgment in performance of duties for the City; (4) make any personal investment that might reasonably be expected to create a substantial conflict between the employee's private interests and duties for the City; or (5) solicit, accept or agree to accept a financial benefit from another person in exchange for having performed duties as a City employee in favor of that person.

***2.06 POLITICAL ACTIVITY**

- A. It is the policy of the City of Kaufman to encourage its employees to fully exercise their constitutional rights as citizens to vote and participate in political activities. Although the City encourages active participation in electoral activities, employees should be aware of certain provisions that apply to them.
- B. Employees shall not engage in political activity and/or actively take part in political campaigns during work hours.
- C. An employee of the City of Kaufman may become a candidate in a nonpartisan election, other than the Kaufman City Council, so long as the office sought, or applicable governmental entity has no direct or indirect contractual relations with the City of Kaufman, and so long as the elected office presents no conflicts of interest with the employment, and so long as the employee does not hold a policymaking position with the City of Kaufman. Otherwise, that employee shall immediately forfeit his employment with the City of Kaufman. The determination of what constitutes a policymaking position shall be determined by the City Manager in consultation with the City Attorney. For purposes of his

*O-05-02 Amended 2.06 – 03/11/02

provision, a policymaking position does not imply authority solely to make final municipal policy, as defined by judicial interpretations of the Civil Rights Acts, but includes the authority to choose among various policy options and alternatives, without regard to existing supervisory oversight. Any determination made pursuant to this provision shall be binding.

2.07 COMMUNICATIONS

Matters that involve City policy, operations and organization are brought before

the City Council by the City Manager, or by a person designated to do so by the City Manager.

A City employee may request that a matter be considered by the City Council or the City Manager by submitting the item in writing to his or her department head who, in turn, will forward the communication to the City Manager.

Communication with the public about City of Kaufman business or problems is the responsibility of the City Manager. Employees are to refer the public to the City Manager if a question is non-routine, controversial or outside the scope of the employee's normal duties.

Employees, from time to time, may be given directions from persons other than their immediate supervisor. In such cases, the employee must notify his or her immediate supervisor about the directive, its purpose, and the relevant facts of the situation. Failure to do so in a timely manner may result in disciplinary action.

2.08 CHAIN OF COMMAND

For the City to function properly as an organization, it is necessary that employees adhere to the City's chain of command. Under no circumstances should an employee bypass his or her immediate supervisor.

2.09 SOLICITATIONS

Solicitation of funds for any purpose is not permitted by or of City employees on the job unless written approval of the City Manager has been given in advance.

*O-05-02 Amended 2.06 – 03/11/02

2.10 PERSONAL APPEARANCE

All employees, regardless of work location and degree of public contact, are expected to maintain a good general appearance at all times. Employees provided uniforms shall be required to wear such uniforms while performing duties as an employee of the City of Kaufman.

2.11 PERFORMANCE STANDARDS

Every employee is expected to consistently maintain satisfactory performance standards. Continuing performance deficiencies, unlike the isolated violations noted in the subsequent sections of this Chapter, first should be addressed by the mutually cooperative efforts of the supervisor and employee. Those efforts include but are not limited to:

1. An analysis of the problem;

2. A determination of needed changes and assistance; and

O-02-20

3. Implementation of a corrective plan of action and establishment of achievement dates.

If performance standards are not met within a reasonable period of time, the employee, depending upon the reasons for failure, may be either transferred, demoted or terminated. The specific action taken and the status of the employee determine what, if any, appeal rights are available to the employee.

The following types of conduct are unacceptable and may be cause for discipline in the form of oral reprimand, written reprimand, suspension, demotion or termination, depending upon the facts and circumstances of each case. The examples given below are typical, but not all-inclusive:

- A. Unsatisfactory attendance is exemplified by, but is not limited to, the following violations:
 1. Unexcused absence or tardiness;
 2. Failure to give notice of an absence or tardiness to the supervisor within fifteen (15) minutes after starting time, or as may be prescribed by departmental policy;
 3. Separate absences or days of tardiness that exceed the average absences or days of tardiness of the employee's work group and that lack sufficient justification;
 4. Absence or tardiness that causes significant curtailment or disruption of services without sufficient justification; or
 5. Excessive amounts of time off the job, regardless of the reason.
- B. Frequent claiming of sick leave may constitute grounds for the assumption of the department head that the physical condition of an employee is below the standard required for the employee to perform the essential functions of the job.
- C. Abandonment occurs when an employee deliberately and without authorization is absent from the job, or refuses a legitimate order to report to work, for two (2) consecutive work days. Upon such occurrence, the employee is deemed to have abandoned his job and may be terminated. Unless the City Manager determines otherwise, the employee's separation from employment is not considered to be in good standing, and the employee is not eligible for re-employment.
- D. Inability to come to work occurs when an employee is absent due to an extended illness or injury after all eligible leave has been exhausted.

- E. Inability or unwillingness to perform assigned work satisfactorily is exemplified by, but is not limited to, the following violations:
1. Failure to follow routine written or verbal instructions;
 2. Arguing over assignments or instructions; or
 3. An accumulation of other deficiencies indicating the employee's continuing failure to adequately perform in a productive, efficient and competent manner.
- F. Indifference toward work is exemplified by, but is not limited to, the following violations:
1. Inattention, inefficiency, loafing, sleeping, carelessness or negligence;
 2. Reading unauthorized material, playing games, watching television, movies or video cassettes, or otherwise engaging in entertainment while on the job and/or in view of the public;
 3. Excessive failure to remain at one's work station without notifying his supervisor, leaving work without permission or taking excessive time or more time than allowed for eating or break periods;
 4. Performance of personal business;
 5. Interference with the work of others; or
 6. Discourteous or irresponsible treatment of the public or other employees.
- G. Sabotage is exemplified by, but is not limited to, the following violations:
1. Deliberate damage to or destruction of City equipment or property;
 2. Defacing of City property;
 3. Unauthorized alteration, removal, destruction or disclosure of City records;
 4. Advocacy of or participation in unlawful trespass or seizure of City property;
 5. Encouraging or engaging in slowdowns, sit-ins, strikes or other concerted actions or efforts to limit or restrict employees from working;
 6. Encouraging City employees to disobey provisions of these rules and regulations, the City Charter, City ordinances or other laws;
 7. Interference with the public use of or access to City services.

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properties or buildings; or

8. Threats to commit any act of sabotage as defined in this subparagraph.

H. Safety violations are exemplified by, but are not limited to, the following violations:

1. Failure to follow City or departmental safety rules and regulations;
2. Failure to use required safety apparel;
3. Removal or circumvention of a safety device;
4. Lifting in a manner that may cause injury;
5. Operations of a vehicle or other equipment in an unsafe, negligent or careless manner;
6. Smoking in a prohibited area;
7. Endangering of one's own safety or that of others by careless or irresponsible actions or negligence;
8. Failure to report an on-the-job injury, vehicle accident or unsafe working condition;
9. Failure of a supervisor to remove from the workplace or to assist to a safe location an employee whose mental capabilities are impaired due to injury, illness, alcohol or drug use, or emotional distress; or
10. Failure to maintain an insurable driving record acceptable to the City.

I. Dishonesty is exemplified by, but is not limited to, the following violations:

1. Acceptance of money or anything of value from a person subject to the regulatory decision or supervision of the employee;
2. Cheating, forging or willful falsification of official City reports or records;
3. False reporting of the reason for a paid leave of absence; or
4. Any other falsifying action detrimental to the City, City employees or others.

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J. Theft, regardless of item value, is exemplified by, but is not limited to, the

following violations:

1. Unauthorized taking of City property, City supplies or the property of others;
2. Unauthorized use of City or employee funds;
3. Using or authorizing the use of City equipment, supplies or employee services for other than official City business, including the unauthorized use of long distance or pay telephone services (including "900" toll calls); or
4. Using or authorizing the use of City equipment or employee services without proper authority.

K. Insubordination is exemplified by, but is not limited to, the following violations:

1. Willful failure or refusal to follow the specific orders or instructions of a supervisor or higher authority; or
2. Pursuit of a denied request to a higher authority without revealing the lower level disposition; provided that:
 - a. If the employee believes an instruction or order is improper, he should obey the instruction or order and file a grievance later; or
 - b. If the employee believes the instruction or order, if followed, would result in physical injury to the employee or others, or damage to City equipment, the employee should request approval by the next higher level of supervision before performing the work, unless the danger complained about is inherent to the job.

L. Abuse of drugs or alcohol.

1. Abuse of drugs or alcohol is exemplified by, but is not limited to, the following violations:
 - a. An employee is judged unable to perform duties in an effective and safe manner due to:
 - (1) ingestion, inhalation or injection of a drug; or
 - (2) ingestion of an alcoholic beverage;
 - b. An employee possesses or ingests, inhales or injects into

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his body a drug:

- (1) during working hours, work breaks or lunch periods;
- (2) in a City vehicle; or
- (3) on City property;

c. An employee possesses or ingests an alcoholic beverage:

- (1) during working hours, work breaks or lunch periods;
- (2) in a City vehicle; or
- (3) on City property, except at an authorized City event.

2. For purposes of this Section:

- a. "Drug" means a controlled substance as defined by Chapter 481 of the Texas Health and Safety Code, as may hereafter be amended.
- b. "Alcoholic beverage" means alcohol, or any beverage containing more than one-half of one percent of alcohol by volume, which is capable of use for beverage purposes, either alone or when diluted.

M. Disturbance is exemplified by, but is not limited to, the following violations:

1. Fighting or boisterous conduct;
2. Deliberate causing of physical injury to another employee or citizen;
3. Harassment, as defined by the Texas Penal Code, or intimidation;
4. Unnecessary disruption of the work area;
5. Use of profane, abusive, threatening or loud and boisterous language;
6. Sexual harassment;
7. Spreading of false reports; or
8. Other disruption of the harmonious relations among employees or between employees and the public.

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Abuse of City property is exemplified by, but is not limited to, the following

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violations:

1. Intentional, careless or negligent damage or destruction of City equipment or property;
2. Waste of materials or negligent loss of tools or materials;
3. Improper maintenance of equipment; or
4. Damage caused by use of tools or equipment for purposes other than that for which the tool or equipment was intended.

O. Misconduct is any criminal offense or immoral conduct, during or off working hours, which, on becoming public knowledge, could have an adverse effect on the City or the confidence of the public in City government. "Criminal offense" means any act constituting a violation of law and/or resulting in charges being filed, arrest or confinement.

P. Disregard of public trust is any conduct, during or off working hours, which, on becoming public knowledge, could impair the public's confidence or trust in the operation of City government.

Q. Failure to report a violation is exemplified by, but not limited to, failure to report to the proper authority any known violation described in subsections F, G, H, I, J, K, L, M or N, above.

R. An employee shall maintain sufficient competence to properly perform his duties and to assume the responsibilities of his position. He shall direct and coordinate his efforts in a manner that will tend to establish and maintain the highest standards of efficiency in carrying out the functions and objectives of the City. The fact that the employee was deemed competent at the time of employment shall not preclude a judgment of incompetence as the result of job performance deficiencies. Apart from, or in addition to, other methods of proof of incompetence, such as failure to achieve and maintain acceptable job proficiency and to accept and execute duties, responsibilities, instructions and orders with minimum supervision, a written record of repeated disciplinary actions for infractions of policies, rules, regulations, manuals or directives, or repeated adverse counseling reports and/or evaluations reflecting need for improvement or indicating performance inadequacies, will be considered prima facie evidence of incompetence.

S. No employee shall discriminate against any individual on the basis of race, color, creed, religion, sex, national origin, age, disability or physical handicap.

T. An employee shall maintain a neat, well-groomed appearance and shall style his hair and wear his uniform or other apparel in accordance with

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individually established departmental standards.

- U. An employee shall maintain high standards of moral conduct in his personal affairs and shall not be a participant in any incident involving moral turpitude that tends to or does impair his ability to perform as a City employee or cause the City to be brought into disrepute.
- V. An employee shall refrain from undertaking any financial obligation that he knows, or should know, he will be unable to meet. An employee shall pay all just debts when due. Conduct in violation of this policy that tends to impair the efficient operation of municipal administration or causes the City to be brought into disrepute may subject an employee to disciplinary action. Further, an employee shall not solicit any employee to co-sign or endorse any promissory note or other loan.
- W. No employee shall engage in any form of labor organization or association activities while on duty or on City property. An employee shall have the right to join labor organizations, but nothing shall compel the City to recognize or to engage in collective bargaining with any such labor organizations. No employee shall engage in any strike. "Strike" includes, but is not limited to, any of the following when engaged in for the purpose of inducing, influencing or coercing a change in the conditions, compensation, rights, privileges or obligations of employment:
 - 1. The concerted failure to report for duty or the willful absence from one's position;
 - 2. Unauthorized holidays;
 - 3. Sickness unsubstantiated by a physician's statement in accordance with personnel policy;
 - 4. The stoppage of work or the abstinence in whole or in part from the full, faithful and proper performance of the duties of employment; or
 - 5. An acceleration of work performance resulting in an unreasonable and substantial increase in City activity.
- X. No employee shall be or become a member with intent to further the aims of any organization, association, movement or group that advocates or approves the commission of acts of force or violence to deny others their rights under the Constitution of the United States or that seeks to alter the form of government of the United States by unlawful means.
- Y. Employees shall notify their immediate supervisor of all traffic violations, arrests and/or convictions within five (5) calendar days of any offense. Employees who operate City vehicles or equipment are required to notify their immediate supervisor of all traffic violations, excluding parking

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violations, within thirty (30) calendar days of any conviction therefor.

- Z. Except for sworn peace officers, no employee of the City, whether licensed or not licensed by the State of Texas to carry a concealed handgun, shall carry a concealed handgun or any other firearm into any City building or portion of a building, or any City vehicle.
- AA. No employee shall make known any information concerning the progress of an investigation, a known or reported law violation, a condition against which action is to be taken at a future time or any proposed law enforcement action to any person not authorized to receive it. An employee shall treat the official business of the City as confidential and shall disseminate information regarding official business only to those for whom it is intended in accordance with established City procedures and consistent with the Texas Public Information Act (formerly the "Texas Open Records Act"). An employee may remove or copy official records or reports from a City office only in accordance with established procedures and with the approval of the applicable department head. An employee shall not promise confidentiality or divulge the identity of a person giving confidential information except when authorized by proper authority and when necessary in the performance of his work. Further, an employee shall not use information gained from any City information system for anything other than official City business.

***2.12 SEXUAL HARASSMENT**

A. Statement of Purpose

It is the City's policy to prohibit any form of sexual harassment, to investigate any complaint of sexual harassment and to take timely and appropriate disciplinary action if sexual harassment has occurred. The City prohibits any retaliatory action against anyone who has complained in good faith about sexual harassment or discrimination. This procedure is applicable to all employees.

Definition

- 1. Sexual harassment is defined as the threat or insinuation to an employee either explicitly or implicitly, that his/her refusal to submit to sexual advances will adversely affect his/her employment, evaluation, wages, advancement, assigned duties, shifts or any other condition of employment or career development; or
- 2. Subjecting an employee to unwelcome sexual overtures or conduct, either verbal or physical, so as to create an intimidating, hostile, or offensive working environment. This could include displays, pictures, publications, conduct or comments of a sexual nature.

B. Procedures for review of a sexual harassment complaint

It shall be the responsibility of the City Manager or his/her representative to coordinate and direct the investigation and review of sexual harassment complaints. The following procedure shall apply to the receipt, review, and handling of such complaints and are to be applied under the guidance and consultation of the City Manager.

1. Any employee who believes that he/she has been the subject of sexual harassment is encouraged to report it immediately in accordance with the following procedure. (All information disclosed will be held in strictest confidence and will only be disclosed on a need-to-know basis in order to investigate and resolve the matter).
2. If said accusations are made to anyone other than the City Manager, the matter must be immediately referred to the City Manager (or his/her designate), or the Department Head. If the City Manager is initially notified of a complaint, he/she shall immediately notify the appropriate Department Head of the sexual harassment complaint. In any event, all reports of sexual harassment will be fully investigated immediately. The individual alleging sexual harassment must report the incident to the City Manager or his/her Department Head, within ninety (90) days of the alleged incident. The complainant will be required to complete a written complaint form giving specifics of the incident in order that the City can conduct an effective investigation. The individual will be interviewed by the City Manager, or his/her designate, regarding the nature of the allegations. The Complainant may be interviewed by a person of the same sex upon request, who shall be designated by the City Manager.
3. Within two (2) work days after receiving the complaint in writing, the respondent (accused harasser) will be contacted by the City Manager and given a copy of the completed complaint form. If the respondent cannot be reached by telephone, the complaint will be mailed via certified mail to the most recent address noted in his/her personnel file.
4. The respondent will have the opportunity to refute the allegation(s) by responding on the complaint form within five (5) work days. The respondent will also have the opportunity to respond to any other new information/allegations that may arise during the course of the investigation.
5. The City Manager or designate will meet with the respondent's Department Head and discuss the allegation. If the evidence warrants it, the Department Head may suspend the respondent, with pay, for a period not to exceed two (2) weeks (unless extended with approval of the City manager), pending a complete investigation.
6. A full investigation will be conducted including interviews with the complainant and respondent. Other witnesses will only be brought into the investigation if significant differences exist between the statements of the complainant and respondent, or upon their insistence. Signed statements from all interviewed parties may also

be requested. Any other evidence will also be reviewed and considered as appropriate.

7. Within five (5) work days of the conclusion of the investigation, the City Manager or his/her representative will provide to the respondent's Department Head, a conclusion regarding the validity of the complainant's allegations.
8. The decision regarding any possible disciplinary action will be made by the Department Head.
9. A complainant may withdraw a complaint at any time. However, the City may still pursue any investigation and determine that disciplinary action is warranted.

C. Action of the Department Head

1. Within five (5) work days after receiving the determination of validity from the City Manager, the Department Head will consult with the City Manager and the City Attorney and render a decision regarding the action to be taken. If more than five (5) work days are needed, the City Manager or his/her representative shall notify the complainant and respondent. Possible actions include:
 - a. If the allegations prove to not constitute sexual harassment, the investigation may be closed with no action taken against the respondent. If sexual harassment did not occur, but other inappropriate behavior did occur, the manager may take disciplinary action.
 - b. If a sexual harassment offense is validated, any of the following disciplinary actions may be taken, depending on the severity of the offense:
 1. counseling (should be documented in writing);
 2. transfer (the option to transfer the complainant may be considered only upon complainant's request and/or approval);
 3. suspension; or
 4. dismissal
 - c. If the validity or falsification of the offense cannot be satisfactorily established, the Department Head shall decide on an action(s) which is in the best interest of the City, minimizes interference of divisional/departments operations, and/or allows for the respondent and complainant to continue their work routines with minimal personal consequence.
 - d. If the allegations of sexual harassment are proven to have been made in bad faith, the complainant may be disciplined accordingly.

2. The Department Head will notify the complainant and the respondent in writing of his/her decision, with copies to the Assistant City Manager or City Manager as appropriate.
3. If the Department Head is the respondent, these actions shall be carried out by the Assistant City Manager.
4. It will be the ongoing responsibility of the Department Head to monitor his/her area of responsibility for inappropriate sexual displays, comments or behavior and take appropriate action.

D. Appeal of the Decision

Disciplinary actions taken against a complainant or respondent as a result of a sexual harassment determination may be appealed in accordance with City Personnel Policy 12.07.

E. Record Keeping

All records concerning a sexual harassment investigation shall be kept in a separate locked file in the Human Resources Department. Access shall be only with the City Manager's (or his/her) representative's approval to parties who have a direct and relevant need to know. Records concerning any other or subsequent disciplinary actions shall be kept in the regular personnel files.

2.13 STATEMENT OF POLICY PROHIBITING HARASSMENT

- A. It is the City's policy that all employees have a right to work in an environment free of discrimination, which includes freedom from harassment, whether that harassment is based on sex, age, race, national origin, religion, disability, marital status or membership in other protected groups. The City prohibits harassment of its employees in any form by supervisors, co-workers or the general public.
- B. Harassing conduct in the workplace, whether physical or verbal, including slurs, jokes or degrading comments concerning sex, age, race, national origin, religion, disability, marital status or membership in other protected groups, is prohibited.
- C. The City Manager's office shall investigate allegations of harassment and take prompt and appropriate action. Any employee found to have violated this section shall be subject to disciplinary action, up to and including termination. Any City employee who becomes aware of a situation involving harassment should report such violation to a supervisor or the City Manager's office.

3.00 HIRING PRACTICES

3.01 EQUAL EMPLOYMENT OPPORTUNITY POLICY STATEMENT

As the governmental unit established to serve all of the citizens of the City of Kaufman, Texas, the City recognizes that it is in the best interests of efficiency, effectiveness and equity within its municipal operations to ensure that all of its citizens and employees are allowed to make the greatest contribution of which they are capable to their municipal government. In striving toward this end, the City recognizes and readily accepts its responsibility to uphold the Constitution and laws of the United States of America and the State of Texas. It is with the expressed intent of fulfilling this responsibility that the City of Kaufman hereby adopts the following Equal Employment Opportunity Policy Statement:

- A. Equal opportunity in employment shall be provided to all persons;
- B. Discrimination against any person in recruitment, examination, selection, appointment, rate of pay, promotion and transfer, retention, daily working conditions, testing and training, awards, compensation and benefits, disciplinary measures or any other aspect of employment or personnel management because of political or religious opinions or affiliations, or because of age, race, sex, color, national origin, disability or other unlawful basis, is prohibited;
- C. Unlawful discrimination on the basis of age, race, sex, color, national origin, religion, political affiliation or disability is prohibited in the enforcement of these policies;
- D. Derogatory language against or about any person's age, race, sex, color, national origin, religion or disability is prohibited;
- E. Retaliation, intimidation, coercion or harassment against any applicant for employment or employee who may file a grievance under this policy and/or who may file a grievance in accordance with existing statutory rights of appeal to appropriate governmental authorities is prohibited; and
- F. Any employee who violates the prohibitions, or the letter or spirit, of this policy shall be subject to disciplinary action, up to and including dismissal

3.02 AFFIRMATIVE ACTION

The City of Kaufman will take affirmative action to see that applicants are employed, and employees are treated during employment, without discrimination based upon race, age, religion, color, handicap, national origin, sex (including sexual harassment), political affiliation or belief, or any other non-merit factor.

3.03 PHYSICAL STANDARDS

Knowledge of physical condition and existing health problems of employees is necessary to avoid occupational injuries and to ensure that it will be possible to differentiate any future job-related injuries from existing medical problems.

For these reasons, the City requires prospective new employees for any regular, full-time position within the City to have a physical examination, which shall include testing for drug use as a condition of employment. The physical examination will be made by a physician of the City's choice and is paid for by the City. Should the employee resign within ninety (90) days of employment, all costs associated with the physical examination will be assumed by the employee.

3.04 EMPLOYMENT OF RELATIVES (NEPOTISM)

- A. Nepotism is the showing of favoritism toward a relative. The practice of nepotism in hiring personnel or awarding contracts is forbidden by the City.

- *B. No person related within the second degree by affinity (marriage or law) or within the third degree by consanguinity (ancestry or blood) to any elected officer of the City or to the City Manager shall be appointed to any paid office, position, clerkship or other service of the City, but this prohibition shall not apply to (1) employees who have been continuously employed by the City for more than two (2) years prior to the election or appointment of the officer related in the prohibited degree; or (2) individuals who are employees of the City as of the effective date of these policies.

*O-16-01 Amended 3.04 B&C – 05/22/01

No employee may directly or indirectly supervise or be supervised by a member of his or her immediate family in the same department which any member of his immediate family is employed. No individuals who have been married to one another and whose marriage ended by divorce, or the relative of one of those individuals, may work under the line of supervision of either individual or in the same department of either individual. For purposes of this policy, an immediate family member includes spouse, parent, stepparent, parent-in-law, child, stepchild, brother, sister, stepbrother, stepsister, brother-in-law, sister-in-law, grandparent, grandchild, first cousin, and any relative living in the same household as the employee.

- *C. The City Manager may apply the nepotism prohibition in the case of other organizational and/or personal relationships when failure to do so would be detrimental to the City.

D. Consanguinity. For purposes of this Section, two individuals are related to each other by consanguinity if:

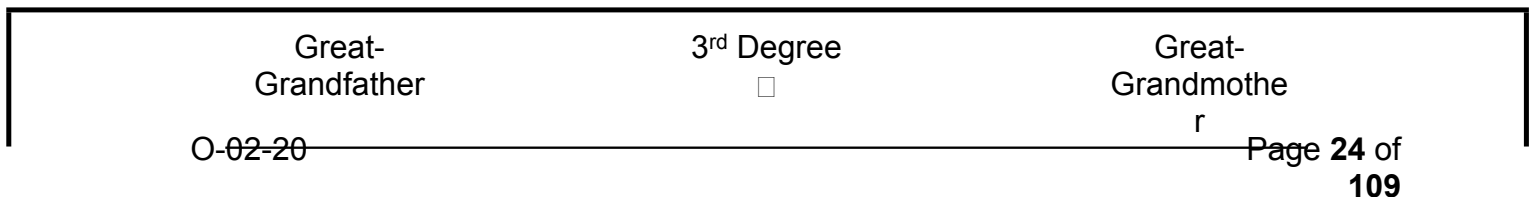
1. One is the descendant of the other; or
2. They share a common ancestor.

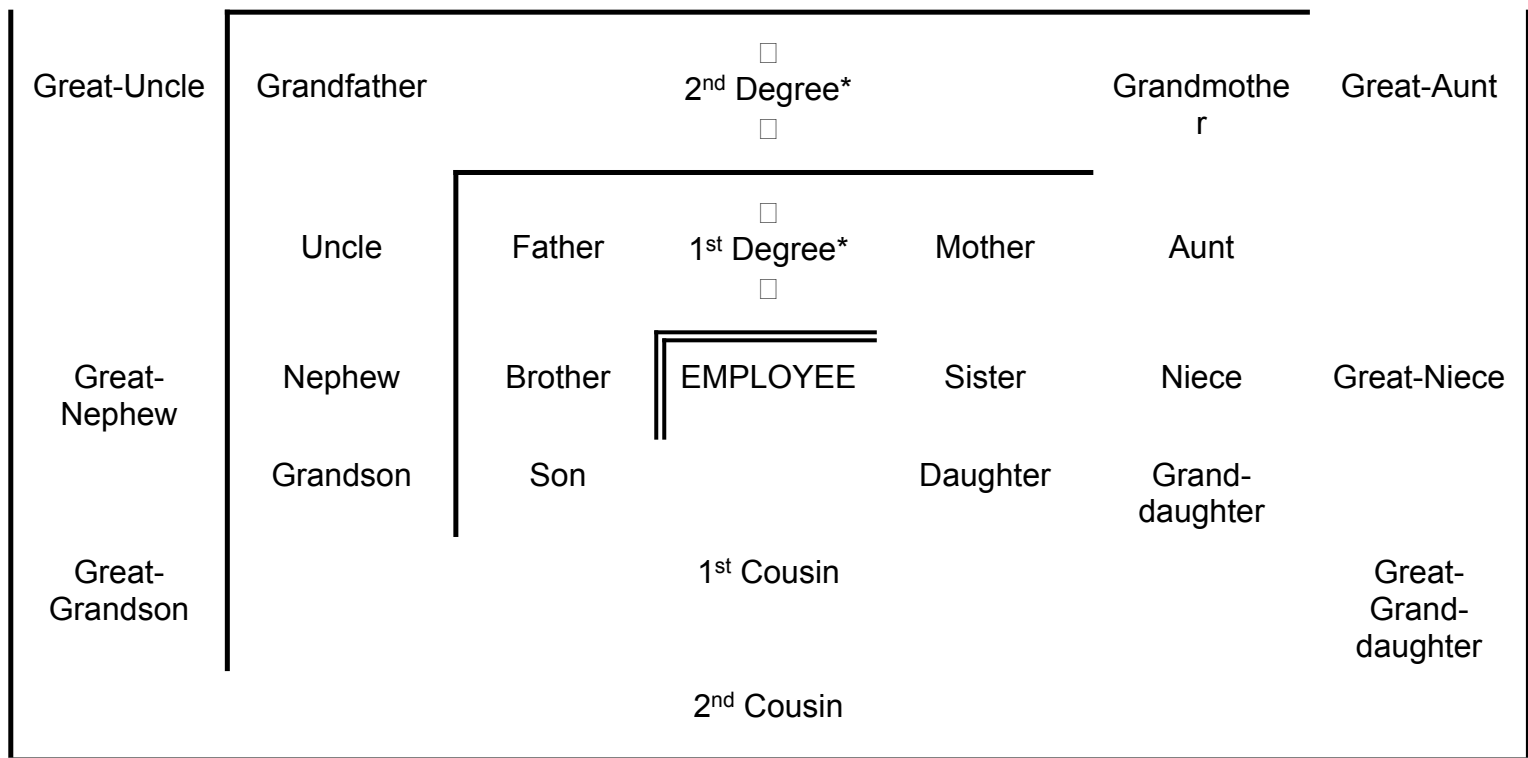
For purposes of this section, an adopted child is considered to be a child of the adoptive parent.

E. Computation of Degree of Consanguinity.

1. The degree of relationship by consanguinity between an individual and the individual's descendant is determined by the number of generations that separates them. A parent and child are related in the first degree, a grandparent and grandchild in the second degree, a great-grandparent and great-grandchild in the third degree, and so on.
2. If an individual and the individual's relative are related by consanguinity, but either is descended from the other, the degree or relationship is determined by adding:
 - a. The number of generations between the individual and the nearest common ancestor of the individual and the individual's relative; and
 - b. The number of generations between the relative and the nearest common ancestor.
3. An individual's relatives by consanguinity are the individuals:
 - a. Parent or child (relatives in the first degree);
 - b. Brother, sister, grandparent, or grandchild (relatives in the second degree); and
 - b. Great-grandparent, great-grandchild, aunt who is a sister or a parent of the individual, uncle who is a brother of a parent of the individual, nephew who is a child of a brother or sister of the individual, or niece who is a child of a brother of sister of the individual (relatives in the third degree).

Prohibited degrees of relationship are defined in the following Figure 1.





CONSANGUINITY KINSHIP CHART
(Figure 1)

***NOTE: Spouses of relatives within the first or second degree of consanguinity (i.e., son-in-law, mother-in-law, aunt-in-law, nephew-in-law, etc.) are also included in the prohibition.**

F. Affinity. For purposes of this Section, two individuals are related to each other by affinity if:

1. They are married to each other; or
2. The spouse of one of the individuals is related by consanguinity to the other individual.

The ending of a marriage by divorce or the death of a spouse ends relationships by affinity created by that marriage unless a child of that marriage is living, in which case the marriage is considered to continue as long as a child of that marriage lives.

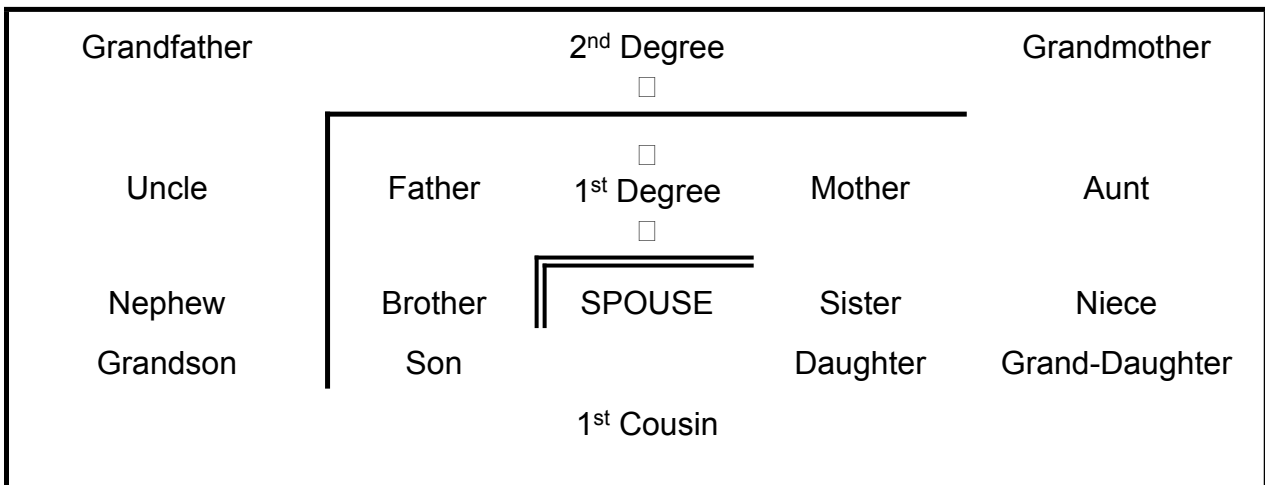
G. Computation of Degree of Affinity.

1. A husband and wife are related to each other in the first degree by affinity. For other relationships by affinity, the degree of relationship is the same as the degree of the underlying relationship by consanguinity. For example: if two individuals are related to each other in the second degree by consanguinity, they are related to each other in the second degree by affinity.

spouse of one of the individuals is related to the other individual in the second degree by affinity.

2. An individual's relatives within the third degree of affinity are:
 - a. Anyone related by consanguinity to the individual's; and
 - c. The spouse of anyone related to the individual by consanguinity.

Prohibited degrees of relationship are defined in the following Figure 2.



AFFINITY KINSHIP CHART
(Figure 2)

- H. If any two employees marry, or choose to live in a conjugal relationship, one employee will be required to terminate his or her employment with the City within ten (10) days of receipt of written notice from the City that this policy is applicable to such employees. The determination as to which employee shall terminate shall be made by the two affected employees within the ten (10) days described above. In the event the affected employees are unable to decide which person shall terminate, the City shall make the decision on termination.
- I. In addition, no personnel action shall be taken that would result in any employee supervising another employee who is related within the second degree of affinity or the third degree of consanguinity to the supervisory employee.

3.05 AGE REQUIREMENTS

Persons under sixteen (16) years of age will not be employed in any full-time regular position. Persons under eighteen (18) years of age will not be hired in O-02-20 hazardous occupation.

Other age limitations will only be as required by State or federal law applicable to the City.

3.06 RESIDENCY REQUIREMENTS

Municipal department heads appointed by the City Council, within ninety (90) days after such appointment, shall establish a primary residency within the corporate limits of the City of Kaufman. Appointed positions shall include, but shall not be limited to, the City Manager, City Secretary, Municipal Judge, Municipal Court Clerk and Chief of Police.

All City employees who reside outside the corporate limits, but who are likely to be called to work in cases of emergency, may be required to reside within reasonable commuting distance.

The City Council expressly reserves the right and privilege to waive the residency requirements by simple majority vote upon the appointment of the positions specifically enumerated above.

3.07 VACANCIES

Vacancies on the City staff are filled on the basis of merit, whether by promotion or by initial appointment. Selection of the best qualified person to fill a vacancy will be made on the basis of occupational qualifications and job-related factors such as skill, knowledge, education, experience and the ability to perform the specific job, as well as character, habits, reputation, credit, medical history and any other pertinent information.

3.08 QUALIFICATIONS

The City maintains a job (class) description that establishes the required knowledge, skill and abilities for each staff position and the acceptable levels of experience and training for each. The job description sets forth the minimum acceptable qualifications to fill the position.

3.09 METHODS OF RECRUITMENT AND SELECTION

A. The City has four (4) methods of recruiting and selecting persons to fill vacancies:

1. Promotion from within;
2. Lateral transfer from within;

O-02-20 3. Public announcement and competitive consideration, of
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applications for employment; and/or

4. Selection from a valid, current eligibility list.

B. The City Manager determines the method of selection to be used in filling each vacancy.

3.10 PUBLIC ANNOUNCEMENTS FOR EMPLOYMENT

Public announcements of position openings at the City, for which there will be competitive consideration, are disseminated by the Human Resources Department in the manner most appropriate for the particular position being filled.

Each announcement, insofar as practical, shall specify the title; nature of the job; the required qualifications; the deadline for application, if any; and method of applications. Each announcement shall contain a statement affirming the City's commitment to a policy of equal employment opportunity.

3.11 APPLICATIONS FOR EMPLOYMENT

Employment with the City of Kaufman shall be based on merit, ability and fitness. No one shall be employed in any position with the City until a completed application of employment is provided to the Human Resources Department. All applications for employment that have not resulted in employment will be retained active for not more than 45 days. Applications that have resulted in employment shall be included in the employee's official employment records.

The City relies upon the accuracy of information contained in the employment application, as well as the accuracy of other data presented throughout the hiring process and employment. Any misrepresentations, falsifications or material omissions in any of this information or data may result in the City's exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment.

Employees shall be responsible for notifying the Human Resources Department of any change in address, marital status, current residential telephone number or any other information required by City employment.

3.12 REQUIREMENTS OF EMPLOYMENT

To be eligible for employment with the City, or for a change in existing personnel status, an individual must:

A. Be at least sixteen (16) years of age for most occupations;

B. Have a Social Security number or other documentation that establishes employment eligibility;

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- C. Agree to be fingerprinted, if requested;
- D. Agree to a polygraph examination related specifically to job performance for positions designated by the City Manager, if requested and such examination is not prohibited by law;
- E. Where permitted by law, pass a physical and/or psychological examination administered by a licensed medical examiner selected by the City, to ensure ability to perform essential duties of the job;
- F. Agree to alcohol and drug screening tests;
- G. Satisfactorily complete any interviews, examinations and performance tests, if required because of job duties;
- H. Show proof of United States citizenship or legal residence in the United States;
- I. Possess a valid Texas driver's license and have an acceptable driving record in compliance with City policy, where applicable, unless waived by the City Manager; and
- J. Meet minimum requirements of the job description for which employment is sought and submit to all other employment procedures administered by the Human Resources Department.

3.13 CONSIDERATION OF CURRENT EMPLOYEES

Current City employees will be notified of vacancies in the organization for which competitive applications may be considered by the posting of such announcements in a central place, and employees will be permitted to apply for positions for which they believe themselves to be qualified.

3.14 PRIOR SERVICE WITH THE CITY

In the case of an employee leaving, for any reason, then returning to the City's employ, the employee's date of return shall be used as the effective commencement service date for continuous employment. When such returning employee reaches two years of continuous employment, all previous service time shall be bridged, and a new effective service date calculated. Continuous service then will be assumed from this new date for all length of service-related benefits.

3.15 TESTING

Except for any tests that may be required by State law, the only test administered for employment or promotion will be a standard typing test, where applicable.

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specifically job-related tests (e.g., operating equipment, tabulating columns of numbers, writing samples, etc.)

3.16 DISQUALIFICATION

- A. An applicant shall be disqualified from consideration for employment by the City if he or she:
 - 1. Does not meet the minimum qualifications for performance of the duties of the position involved;
 - 2. Has made a false statement or omission of material fact on the application form or supplements thereto;
 - 3. Has committed or attempted to commit a fraudulent act in any stage of the selection process;
 - 4. Is not legally permitted to work; or
 - 5. Does not have an acceptable driving record as established by the City.
- B. An applicant may be disqualified from consideration for employment upon other reasonable grounds relating to job requirements.

3.17 DISABILITY ACCOMMODATION

All departments of the City shall make reasonable accommodation to the known physical or mental limitations of a qualified applicant or employee. A department may not deny any employment opportunity to a qualified disabled person if the basis for the denial is the need to make reasonable accommodation to the physical or mental disability of such person.

3.18 SELECTION

Except for appointments reserved to the City Council by statute, charter or ordinance, the City Manager has exclusive authority to select and employ all department heads, and the department heads have authority to employ department personnel subject to approval by the City Manager and within the limits of these policies and the City budget. Other supervisors may be asked for recommendations as appropriate.

3.19 PROBATIONARY PERIOD

- A. The Probationary Period is considered to be the final stage of a selection process for all City employees. During this working test period employees are required to demonstrate by actual performance the duties to which

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they have been assigned. This policy addresses the successful completion, extension, or unsuccessful completion of the probationary period.

- C. All Regular Full-Time and Regular Part-Time employees shall serve a probationary period of six months upon hire.
 - D. All employees classified as a rehire, promotion, or transfer must successfully complete a 90 day probationary period following the rehire, promotion or transfer and before they are eligible for a promotion, a position reclassification, and/or a transfer to another position.
 - E. Seasonal and/or Temporary employees who become Regular Full-Time or Regular Part-Time employees are subject to a 6-month New Hire Probationary Period.
 - F. Upon completion of 90 days following the employee's date of hire, and at the end of the probationary period, the Department Head or Manager responsible for the employee shall indicate in writing through the submittal of the Evaluation Form to Human Resources;
 - 1. Whether the employee should be retained in the position.
 - 2. Whether the employee should be discharged.
 - 3. Whether the employee should continue on probation through the end of the established probationary period or for employees who have completed the initial probationary period whether the probationary period should be extended for another 30 days.
 - 4. Whether the employee, if on probation following a promotion should be reinstated to their former position, if available.
 - G. An employee may be dismissed at any time during the probationary period.
 - H. Completion of the probationary period does not confer on any employee any status other than employment at will. Any employee, whether probationary or not, may be laid off, suspended, demoted, or removed as described by in Section 12 of the Personnel Policies Manual.
 - I. Successful completion of the probationary period requires 6 months of active service. Employees who receive a leave of absence during their probationary period will have the probationary period extended so that the 90 day and 6 month evaluation is satisfied.
 - J. This policy does not apply to sworn Police and Fire personnel. Probationary period, benefits, and restrictions are covered within their
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department policies. In general, the probationary period for Police and Fire employees will be one year beginning with the date of hire for non-sworn and the date of completing Field Training for sworn officers.

4.00 TYPES OF EMPLOYMENT

4.01 CATEGORIES

- A. Employment with the City of Kaufman shall be designated either regular or temporary. Regular employment ordinarily shall be of indefinite duration and includes full-time or part-time positions. Limited term regular appointments may be made in unusual circumstances if approved by the City Manager.
- B. There are three (3) types of employment with the City of Kaufman:
1. Regular Full-Time: A regular, full-time employee is employed to hold an authorized position that involves, on the average, forty (40) work hours per workweek.
 2. Regular Part-Time: A regular, part-time employee is employed to hold an authorized position that involves, on the average, fewer than forty (40) hours per work period.
 3. Temporary: A temporary employee is an employee appointed to any of the following:
 - a. An assignment or job scheduled to last fewer than six (6) months;
 - b. A position funded under a federal employment and training program as a participant meeting federal eligibility requirements, but not including administrative or staff positions;
 - c. A cooperative work-study program with an educational institution;
 - d. A seasonal position, even though the assignment may last more than six (6) months;
 - e. Any assignment of less than a full calendar year that is repeated from year to year, even though the assignment may last more than six (6) months; or
 - f. A position that, by City policy and practice, is intended to give introductory work experience to a person preparing for entry into the work force.

Temporary employees may be full-time or part-time. They are not entitled to the City's fringe benefits other than workers' compensation and, in some instances, unemployment insurance.

Ordinarily temporary appointments shall be limited to six (6) months.

See Chapter 7.00, "Benefits," of this Manual for details of benefits available to each category of employee.

4.02 ASSIGNED STAFF

Staff who are assigned to the City but who are paid directly by another government or private organization are not employees of the City. These employees' benefits are specified in the contract for services. Assigned staff are governed by all terms of the Manual not in conflict with the contract for services.

5.00 EMPLOYEE COMPENSATION AND ADVANCEMENT

5.01 PAYDAYS

The pay period for the City of Kaufman is bi-weekly. Checks are issued after 9:00 a.m. every other Wednesday.

If payday falls on a holiday, checks will be issued on the last working day preceding the holiday.

***5.02 CHECK DISTRIBUTION**

Paychecks will not be issued other than on the days set out above.

Paychecks shall only be delivered to Department Heads or designees and individual employees. However, in Worker's Comp., injury, FMLA and other such authorized leave, employees may in writing authorize another person to pick up their check. That person must show proper proof of identification and sign a receipt for the check.

No pay advances or loans will be made to any employee for any reason.

5.03 PAYROLL DEDUCTIONS

A. Deductions will be made from each employee's pay for the following:

1. Federal income taxes;
2. Social Security;
3. Texas Municipal Retirement System contributions (for regular, full-time employees); and
4. Any other deductions required by law.

B. In accordance with policies and general procedures approved by the City Manager, deductions from an employee's pay may be authorized by the employee for:

*O-05-02 Amended 5.02 – 03/11/02

1. Group health/medical insurance for dependents;
2. City of Kaufman Cafeteria Plan; and
3. Such other deductions as may be authorized by the City Manager.

5.04 CLASSIFICATION PLAN

The City maintains a Payroll Classification Schedule by which each position is assigned to a pay scale, based on the principle of equity among positions requiring similar knowledge, skill and abilities, and having similar levels of responsibility.

5.05 PAY PLAN

Pay ranges for each position are established by a scale that is recommended by the City Manager and approved by the City Council.

5.06 PAY GROUP AND STEPS

Within the general guidelines of the Payroll Classification Schedule and the budget, the City Manager is authorized to determine the appropriate scale to which each position is allocated, and the pay range to which the particular employee is assigned. An employee who is designated exempt from the pay plan is paid within maximums set in a budget approved by the City Council.

5.07 PROMOTIONS

A promotion is a change in the duty assignment of an employee from a position in one classification to a position in another classification of a higher pay scale. A promotion recognizes advancement to a higher position requiring higher qualifications and involving greater responsibility. A promoted employee will receive a pay increase.

Promotions are approved by the City Manager within the staffing pattern and budget limits approved by the City Council.

Upon promotion, an employee should be evaluated in the new position on or before ninety (90) days after the promotion, and may be returned to a lower job classification at any time following the promotion if performance is inadequate.

5.08 LATERAL TRANSFERS

A lateral transfer is the movement of an employee between positions in the same pay scale within the City. Lateral transfers may be made within the same department or between departments of the City, and laterally transferred employees should be evaluated in the new position on or before 90 days after the transfer, and may be returned to the previous job classification at any time following the transfer if performance is inadequate.

5.09 DEMOTIONS

A demotion is a change in duty assignment of an employee from a position in one classification to a position in another classification in a lower pay scale. An

employee who is demoted will have his or her pay reduced. Demotions may be made for the purpose of voluntary assumption of a less responsible position, as a result of a reclassification of the employee's position or as a disciplinary measure because of unsatisfactory performance in a higher position.

5.10 PAY REDUCTION FOR DISCIPLINARY REASONS

An employee's pay for continued performance in the same position may be reduced as a disciplinary measure to a lower rate in the pay scale for that position, or to a rate in the next lower pay scale. The period covered by this type of disciplinary action may not exceed sixty (60) days. Detailed information on suspension without pay for disciplinary reasons may be found in Chapter 12.00, Discipline and Appeal Procedures, of this Manual.

5.11 APPROVING AUTHORITY

All payrolls, pay increases, decreases or payroll transfers granted under the terms of (1) these Policies, (2) the Classification and Pay Plans or (3) the annual budget shall be recommended by the City Manager and approved by the City Council.

6.00 WORK SCHEDULE AND TIME REPORTING

6.01 WORK WEEK

The official work period for employees in most City departments is a seven (7)-day period beginning at 12:01 a.m. on Sunday, and ending at midnight on the following Saturday. Normal working hours are Monday through Friday, 8:00 a.m. to 5:00 p.m., with one hour for lunch, for a total of forty (40) hours per workweek.

The Chief of Police, in conjunction with the City Manager, sets the work schedule for police personnel and notifies them in writing of their work schedule assignment prior to the beginning of each calendar year, or at such time as is beneficial to the Department and City services.

Certified Patrol Personnel and Firefighter Personnel: The City has elected to adopt the exception for Certified Police Officers and Firefighter Personnel allowable under Section 207 (k) of the FLSA. Under this exception, Certified Police Officers in the City of Kaufman work 171 hours and Firefighter Personnel work 212 hours each 28-day work period before earning overtime pay. Since Certified Police Officer employees are permitted to work 171 hours and Firefighter Personnel are permitted to work 212 hours per 28-day work period under FLSA, any additional hours worked per work period will be compensated at the overtime rate of one and one-half times the employee's regular hourly rate. *Police Dept.-Administrative Approval November 30, 2000. Effective December 31, 2000. Fire Dept.-Administrative Approval Effective October 1, 2003.*

In addition, the City Manager may set other hours of work for individuals or groups of employees if necessary or desirable.

Employees are expected to report punctually for duty at the beginning of their assigned workday, and to work the full workday established.

6.02 SCHEDULE ADJUSTMENTS

Any adjustment to the normal hours of operation of various City facilities or departments may be made by the City Manager to better serve the public.

Offices will remain open during the noon hour, and lunch periods for employees may be staggered according to the needs and requirements of the City and the public.

6.03 NUMBER OF HOURS WORKED

The City Manager determines the number of hours worked by City employees for the compensation received, subject to laws governing pay and working hours, according to the provisions of the City budget.

***6.04 OVERTIME WORKED**

An employee may be required to work more than the normal number of working hours in the official work period.

By acknowledgement receipt of this policy an understanding exists that the employee agrees to accept comp-time in lieu of cash payment.

For most employees who are covered by the overtime provisions of the Fair Labor Standards Act ("FLSA"), the policy of the City is to pay the employee one and one-half times the employee's regular hourly rate for each hour of overtime worked.

All employees are expected to work overtime when scheduled or requested to by their supervisor or department head. However, non-exempt employees are not permitted to work overtime without the prior approval of their supervisor or department head. Without prior approval, any non-exempt employee who works overtime shall be subject to disciplinary action. Any employee, whether exempt or non-exempt, who refuses to work overtime will be subject to disciplinary action.

All overtime services by employees covered under FLSA must be authorized in advance by the Department Head, and approved by the employee's supervisor. The City's official policy pursuant to FLSA, as amended, for compensating eligible, authorized overtime hours worked is as follows:

Non-Exempt Employees:

In the event it is not possible to pay for overtime hours worked, the department head will grant equivalent time off during the same work period (workweek) in which the overtime was worked; and, only if neither of these methods of compensation is possible will the City grant the employee time and one-half off within 90 days of the end of the pay period in which the overtime hours were worked.

As a general rule, no more than 24 hours of overtime or compensatory time should be allowed to accumulate for any employee without the expressed

*O-05-02 Amended 6.04 – 3/11/02

consent of the Department Head, and any compensatory time accrued should be used or paid within 90 days of the date it was earned.

Vacation, and other absences, paid or unpaid, such as sick leave, emergency leave, FMLA leave, (excluding Holidays) and all other either authorized or

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unauthorized do not contribute to the work time for the purpose of hours worked and will not be used in computing overtime pay or comp-time hours.

Executives, administrative and professional employees are exempt from the overtime provisions of the Fair Labor Standards Act, and are expected to render necessary and reasonable overtime services with no additional compensation. This overtime may be used as a factor in granting or denying paid leave other than vacation or sick leave.

Each City job description designates whether persons hired in that classification are covered by or exempt from the overtime provisions of FLSA.

6.05 HOLIDAYS WORKED

Employees will be given each official holiday off without loss of pay. Any employee who is required to work on a holiday will be given an alternate day off. All employees who work eight (8)-hour days will receive eight hours for each of the official holidays during the year. Detailed information on holidays may be found in Chapter 9.00, "Holidays" of this Manual. Employees who work eight (8)-hour days and are called in on an emergency basis to work a holiday for which they were not scheduled will be paid eight (8) hours of holiday pay plus time-and-a-half for all hours worked on the holiday, provided the total number of hours worked in the workweek total at least forty (40), including the hours worked on the holiday. In all instances, holidays are considered in the same manner as "hours worked" under FLSA for the purpose of determining when the employee has worked more than the maximum allowable hours, and is therefore subject to overtime.

All Police Department employees required to work on a holiday shall schedule holiday leave at the beginning of each year. Should a Police Department employee accrue holiday hours and then leave the employ of the City of Kaufman before the hours have been taken, payment for the accrued holiday hours will be included on a straight-time basis on the final paycheck. Maximum holiday accrual may not exceed the total number of holidays provided for annually to all personnel.

6.06 LEAVE TAKEN AND OVERTIME

If an employee is required to work extra hours during a work period (or workweek) in which he or she has used sick leave, vacation leave or any other type of leave time (except scheduled holiday time off), the employee will be paid for the extra hours at a regular, straight-time rate of pay; however, if the extra hours worked are more than the number of leave time hours taken, the employee will be paid at one and one-half times the regular rate of pay for the number of extra hours that were not offset by the leave time hours taken.

6.07 TIME REPORTING

Employees shall keep records of all hours worked and leave or comp-time taken. Forms for this purpose are provided by the City. Time records must be signed by the employee and by the employee's immediate supervisor. Each department head is responsible for ensuring that all hours worked and leave time taken are reported on the time sheets and sent to the Payroll Department.

7.00 EMPLOYEE BENEFITS

7.01 MEDICAL AND LIFE INSURANCE

The City of Kaufman is committed to providing cost-effective benefits, which assist employees in being physically and mentally healthy. The benefits and services offered by the City may be changed or terminated at any time upon approval of the City Council and do not constitute a guarantee of continued employment with the City.

The City provides access to group medical coverage for regular full-time employees, and regular part-time employees who work a minimum of (25) hours per week.

Benefits are accompanied by eligibility requirements which must first be met by the employee and dependents (if applicable) before being able to be covered. The provisions of and eligibility for the various benefits are governed by each Plan instrument which may be a Plan document or certificate of coverage, or both.

The definition of eligible dependent may vary from plan to plan with respect to medical, dental, and vision coverage, life insurance and/or the employee assistance and wellness programs.

The City may offer, if economically feasible, benefits coverage for eligible employees and their eligible dependents. Benefits may be subsidized by the City at a level approved by the City Council and/or offered for purchase by the employee. Benefits and coverages may vary from year to year and will be evaluated and approved by the City Council on an annual basis.

*Amended 7.01 – 09/09/2019

7.02 SOCIAL SECURITY

All employees of the City are covered by Social Security. The City matches each employee's contribution to the Social Security system dollar for dollar.

7.03 RETIREMENT

The City is a member of the Texas Municipal Retirement System (TMRS). Membership in the retirement system is mandatory for all regular full-time employees (defined by TMRS as an employee who works in excess of 1,000 hours per year). Both the employee and the City contribute to the employee's retirement account. Employees who leave City employment prior to retirement will, upon request, be refunded their portion of the retirement account plus interest earned on their portion.

Retirement benefits are determined by a formula that involves age at the time of retirement and the amount deposited in the employee's account. Each new employee receives information about the City's specific retirement coverage and options under TMRS at the time of employment.

7.04 WORKERS' COMPENSATION

All employees of the City are covered by the Workers' Compensation Insurance Program, and the City pays the premium. This coverage provides medical and salary continuation payments to employees who receive bona fide, on-the-job, work-related injuries. Detailed information about Workers' Compensation benefits may be found in Chapter 10.00, Health and Safety, of this Manual.

7.05 UNEMPLOYMENT INSURANCE

All employees of the City are covered under the Texas Unemployment Compensation Insurance Program, and the City pays this tax. This program provides payment for unemployed workers under certain circumstances.

7.06 VACATION TIME

All regular employees are entitled to vacation leave. Detailed information on vacation leave may be found in Chapter 8.00, Leave Time, of this Manual.

7.07 SICK LEAVE

All regular employees of the City are entitled to sick leave. Detailed information on sick leave may be found in Chapter 8.00, Leave Time, of this Manual.

7.08 OTHER RELEASED TIME

All regular and temporary employees of the City are eligible for other types of released time. Detailed information on other types of released time may be found in Chapter 8.00, Leave Time, of this Manual.

7.09 EDUCATION AND TRAINING

When the City requires an employee to attend any educational or training course, conference or seminar, the City will provide the necessary time off with pay, and will reimburse the employee for associated costs, including tuition or registration fees, authorized travel, meals and lodging.

7.10 CERTIFICATION PAY FOR SWORN POLICE OFFICERS

To encourage sworn police officers to obtain higher levels of certification than required for their position, the City of Kaufman provides certification pay as

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follows:

Pay for additional certification: (Cumulative)

- A. \$25 per month for Intermediate Certification;
- B. \$25 per month for Advanced Certification; and
- C. \$50 per month for Master Certification or four (4)-year college degree.

The maximum amount of certification pay any police officer may receive is \$100 per month.

***7.10.01 POLICE PAY FOR QUALIFIED FIELD TRAINING OFFICERS (FTO).**

To encourage police officers to obtain levels of qualifications to train new officers, the City of Kaufman provides Police Field Training pay as follows:

Field Training Pay is typically for a minimum 16-week period. However, the time may be lessened for experienced certified officers or extended, when deemed appropriate by the Chief of Police. The City of Kaufman provides FTO pay as follows:

\$100 per month for Field Training Officer

A FTO shall qualify under the Rules of the FTO Policy Program.

Policy applies while the FTO is actively assigned a recruit for Training.

The maximum amount of pay for qualified Field Training Officer personnel is \$100 per month.

*Amended 09/09/2019

***7.11 CERTIFICATION PAY FOR WATER/WASTEWATER PERSONNEL**

A water/wastewater employee that receives a certificate will receive monthly incentive payment as specified in the Certification Pay Schedule. The certification pay is not cumulative; payment will be for only one (1) water certification and one (1) wastewater certification held. The maximum amount of certification pay any water/wastewater employee may receive is \$100 per month.

Certification Pay Schedule

Water

Wastewater Collection

Grade A - \$50 per month
Grade B - \$35 per month
Grade C - \$25 per month
Grade D - \$10 per month

Class A - \$50 per month
Class B - \$35 per month
Class C - \$25 per month
Class II - \$25 per month
Class I - \$10 per month

*O-30-00 Amended 7.11 – 11/13/00

Wastewater Treatment

Class A - \$50 per month
Class B - \$35 per month
Class C - \$25 per month
Class D - \$10 per month

***7.12 CERTIFICATION PAY FOR FIRE PROTECTION PERSONNEL**

To encourage fire protection personnel to obtain higher levels of certification than required for their position, the City of Kaufman provides certification pay as follows:

Pay for additional certification: (Cumulative)

- A. \$25.00 per month for Intermediate Certification;
- B. \$25.00 per month for Advanced Certification; and
- C. \$50.00 per month for Master Certification.

The maximum amount of certification pay any fire protection personnel may receive is \$100 per month.

***7.13 CERTIFICATION PAY FOR MUNICIPAL COURT CLERKS**

To encourage municipal court clerks to obtain higher levels of certification than required for their position, the City of Kaufman provides certification pay as follows:

Pay for additional certification: (Cumulative)

\$25.00 per month Level 1

\$25.00 per month Level 2

\$25.00 per month Level 3

The maximum amount of certification pay any court clerk may receive is \$75 per month.

*O-26-01 Amended 7.12 & 7.13 – 10/22/01
O-02-20

*O-38-17 Amended 7.13 – 12/18

***7.14 CERTIFICATION PAY FOR MUNICIPAL CLERKS**

To encourage municipal clerks to obtain higher levels of certification than required for their position, the City of Kaufman provides certification pay as follows:

Pay for additional certification: (Cumulative)

\$25.00 per month Course I

\$25.00 per month Course II

\$25.00 per month Course III

\$25.00 per month Course IV

The maximum amount of certification pay any municipal clerk may receive is \$100 per month.

*O-26-01 Amended 7.12, 7.13 & 7.14 – 10/22/01

***7.15 CERTIFICATION PAY FOR CERTIFIED FINANCE OFFICERS PERSONNEL**

To encourage finance department personnel to obtain higher levels of certification above what is minimally required for their position, the City of Kaufman provides certification pay as follows:

Pay for certification after successful completion of all required courses, the City of Kaufman provides certification pay as follows:

- A. \$100 per month for Certification; The maximum amount of certification pay any finance department personnel may receive is \$100 per month.

*O-19-15 added section 7.15, 9-28-15

8.00 LEAVE TIME

8.01 DEFINITIONS

Leave Time: Leave time is time during normal working hours in which an employee does not engage in the performance of job duties. Leave time may be either paid or unpaid. Holidays are days designated by the City Council when City offices are closed on what otherwise would be regular business days.

Unauthorized Absence: An unauthorized absence is one in which the employee is absent from regular duty without the permission of the supervisor or department head. Employees are not paid for unauthorized absences, and such absences are cause for disciplinary action.

8.02 APPROVAL OF LEAVE

All leave taken by City employees must be approved by the employee's supervisor and the department head. Information copies of signed leave forms are sent to the City Manager's office for inclusion in the employee's central personnel file.

Sick Leave Approval: Approval of sick leave for non-emergency medical, dental or optical appointments must be secured in advance. In all other instances of use of sick leave, the employee must notify his or her supervisor as early as practical on the first day of absence, and request that approval of sick leave be granted.

Supervisor's Responsibility for Verification: Supervisors are responsible for determining that leave is accrued and available for use in the amounts requested by an employee. In addition, department heads are responsible for ensuring that all vacation and sick leave usage is recorded on the time sheet sent to the Payroll Department in addition to being recorded in the individual's department.

***8.03 VACATION LEAVE**

- A. All regular full-time and regular part-time employees of the City are entitled to vacation leave. Vacation leave cannot be taken, nor will it be paid upon separation, during the initial six months of an employee's employment.

Temporary employees are not eligible for vacation leave.

***B. Accrual of Vacation Leave for Regular, Full-Time Employees**

1 – 5 Years of Service:	10 days (80 hours) per year (1 day = 8 hours)
6 – 10 Years of Service	One additional day for each year of or longer: additional service to a maximum of 15 days per year (120 hours)

***C. Accrual of Vacation Leave for Regular, Part-Time Employees**

1 – 5 Years of Service:	5 days (40) per year
6 – 10 Years of Service:	One additional half-day for each year of additional service to a maximum of 7.5 days per year (60 hours)

***D. Accrual and Unused Vacation Leave:**

An employee's vacation leave shall begin to accrue upon employment and shall be credited to the employee upon completion of the first six (6) months of service. Vacation time may accrue up to a maximum of earned vacation for one and one half (1 ½) years of employment. For example, earning 10 days per year, maximum accrual of 15 days per year; earning 15 days per year, maximum accrual of 22 ½ days. Once the maximum days limit is reached, accrual of vacation will cease until such time as the employee takes leave. Leave balances which exceed the maximum shall be reduced without compensation.

After the initial six-month period of employment, vacation leave is credited to an employee's account on the first day of each month accordingly.

*O-05-02 Amended 8.03 B, C, D, E, F – 03/11/02

The basis for the above method of accrual of vacation days shall begin January 1, 2002.

***E. Scheduling Vacation Leave: Vacation leave must be scheduled in advance, and must accommodate the City's work schedule.**

***F. Vacation Bonus Days:**

*O-33-18 Amended - Section F deleted 01/28/2019

***8.04 SICK LEAVE**

- A. An employee with accrued sick leave may use it if the employee is absent from work due to personal illness or physical injury, when an employee is required to attend to a spouse, minor children or persons “in loco-parentis”, or others who are dependent on the employee’s support, who are ill or incapacitated and who also reside in the same household as the employee. In accordance with FMLA, this shall also extend to common law marriage spouses, as recognized by state law.

*O-05-02 Amended 8.04 – 03/11/02

- B. Medical Statement: The department head or the City Manager may request, and employees must provide upon request, written verification by a physician of medical disability precluding availability for duty at any time sick leave benefits are requested.
- C. Accrual of Sick Leave: Regular full-time and part-time employees are entitled to sick leave after the completion of the initial six (6) months of employment. At that time, six (6) days (48 hours) of sick leave will be credited to a regular, full-time employee’s account; however, paid sick leave cannot be taken during this initial six-month period.

Regular part-time employees can earn sick leave in a proportionate amount to their work schedule as similarly calculated for a regular 40-hour employee. The same restrictions apply during the initial six-month period of employment.

After the initial six-month period of employment, sick leave is credited to an employee’s account on the first day of each month as follows: one day (eight hours) for regular, full-time employees. Temporary employees do not earn sick leave.

- D. Use of Sick Leave: Sick leave can be used after six months of employment for authorized purposes. Employees must notify their supervisor of the need to be placed on sick leave not later than the first day of absence, preferably promptly at the beginning of the first workday absent (within 30 minutes of the scheduled time to begin work). Failure to do so may result in the employee being placed on leave-without-pay status, and could result in disciplinary action against the employee. Employees are expected to return to work as soon as their reason for leaving has been accomplished.
- E. Accumulation of Sick Leave: Sick leave not used during the year in

which it accrues accumulates and is available for use in succeeding years, up to a maximum allowable accumulation of 90 days (720 hours) for regular, full-time employees. Each December 31st, any sick leave balance in excess of the maximum is reduced to the maximum without compensation.

- F. Exhaustion of Sick Leave: No advance of unearned sick leave benefits will be made. An employee who has exhausted earned sick leave benefits must use accrued vacation leave before requesting leave of absence without pay.
- G. Illness While on Annual Leave: When an illness or physical incapacity occurs during the time an employee is on vacation leave, sick leave may be granted to cover the period of illness or incapacity, and the charge against vacation leave reduced accordingly. Application for such substitution must be supported by a medical certificate or other acceptable evidence.
- H. Cancellation Upon Termination: Unused sick leave is cancelled upon termination of employment without compensation to the employee.

***8.05 FAMILY LEAVE/MEDICAL LEAVE**

- A. The City has adopted by reference the procedures of the Family Medical Leave Act of 1993, for any serious health condition or non-occupational injury requiring long term absences (such as: birth or adoption; to care for a parent, spouse or child with a serious health conditions; or to undergo medical treatment or convalescence for their own serious health conditions) of more than 3 days and intermittent absences which may be shorter than 3 days but qualify as FMLA leaves.

Any absences of more than 3 days (any absence longer than 24 consecutive work hours), shall require certification from a health care provider to justify the absence; and a notice of need to take leave if applicable.

On-the-job injuries are to be accounted for under Worker's Compensation and, in accordance with the Family Medical Leave Act of 1993, are not chargeable as sick leave or any other paid benefit when the employee is unable to perform the functions of the position due to mental or physical condition, or other qualifying event. In Worker's Compensation cases, FMLA leave will run concurrently with these absences, but paid benefits shall not be used.

The employee must provide a 30-day advance notice when foreseeable, or within 2 business days of the need to take leave in

unforeseen/emergency situations. The City must then determine that the leave is to be charged as FMLA, and provide the employee with a notice of that determination which explains both parties' duties and obligations.

- *B. Eligibility: To be eligible for FMLA leave, an employee must have worked at least 1,250 hours during the previous 12 calendar months.
- *C. Length of Leave: Eligible employees may take up to twelve (12) weeks of unpaid leave during a one (1)-year period.
- D. Requirements: Employees must provide thirty (30) days notice of intent to take leave on required forms for foreseeable events, such as childbirth, adoption or necessary medical treatment, if practicable.

In utilizing the benefit of unpaid leave for a period of up to twelve (12) weeks, an employee first must exhaust all accrued vacation leave and accrued sick leave. For example, if an employee has a total of four (4) weeks of accrued vacation leave and accrued sick leave, and he or she wishes to exercise the benefit of the full twelve (12) weeks, the first four (4) weeks the employee is absent shall be covered by the employee's accrued vacation leave and sick leave time, and thereafter, the remaining eight (8) weeks shall be unpaid leave.

The employee must report his or her status and intent to return to work to the department head on a weekly basis.

- E. It is the intent of the City to comply with all federal requirements and guidelines imposed pursuant to the Federal Family and Medical Leave Act of 1993. Where any provision contained within this Manual are in conflict with the Family and Medical Leave Act, as amended, the provisions of the Act will prevail.

*O-05-02 Amended 8.05 B & C-- 03/11/02

8.06 MILITARY LEAVE

Regular full-time and part-time employees who have been employed by the City for six months or longer, and who are members of the State military forces or members of any of the reserve components of the Armed Forces of the United States, are entitled to leave of absence from their duties, without loss of time or efficiency rating, or vacation time or salary, on all days during which they are engaged in authorized training or duty ordered by proper authority, for not more than 15 days in any one calendar year. Requests for approval of military leave in excess of 15 days will be charged to vacation leave or leave without pay.

Regular employees who have been employed by the City for six months or longer and who are ordered to extended active duty with the State or federal military forces are entitled to all of the re-employment rights and benefits provided by law upon their release from active duty.

8.07 CIVIL LEAVE

Employees are granted civil leave with pay for jury duty, for serving as a subpoenaed witness in an official proceeding and for the purpose of voting.

When an employee has completed civil leave, he or she must report to the City for duty for the remainder of the workday.

8.08 LEAVE OF ABSENCE WITHOUT PAY

Leave of absence without pay is an approved absence from duty in a non-pay status. Granting a leave of absence without pay is at the discretion of the City Manager; however, such leave is not authorized unless there is a reasonable expectation that the employee will return to employment with the City at the end of the approved period. Employees on leaves of absence without pay receive no compensation and accrue no benefits; however, previously accrued benefits are retained during leave of absence unless otherwise prohibited by the terms of provisions of the benefit programs. Medical insurance can be continued if paid in advance by the employee.

Upon returning to work after a leave of absence without pay, an employee receives an adjusted employment date with a corresponding adjusted anniversary date that reflects the period of time that the employee used for the leave of absence. These adjusted dates will be used for purposes of calculating leave accrual benefits in all departments.

A leave of absence without pay may be revoked upon receipt of evidence submitted that the cause for granting such leave was misrepresented or has ceased to exist.

At the expiration of a leave of absence without pay, if no vacancy exists and a reasonable effort has been unsuccessful to place the employee in another position, the employee will be separated and paid accrued benefits. Detailed information on leave of absence for military service may be found in Section 8.06, Military Leave, of this Manual.

A leave of absence without pay may be appropriate for any of the following reasons:

- A. Military service (please refer to Section 8.06, above, concerning this type of leave);
- B. Educational purposes when successful completion will benefit the City;

- C. Public service assignments;
- D. Personnel exchange programs that emphasize intergovernmental relations; or
- E. Any other reason that, in the judgment of the department head and the City Manager, merits a leave of absence without pay.

8.09 USING LEAVE IN COMBINATION

An employee who is absent on sick leave must exhaust all sick and vacation leave before he or she is eligible to request leave without pay. Sick leave cannot be used for vacation purposes when vacation leave is exhausted.

With the approval of the City Manager and the department head, other types of leave may be used in combination or coupled with holidays if it is determined to be in the best interests of the City and the employee.

8.10 ADMINISTRATIVE AND FUNERAL LEAVES

- A. General: The City Manager is authorized to grant administrative or funeral leave to an employee in certain limited circumstances.
- B. Administrative Leave: The City Manager may authorize administrative leave, with or without pay, when warranted by unforeseen circumstances not otherwise provided for in these policies.
- C. Funeral Leave: Funeral leave with pay may be granted by the City Manager for reasons of death in an employee's family. For purposes of funeral leave, family includes: spouse, child, parent, brother, sister, uncle, aunt, nephew, niece or grandparents of an employee or employee's spouse, or any other relative living in the employee's household. Funeral leave is limited to no more than three days per occurrence. The length of time granted for funeral leave must be approved by the City Manager in advance, and will depend on the circumstances.

8.11 INJURY LEAVE

For detailed information on occupational disability or injury leave for bona fide, on-the-job, work-related injuries, please refer to Chapter 10.00, Health and

Safety, of this Manual.

***8.12 CATASTROPHIC LEAVE PROGRAM**

If any full-time employee suffers a catastrophic illness or an injury off the job, either of which has life-threatening consequences, as verified by a treating physician, that completely incapacitates the employee from working, or an employee is required to care for an immediate family member (spouse, son, daughter, step-son, step-daughter, parent or spouse's parent with a serious health condition) who suffers such an illness or injury, and the employee has no accrued paid leave remaining, the employee may use sick leave donated by other employees to the sick leave bank as specified in this Section.

- A. In the case of a qualifying catastrophic illness or injury suffered by a member of the employee's immediate family that requires the employee's care or assistance, and if the employee meets the employment length criteria for Family and Medical Leave, use of donated sick leave from the sick leave bank, if approved, will provide pay to the employee to the extent provided by the Family and Medical Leave Act.
- B. Full-time employees may donate eight (8) hours (twelve (12) hours in the case of twenty-four (24) hour fire shift personnel) accrued sick leave hours per calendar year to the sick bank. The donation will be made on October 1st of each year. Employees elect to participate in the sick bank at open enrollment each year. If an employee elects not to participate in the sick leave bank they will not be eligible to receive the benefits of the sick bank. Nothing in this Manual is to be construed to create a contract between the City and its employees or create a contractual entitlement to any benefit. Any benefit provided in this Manual may be modified or withdrawn at any time without notice, except as provided by federal or state laws.
- C. All employees requesting use of donated sick leave from the sick leave bank shall submit their request in writing to the City Manager or his/her designee for approval. Each employee requesting donations from the sick leave bank may be considered on an individual basis with a maximum of eighty (80) hours per calendar year.

*O-19-15 added Section 8.12, 9-28-15

9.00 HOLIDAYS

9.01 GENERAL POLICY

- A. Official paid holidays are extended to all regular full-time and part-time employees.
- *B. The following official paid holidays will be observed by the City:
 - 1. New Year's Day (January 1);
 - 2. Martin Luther King, Jr. Day (third Monday in January);
 - 3. Presidents' Day (Third Monday in February);
 - 4. Good Friday (determined by calendar);
 - 5. Memorial Day (last Monday in May);
 - 6. Independence Day (July 4);
 - 7. Labor Day (first Monday in September);
 - 8. Columbus Day (determined by calendar);
 - 9. Veteran's Day (determined by calendar);
 - 10. Thanksgiving Day (fourth Thursday in November); and
 - 11. Christmas Day (2 days determined by calendar).

The City Manager may designate other holidays in accordance with directions from the City Council.

- C. **Personal Holiday.** All regular full-time employees who begin their employment after the date of this Manual's adoption, or who have signed the Employee Acknowledgment Form for Current Employees, are entitled to one personal holiday per calendar year. A personal holiday cannot be taken during the initial six months of an employee's employment, and an unused personal holiday shall not be payable to an employee upon termination. Effective each January 1st, each regular full-time employee will be credited with one personal holiday (one day equals eight hours). The personal holiday must be taken during the calendar year in which it is credited or it is forfeited; it does not accrue or carry over into the following calendar year. The personal holiday may be taken on a day selected by the employee; however, the selected date must be approved in advance by his or her department head. Regular part-time and temporary employees are not eligible for personal holidays.

*O-06-00 Amended 9.01B – 03/13/00

9.02 HOLIDAYS FALLING ON SATURDAY OR SUNDAY

Whenever a legal holiday listed above falls on a Saturday or Sunday, it will be observed on the Friday preceding or the Monday following, as the City Manager so determines.

9.03 WORK DURING HOLIDAYS

It is not always feasible to grant holidays at the scheduled time, especially for employees assigned shifts of an around-the-clock operation.

Any department head who finds it necessary to do so may direct some or all employees of the department to report for work on any holiday. Detailed information on compensation for work during holidays may be found in Chapter 6.00, Work Schedule and Time Reporting, of this Manual.

9.04 HOLIDAY DURING VACATION

If an official holiday falls within a regular employee's vacation, the employee will be granted the holiday and not charged for a day of vacation.

9.05 RELIGIOUS HOLIDAYS

Employees wishing to observe religious holidays not listed in these policies will, at their option, be given time off without pay, or with the time charged to their vacation.

10.00 HEALTH AND SAFETY

10.01 **SAFETY POLICY**

It is the policy of the City to make every reasonable effort to provide healthful and safe working conditions for all of its employees.

10.02 **SPECIAL PROTECTIVE CLOTHING AND PROTECTIVE DEVICES**

If deemed necessary, the City Manager or department head may establish reasonable standards regulating dress for the respective departments for the purpose of maintaining safety.

10.03 **EMPLOYEE RESPONSIBILITIES AND REPORTS**

Employees are responsible for conducting their work activities in a manner that is protective of their own health and safety, as well as that of other employees.

An employee must report every on-the-job accident, no matter how minor, to his or her supervisor. The supervisor is responsible for filing all accident reports immediately with the department head, City Secretary, and Human Resources Department.

10.04 **EMPLOYEE SUGGESTIONS**

Employees shall report immediately, to their supervisors, any condition that in their judgment threatens the health and safety of employees or visitors.

Employees are encouraged to make suggestions to their supervisors of improvements that would make the City workplace safer or more healthful.

10.05 **ON-THE-JOB INJURIES**

- A. Insurance: The City provides Worker's Compensation insurance for all of its employees. This insurance provides medical expenses and a weekly payment if an employee is absent from work for more than seven (7) days because of a bona fide, on-the-job, work-related injury.
- B. Compensation: If an employee sustains a bona fide, on-the-job, work-related injury that renders him or her unfit for performing the duties of the job, and the employee opts to draw Worker's Compensation payments, the employee will receive pay as follows:
 - 1. For up to three (3) months, the employee receives the standard Workers' Compensation payment, plus a supplemental payroll

check from the City. The supplemental check from the City will be an amount that, when added to the Workers' Compensation payment, equals the employee's regular pay.

2. Beginning with the fourth month and ending at the conclusion of the sixth month, the employee receives the standard Workers' Compensation payment, and may be entitled to a supplemental payroll check from the City. If the Workers' Compensation payment during this period is in an amount that is less than fifty percent (50%) of the employee's regular pay, the supplemental check from the City will be in an amount that, when added to the Workers' Compensation payment, equals fifty percent (50%) of the employee's regular pay.
3. Beginning with the seventh month and continuing until the injured employee is released for full-time, regular duty, the employee may begin, at his or her option, to use accumulated vacation and sick leave time to provide additional compensation above the Workers' Compensation payment. After all sick leave and vacation leave time has been exhausted, the employee will receive only the Workers' Compensation payment until the injured employee is released for full-time, regular duty.

No employee receiving Workers' Compensation payments is entitled to receive either additional holiday pay or other holiday benefits.

- C. Total Disability/Retirement: A determination of total disability may be rendered at any time during the course of the occupational disability or injury leave. Upon such a determination, the department head, in consultation with the City Manager, will make the necessary arrangements for the employee's retirement under the Aon-the-job disability clause of the coverage provided by the City under the Texas Municipal Retirement System (TMRS). If a total disability determination is not made during the first twelve (12) months from the date of the employee's injury, and the employee's disability continues beyond twelve (12) months, then the department head, in consultation with the City Manager, will initiate disability retirement arrangements for the employee in accordance with the TMRS clause cited above.
- D. Medical Attention: An employee who sustains a bona fide, on-the-job, work-related injury may seek medical attention from the medical facility or professional of his or her choice. The City requires statements of medical condition and of release to return to work from the attending physician. An employee may be required to submit to examination by an independent physician, as determined by the City Manager, at the

City's expense.

- E. Reporting: While on leave because of a bona fide, on-the-job, work-related injury, each time the employee sees the doctor for consultation or treatment he or she must provide a progress report to the appropriate City supervisor, who will pass the report along to the City Secretary, the department head and the Human Resources Department. In addition, the injured employee must contact the appropriate City supervisor periodically to report on his or her condition. Failure to provide the required medical status reports or to contact the supervisor on the schedule required by the Human Resources Department is grounds for revoking the employee's leave and for taking disciplinary action.

In all cases when an employee has been on occupational disability or injury leave for a period of thirty (30) days, the employee's department head must confer with the City Manager and designated Human Resources Officer to arrange for a conference with the employee's physician(s). Subsequent conferences with the City Manager and the designated Human Resources Officer are required at least once every two (2) months.

- F. Return to Service: All employees must return to work after approval of either the employee's attending physician or an independent physician paid by the City. Failure to return to work when directed will result in appropriate disciplinary action.

The maximum duration of occupational disability or injury leave is six (6) months, unless an extension is expressly authorized by the City Manager. Extensions by the City Manager must be authorized in no more than three (3) month intervals, and a careful review must be conducted by the City Manager before authorizing each extension.

During the course of an occupational disability leave of absence, if an employee is released by his or her doctor for light duty, the employee's job or alternative job assignment(s) will be evaluated for a determination of whether a position is available in which the City can use the employee's limited services for an interim period of time. If no acceptable light duty assignment can be found, the employee will be placed on inactive status until released by the doctor and Worker's Compensation to return to his or her previous job. An employee who is able to work in light-duty status may be required to work in a different department and perform duties not contained within his or her current classification.

At the time of final release or settlement of a Worker's Compensation claim, the City will evaluate the employee's physical condition and

determine whether he or she can perform the duties of the job previously held. If (a) the employee cannot perform his or her previous duties; (b) no vacancy exists; (c) no other suitable position is available; or (d) a reasonable effort has been made to place the employee in a suitable position, then he or she will be separated and paid accrued benefits.

11.00 USE OF CITY PROPERTY

11.01 GENERAL POLICY

The City attempts to provide each employee with adequate tools, equipment and vehicles for the City job being performed, and expects each employee to observe safe work practices and safe and courteous operation of vehicles and equipment in compliance with all municipal, County and State regulations.

11.02 USE OF TOOLS, EQUIPMENT, PROPERTY AND VEHICLES

Employees who are assigned tools, equipment, vehicles or any other City property by their departments are responsible for them and for their proper use and maintenance.

11.03 VALID DRIVER' S LICENSE

All operators of City vehicles and equipment are required to have the valid State of Texas driver' s license necessary for that vehicle or piece of equipment, and to keep supervisors informed of any change in the status of their license.

The Human Resources Officer periodically will check the driving records of all City employees who operate City vehicles. Failure to maintain a safe driving record or a valid, current driver' s license may be grounds for disciplinary action and/or dismissal.

11.04 ACCIDENT REPORTING

Any employee operating City vehicles and/or equipment must immediately report all vehicular accidents and property damage or liability claims to his or her supervisor and to the Police Department.

Each vehicular accident, no matter how minor, must be reported to the Police Department so that an official accident report may be filed. The Police Department shall notify the City Manager by forwarding a copy of all accident reports involving City vehicles or equipment as soon as the investigation is completed. Copies also must be sent to the employee' s department head, to the City Secretary and to the Human Resources Department.

All rules and regulations regarding Chapter 18.00, Drug-Free Policy Statement, and Chapter 19.00, Standards for Employee Motor Vehicle/Equipment Operator, shall apply to accident reporting.

12.00 DISCIPLINE AND APPEAL PROCEDURES

12.01 FAIR AND EQUITABLE STANDARDS

It is the intent of the policies and procedures contained in this Manual to safeguard the rights of all employees, to ensure that all employee actions are judged by fair and equitable standards, and to require that all rules are applied on an equitable basis.

12.02 GUIDELINES

The City Manager is authorized and directed to promulgate guidelines and procedures, consistent with the City Charter and ordinances, as are reasonably necessary and appropriate to implement the rules of employee conduct and discipline contained in Chapter 2 of this Manual.

12.03 PRE-CLEARANCE BY HUMAN RESOURCES DEPARTMENT

When feasible, the Human Resources Department shall be consulted before the implementation of disciplinary action to ensure equitable and consistent treatment of employees.

12.04 TYPES OF DISCIPLINARY ACTION

- A. In making a decision as to what discipline should be recommended, a supervisor should consider such factors as the type and severity of the offense or offenses, the employee's work record and any mitigating circumstances that may be relative to the situation.
- B. The following disciplinary actions are not exclusive and may be initiated against an employee for violations of the Manual and/or City or departmental rules and regulations:

- 1. Oral Reprimand/Employee Counseling

- An oral reprimand/employee counseling is best suited for a minor rule infraction or incident of substandard performance. An oral reprimand/employee counseling should identify violations and indicate areas needing improvement. A written record of this warning shall be maintained in the employee's personnel file.

- 2. Written Reprimand

A written reprimand is a formal warning of an infraction that may result in suspension, demotion or termination should the violation recur. Prior to the issuance of a written reprimand, a disciplining supervisor shall confer with his immediate supervisor regarding the proposed discipline. Both the disciplining supervisor and the employee should sign the written reprimand. Included in the written reprimand should be a statement of what changes in behavior are expected, when the next evaluation will be held and what penalty will be imposed if no changes are made by the employee. Copies of the written reprimand and all supporting documentation, if any, will become part of the employee's personnel file. The employee shall be given the opportunity to respond in written form to the written reprimand.

3. Suspension Without Pay

A suspension is designed to bring about a change in behavior and results in time off without pay. The employee should be encouraged to reflect on his behavior during the suspension and to decide whether he wishes to correct the offending behavior or terminate his employment. A supervisor may suspend an employee without pay for a period of not less than one (1) hour nor more than ten (10) working days. Prior to suspending an employee, a disciplining supervisor shall confer with his immediate supervisor regarding the proposed suspension. Suspension for more than ten (10) working days requires the written approval of the City Manager. A suspension becomes a permanent part of the employee's personnel file.

4. Demotion

A department head may demote an employee for a disregard or violation of the Manual and/or any City or departmental rule or regulation, or for repeated refusal or inability to improve performance. Prior to demoting an employee, a disciplining supervisor shall confer with his immediate supervisor regarding the proposed demotion. A demotion may be either permanent or for a predetermined, specified period of time, and shall result in a reduction of salary. A demotion becomes a permanent part of the employee's personnel file

5. Dismissal

Although employment continues to be at-will, the City may initiate dismissal as a result of a serious infraction or the continued inability by an employee to comply with the City's policies and performance standards. If an employee is to be dismissed, a disciplining supervisor shall confer with his immediate supervisor regarding the proposed dismissal before the employee is dismissed. A termination becomes a permanent part of the employee's personnel file.

12.05 APPEALS

The City Manager is authorized to hear and make determinations on disciplinary actions from which an appeal has been submitted to the City Manager. The City Manager shall hear all appeals that are submitted to his or her office.

12.06 DISCIPLINARY PROCEDURES

Any disciplinary action, with the exception of an oral reprimand/employee counseling, shall be presented in written form to the employee and the Human Resources Department specifying:

- A. The type of disciplinary action taken, e.g., written reprimand, suspension or demotion;
- B. The specific rule violated;
- C. The specific incident, including date(s), if applicable, causing the action;
- D. The employee's right to appeal to a specific office within a specified time; and
- E. The finality of the action if the employee fails to appeal within the specified time.

12.07 PROCEDURES TO APPEAL A WRITTEN REPRIMAND

- A. Any employee dissatisfied with any written reprimand received by that employee may file a written appeal to his department head within five (5) working days of the action taken.
- B. The written appeal must be submitted to the department head and shall contain the following information:
 - 1. The type of disciplinary action being appealed and the effective

date of the action;

2. The specific reason the discipline is judged to be unjust or otherwise in error;
3. The remedy or solution sought; and
4. The signature of the disciplined employee.

If the written disciplinary action was initiated by the department head, the employee may bypass the appeal procedure outlined in Paragraph C of this Section and appeal to the City Manager.

- C. The department head shall discuss the facts surrounding the disciplinary action with the affected employee. A careful review of the charges and evidence of the action and/or omission will be conducted by the department head. The department head shall respond in writing to the employee, stating the disposition of the written reprimand within three (3) working days of the discussion. The department head may sustain, reverse, modify or amend the action taken as he determines is just and equitable under all the facts and circumstances of the case.
- D. If the appeal is not resolved by the department head to the satisfaction of the employee or an employee wishes to appeal the disciplinary action initially imposed by the department head, a written appeal must be submitted to the City Manager within five (5) working days of the action taken.
- E. The written appeal submitted to the City Manager must contain the following information:
 1. The type of disciplinary action being appealed and the effective date of the action;
 2. The specific reason the discipline is judged to be unjust or otherwise in error;
 3. The remedy or solution sought; and
 4. The signature of the disciplined employee.
- F. The affected employee shall inform the City Manager of the reasons why he believes the action taken is not appropriate and may present evidence relative thereto. A City representative also may present evidence in support of the action taken. The City Manager shall conduct a careful review of the charges and the evidence of the action and/or

omission. The City Manager shall make a determination in writing to the employee within a reasonable amount of time and may sustain, reverse, modify or amend the action taken as the City Manager determines is just and equitable under all the facts and circumstances of the case. The decision of the City Manager is final and non-appealable. At any hearing conducted by the City Manager to determine the merits of a written reprimand, the City Manager may consider any oral or documentary evidence.

- G. This Section shall not apply to department or division heads of any department or administrative office. These individuals may not appeal a written reprimand.

12.08 PROCEDURES TO APPEAL A TERMINATION, DEMOTION OR SUSPENSION

- A. Prior to the termination, demotion or suspension without pay of an employee, written notice must be given to the employee stating:
 - 1. The type of disciplinary action taken, *i.e.*, termination, demotion or suspension without pay;
 - 2. The specific rule or policy violated;
 - 3. The specific incident, including dates, causing the action;
 - 4. The employee's right to appeal to the department head within a specified time; and
 - 5. The finality of the action if the employee fails to appeal within the specified time.
- B. Before an action of termination, demotion or suspension without pay of an employee is taken, the employee must be given a reasonable opportunity to respond to the allegations either orally or in writing to the person having authority to take the action.
- C. Any employee who is terminated, demoted or suspended without pay shall have a right to appeal the decision of the department head to the City Manager. The right to appeal must be exercised within five (5) working days of the date of the action, by filing a written request with the City Manager for a hearing before the City Manager. If the employee fails to appeal the decision of the department head in accordance with these provisions, the decision of the department head shall become final and non-appealable.

- D. In the event an appeal is requested, the City Manager shall hear the appeal within a reasonable amount of time. A court reporter or stenographer may be present throughout the appeal and, if so, a written record of the proceedings shall be made. A copy of this written record shall be maintained in the employee's personnel file. The City Manager shall render a written decision to the employee and the department within a reasonable amount of time after the conclusion of the hearing.
- E. Any hearing conducted by the City Manager for a termination, demotion or suspension without pay shall proceed as follows: City representative(s) shall be allowed to make a presentation of the City's case, explaining and detailing the reasons for the disciplinary action imposed. Such presentation may include a preliminary statement, the production of witnesses and/or documentation supporting the disciplinary action imposed. After the City's presentation, the employee or his attorney will be permitted to ask questions and/or cross-examine the City's witnesses. Thereafter, the affected employee or his attorney shall be permitted to make any statements or produce witnesses and/or documentation on the employee's behalf. After the employee's presentation, the City representative or the City's attorney will be permitted to ask questions and/or cross-examine the employee's witnesses. Both sides will be permitted to ask questions and/or cross-examine witnesses. Both sides will be permitted to make a closing statement, if desired. At any time during the hearing, the City Manager may ask questions of the City's representative(s), the employee and/or his attorney, and any witnesses. Notwithstanding the foregoing, the City Manager shall have the absolute right to determine the case, including applicable rules of procedure for the hearing. The decision of the City Manager is final and non-appealable.

12.09 FAILURE TO FOLLOW APPEAL PROCEDURE

If any employee fails to appeal an action within the time limits specified in this Chapter or in accordance with the guidelines and procedures promulgated by the City Manager, or fails to appear at any hearing, the disciplinary action shall be final and non-appealable.

12.10 "WORKING DAY" DEFINED

The term "working day," as referenced in this Chapter, means any one shift during which a department is open for business or on which an employee is scheduled to work. Time limits begin to run the working day following the incident, event, hearing or notice.

12.11 APPEAL NOT ANSWERED

If an appeal is not answered within the specific time limits, the employee may proceed to the next step in the appeal or grievance process.

12.12 TIME LIMITS

Any time limit specified in the procedures under this Chapter may be extended by mutual agreement.

12.13 INAPPLICABILITY

A reduction in force is not an appealable personnel action and any employee terminated as a result of a reduction in force has no right to appeal such termination.

13.00 SEPARATIONS

13.01 TYPES OF SEPARATION

All separations of employees are designated as one of the following types:

- A. Resignation;
- B. Retirement;
- C. Reduction in force;
- D. Dismissal;
- E. Disability; or
- F. Death.

13.02 RESIGNATION

An employee may leave City service in good standing by submitting a written resignation in the following prescribed manner, giving a two (2)-week notice to the employee's department head and the Human Resources Department. The City Manager, on the recommendation of the department head, may waive any portion of the notice period. An employee resigning without the required notice may be ineligible for reinstatement and accumulated leave pay, if applicable. The written notice shall include, but is not limited to, the following:

- A. Date of letter;
- B. Last day of employment;
- C. Reason for resignation;
- D. Forwarding address; and
- E. Signature of the employee.

All records, property or other instruments, including this Personnel Policies Manual, belonging to the City of Kaufman in the possession of the terminated employee, shall be returned before final payment will be made (this includes any uniforms furnished to the employee by the City).

13.03 RETIREMENT

The same notice requirements for resignation apply in the case of retirement, except that a longer period of advance notice may be required to start retirement payments promptly.

13.04 REDUCTION IN FORCE

Employees may be discharged for lack of work or funds, or the abolishment of positions. Insofar as practicable or for the betterment of a department, department heads will endeavor to give advance notice of such layoff.

13.05 ABOLISHMENT OF POSITIONS

The City Manager, at his discretion, may abolish a position of employment, when one or more of the following conditions exist:

- A. When the position is no longer required to provide services for the citizens of the City;
- B. When budgeted manpower ceilings have been exceeded;
- C. When there is insufficient revenue to support the function of the position;
or
- D. Due to reorganization.

13.06 DISMISSAL

Although employment continues to be at-will, an employee may be dismissed when his conduct or actions result in a serious infraction or his continued inability to comply with the City's policies or performance standards. The City Manager's signature is required on all personnel action forms involving dismissal.

13.07 DISABILITY

An employee will be separated when an appointed physician determines that, for physical or mental reasons, the employee cannot perform the duties of the job. The City Manager will appoint a physician who will examine the employee and make his or her recommendation(s) to the City. The examination will be paid for by the City.

Voluntary separations based on reasons of disability must be substantiated by medical evidence if the disability may be a factor or condition of a retirement plan covering the employee (please refer to Chapter 10.00, Health and Safety, for detailed information concerning occupational disability resulting from bona-

fide, on-the-job, work-related injuries).

13.08 DEATH

If a City employee dies, his or her estate receives all pay due, and any earned and payable benefits as of the date of death.

13.09 CALCULATION OF SEPARATION PAY

Upon separation from City employment, a regular employee who has completed at least six (6) months of continuous employment will be paid for accrued and unused vacation leave, provided that the employee has given the City ten (10) working days' notice. If a City employee does not provide a ten (10)-day notice, he or she will not be paid for vacation time accrued during the current year.

Payment for such leave balances will be included in the employee's final paycheck, and will be calculated in the following manner:

The total work time and allowable vacation and compensatory leave time will be calculated as a total number of hours for which compensation is due. The employee's regular hourly rate will be determined by dividing the employee's regular annual salary by 2,080 working hours per year. Payment for vacation days earned as a bonus for perfect attendance are excluded from the calculation of separation pay.

For employees who are subject to the Fair Labors Standards Act, any overtime hours worked during the employee's final pay period, which have not been compensated through either of the time-off methods described under the Overtime Worked Section in these Policies, will be paid in the final paycheck at a rate of one and one-half times the employee's regular hourly rate for each overtime hour worked (compensatory time that has been entered and carried on the employee's records at one and one-half times the number of hours worked will be paid at the employee's regular straight-time rate for the total number of hours on the employee's compensatory time record. Since the compensatory time was recorded at one and one-half times the number of hours worked, the straight-time payment for these hours is equivalent to time and one-half pay for the hours actually worked).

The employee will receive his or her final paycheck on the scheduled payday that falls on or immediately follows the employee's last workday.

13.10 EXIT INTERVIEWS AND RECORDS

Upon separation from employment, all employees shall schedule an exit interview with the Human Resources Department. The interview will be for the purpose of reviewing the employee's personnel file to ensure compliance with all requirements of this Manual, the retirement plan, health insurance and income tax considerations.

Reason(s) for separation are stated in writing, signed by the supervisor and, except in unusual or emergency circumstances, initialed by the employee on the City's exit interview form. The supervisor of an employee who is separated shall discuss with the employee the reason(s) for the separation in an exit interview whenever possible. The City Manager also must sign the exit interview form.

14.00 GRIEVANCES

14.01 GENERAL POLICY

A grievance is an allegation regarding the violation, misinterpretation or improper application of a specific law, ordinance, resolution, policy, rule, procedure or regulation. This does not include questioning the substance of policy. Policy formulation is a right of management.

It is the policy of the City, insofar as possible, to prevent the occurrence of grievances, and to deal promptly with those that occur. No adverse action will be taken against an employee for reason of his or her exercise of the grievance right.

A grievance may be filed by an employee on one or more of the following grounds:

- A. Improper application of rules, regulations and/or procedures (but not the rules, regulations and/or procedures themselves);
- B. Unfair treatment;
- C. Improper application of fringe benefits; or
- D. Improper working conditions.

14.02 FINAL AUTHORITY

Grievances can be appealed through the immediate supervisor to the City Manager. Following careful investigation of the facts by the appropriate City personnel or department, or other designated authority, the City Manager shall have broad authority to resolve such grievances. The decision of the City Manager is final.

14.03 PROCEDURE

- A. Informal Grievances: The first step in the grievance procedure is for the employee to attempt to resolve the grievance by informal conference with his or her immediate supervisor. If informal conference with the supervisor does not result in a resolution of the problem(s) that is satisfactory to the employee, he or she must file a formal, written grievance.
- B. Formal Grievances: Formal grievances must be in writing, signed by the employee, and presented to the employee's immediate supervisor. A

statement of the specific remedial action requested by the employee must be included in the written grievance.

1. An employee may be represented by another City employee of his or her choosing who has not been an employee representative in any other grievance proceeding within the previous twelve (12)-month period.
2. After being presented with a written and signed grievance, the immediate supervisor will:
 - a. Consult with his or her supervisor and department head;
 - b. Notify the Human Resources Officer;
 - c. Attempt to resolve the grievance with the employee; and
 - d. Communicate the decision to the employee within five (5) working days after receipt of the grievance, sending copies to the Human Resources Department and department head.
3. An employee who receives no written resolution by the close of the fifth working day following the day the written grievance was presented, or who is not satisfied with the proposed resolution, must within the next three (3) working days, appeal in writing to the department head. The department head will:
 - a. Review the facts of the grievance;
 - b. Meet with the grievant, the grievant's supervisor and such other persons as may be necessary;
 - c. Attempt to resolve the grievance within five (5) working days after receipt of the grievance; and d. Respond in writing to the employee by the close of the fifth working day following the day the written appeal was received, sending copies to the City Manager and the Human Resources Department.
4. If the employee receives no written resolution from the department head within five (5) working days from the date the appeal was filed, or the employee is not satisfied with the proposed resolution, he or she must file a written appeal with the City Manager within three (3) working days. The City Manager will review the facts and the file, meet with the parties involved,

and respond in writing to the employee within five (5) working days of the date the appeal was received in the City Manager's office.

5. If the employee's grievance is related to alleged sexual harassment or discrimination by the employee's immediate supervisor or department head on the basis of race, religion, sex, national origin, age or handicap, the initial written grievance may, at the employee's option, be submitted directly to the City Manager. In such an instance, to allow adequate time for investigation by the City Manager or the person he or she designates to conduct the investigation, the City Manager shall have the total cumulative time period that would have been allowed at the other steps in the grievance process before his or her written resolution of the grievance is required to be received by the employee.
6. Copies of all documentation relating to the grievance will be forwarded to the Human Resources Department immediately upon conclusion of each step in the grievance process to be placed in the employee's personnel file.
7. The decision of the City Manager is final.

14.04 ADA GRIEVANCE PROCEDURE

The City of Kaufman has adopted an internal grievance procedure providing for prompt and equitable resolution of complaints alleging any action prohibited by the U.S. Department of Justice regulations implementing Title II of the Americans with Disabilities Act. Title II states, in part, that no otherwise qualified disabled individual shall, solely by reason of such disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in programs or activities sponsored by a public entity. Complaints should be addressed to:

City Secretary
209 South Washington
Kaufman, Texas 75142

- A. A complaint should be filed in writing, be signed and dated, contain the name and address of the person filing it, and briefly describe the specific alleged violation of the regulations.
- B. A complaint should be filed within fifteen (15) working days after the complainant becomes aware of the alleged violation (processing of allegations of discrimination that occurred before this grievance

procedure was in place will be considered on a case-by-case basis).

- C. An investigation, as may be appropriate, shall follow a filing of a complaint. The investigation shall be conducted by the City Secretary and appropriate departmental ADA coordinators. These rules contemplate informal but thorough investigations, affording all interested persons and their representatives, if any, an opportunity to submit evidence relevant to a complaint. Departmental ADA coordinators shall have fifteen (15) working days from the date of notification to investigate allegations of discrimination and respond in writing to the City Secretary.
- D. Should a proposed complaint resolution involve an accommodation to make a program or service readily accessible, a written recommendation from a departmental ADA coordinator should be submitted to the City Secretary for review by the ADA Executive Oversight Committee. Any recommendation to deny a requested accommodation requires a showing that the accommodation would create an undue hardship (administrative and/or financial), or that the accommodation would result in a fundamental alteration in the nature of the service or program. These findings also will be reviewed by the ADA Executive Oversight Committee.
- D. A written determination as to the validity of the complaint and a description of the resolution, if any, shall be issued by the City Secretary, and a copy forwarded to the complainant no later than sixty (60) days after its filing.
- E. The ADA coordinator (City Secretary) shall maintain the files of the City of Kaufman relating to complaints filed.
- G. The complainant can request a reconsideration of the case in instances where he or she is dissatisfied with the resolution. The request for reconsideration should be made to the City Manager within fifteen (15) working days of receipt of the written determination (see Paragraph D, above).
- H. The right of a person to a prompt and equitable resolution of the complaint filed hereunder shall not be impaired by the person's pursuit of other remedies such as the filing of an ADA complaint with the responsible federal department or agency. Use of this grievance procedure is not a prerequisite to the pursuit of other remedies.
- I. These rules shall be construed to protect the substantive rights of interested persons, and to assure that the City of Kaufman complies with the ADA and implementing regulations.

14.05 FAILURE TO FOLLOW GRIEVANCE PROCEDURE

If any employee fails to appeal an action or fails to file a grievance within the time limits specified in this Chapter or fails to appeal or grieve in accordance with the provisions of this Chapter or in accordance with the guidelines and procedures promulgated by the Human Resources Department, or fails to appear at a hearing, the disciplinary action or grievance decision shall be final and non-appealable.

14.06 "WORKING DAY" DEFINED

The term "working day," as referenced in this Chapter, means any one shift during which a department is open for business or on which an employee is scheduled to work. Time limits begin to run the working day following the incident, event, hearing or notice.

14.07 TIME LIMITS

Any time limit specified in the procedures under this Chapter may be extended by mutual agreement.

15.00 JOB DESCRIPTIONS AND PERFORMANCE EVALUATION

15.01 JOB DESCRIPTIONS

The Human Resources Department shall establish and periodically review an official job (class) description for each position in the City.

15.02 DISTRIBUTION

During the employee's orientation, the job description and performance evaluation form for each employee's position will be:

- A. Given to each employee;
- B. Reviewed by the employee; and
- C. Placed in the employee's personnel file, along with a certification that the employee reviewed them.

15.03 REQUESTS FOR CLARIFICATION

In the absence of any request for clarification, each employee is considered to understand the responsibilities assigned to the position that he or she occupies.

15.04 EMPLOYEE PERFORMANCE EVALUATION

Supervisory personnel shall conduct an annual written performance evaluation of each City employee. Performance evaluation records are maintained in each employee's personnel file.

16.00 PERSONNEL FILES

16.01 GENERAL POLICY

Personnel files are maintained by the Human Resources Department. The record copy of all personnel information related to an employee shall be filed in the employee's personnel file.

Information in an employee's personnel file is public information and must be disclosed upon request, unless specific items are exempted from disclosure by law. No information from any record placed in an employee's file will be communicated to any person or organization except by the City Manager or an employee authorized to do so by the City Manager.

An employee or his or her representative, designated in writing and signed by the employee, may examine the employee's personnel file upon request during normal working hours at the City offices.

Each employee may choose whether the City discloses the employee's home address and telephone number to the public on request. If a new employee does not request confidentiality within the first fourteen (14) days of employment, the home address and telephone number on file are considered public information; however, employees may change their election for disclosure or confidentiality at any time. A form for designating this information as confidential or public is available from the City's Human Resources Department.

When a supervisor requires access to the personnel file of an employee under his or her supervision for the handling of personnel matters, the supervisor must obtain authorization from the City Manager.

Employees are expected to inform their supervisors of any changes in or corrections to information recorded in their individual personnel file, such as home address, telephone number, person to be notified in case of emergency, or other pertinent information.

16.02 CONTENTS OF PERSONNEL FILES

An employee's personnel file contains:

- A. A copy of the employee's application for employment;
- B. A signed copy of the employee's acknowledgment of receiving a copy of the City of Kaufman's Personnel Policies Manual, the job (class)

description for the position currently occupied, and a copy of the City's Personnel Evaluation Form;

- C. The Election to Disclose or Keep Confidential Home Address and Home Telephone Number form;
- D. Performance Evaluation Records;
- E. Records of any citations for excellence, or awards for good performance;
- F. Records of disciplinary action;
- G. Copies of any grievances and related materials;
- H. Records of leave accrued and taken; and
- I. Any other pertinent information having a bearing on the employee's status.

16.03 LEAVE RECORDS

Official records of annual leave and sick leave accrual and of leave usage are kept for each employee by the Payroll Department. Leave records are updated at the end of each month. Leave balances are shown on the official record to reflect any remaining leave to which an employee is entitled. It is the responsibility of each department head to provide this information to the Payroll Department.

17.00 REIMBURSEMENT OF EXPENSES

17.01 GENERAL POLICY

The policy of the City is that employees are to be fully reimbursed for necessary and reasonable job-related expenses incurred in the authorized conduct of City business. All requests for reimbursement of expenses are subject to requirements of documentation and reasonableness, and will be honored in conformance with adopted policies and procedures. Expenses that are not permitted under the terms of grants, contracts or other agencies will not be charged as costs to those grants, contracts or agreements.

17.02 OUT-OF-CITY TRAVEL

Out-of-City travel by City employees is permissible, provided that it is authorized in advance by the employee's department head, and does not exceed departmental budgetary limitations. Reimbursement for out-of-City travel is based upon the most economical conveyance that is reasonably available. When private automobiles are used for out-of-City travel, reimbursement is allowed on the basis of actual mileage traveled or tourist-class airfare, whichever is less. If no air service is available to the authorized destination, actual mileage is allowed. The difference in cost between first-class air accommodations and less-than-first-class air accommodations is not reasonably available.

17.03 SUBSISTENCE EXPENSES

Employees engaged in necessary and authorized travel in the conduct of City business will be reimbursed for actual costs of meals up to a maximum of \$40.00 per day.

Subject to documentation and reasonableness, other subsistence expenses will be reimbursed at actual amounts, and generally will be for registration, lodging, telephone, parking, tolls, taxi or limousine, and reasonable gratuities.

17.04 LIMITATIONS

Costs of personal entertainment, amusements or social activities are not allowable for reimbursement.

18.00 DRUG-FREE POLICY STATEMENT

18.01 GENERAL POLICY

It is the desire of the City of Kaufman to provide a drug-free, healthful and safe workplace. To promote this goal, employees are required to report to work in appropriate mental and physical condition to perform their jobs in a satisfactory manner.

For purposes of this Chapter, the term drug" shall include alcohol, prescription drugs when not taken as directed by the employee's physician, illegal inhalants, and all illegal drugs and/or controlled substances as defined by the Penal Code and penal statutes of the State of Texas, and the penal codes and penal statutes of the United States of America.

18.02 EMPLOYEE DRUG TESTING

All employees, present and future, shall be required to read and execute a Drug Testing Release form. All persons seeking employment shall be required to submit to a pre-employment physical examination, which shall include testing for drug use. Individual testing shall be required by the City when there is reasonable suspicion or probable cause to believe that drugs are affecting the job performance or conduct of an employee in the workplace.

18.03 PROBABLE CAUSE FOR DRUG TESTING

Any occurrence or incident that involves personal injury requiring medical attention will result in drug testing for the employee. All other occurrences or incidents that result in personal injury that does not require medical attention, damage to private or public property, excessive absenteeism, physical symptoms and/or discovery of incriminating evidence may be deemed probable cause for drug testing.

Any serious disciplinary incident wherein verbal or physical abuse or assaults are evident may be deemed probable cause for drug testing.

18.04 NOTICE TO EMPLOYEES AND CONFIDENTIALITY OF TESTING RESULTS

All employees who are to be tested for drugs shall be advised of the purpose for the drug test, and shall be advised of the possible consequences of the drug test if such drug test is positive. The results of any drug test shall be kept confidential by the City of Kaufman.

18.05 DISPLAYING CHARACTERISTICS OF DRUG USAGE IN THE WORKPLACE

The use, consumption, possession, distribution, manufacture, dispensation or sale of drugs while on City property or in a City vehicle is absolutely prohibited. The use of drugs while on City property or in a City vehicle is absolutely prohibited. The use of drugs by an employee prior to reporting for work or while conducting business-related activities on or off City premises that results in negative work performance, erratic conduct or obvious physical characteristics of drug use is absolutely prohibited. Violations shall result in progressive disciplinary measures that shall lead to termination.

Supervisors will be trained:

- a. To recognize employees when they appear unfit for duty because of drugs or alcohol and the elements of determination of reasonable suspicion.
- b. To effectively and appropriately intervene in reasonable suspicion instance.
- c. To identify basic categories of drugs and their effects.
- d. To understand the methods of city drug and alcohol testing procedures.
- e. To effectively and appropriately document reasonable suspicion cases.

18.06 USE OF PRESCRIPTION DRUGS

All employees taking legal drugs for medicine under the supervision of a physician must advise their immediate supervisor of the potential effects of such medication on their expected job performance and physical or mental capabilities. All supervisors must communicate this information to management before the employee commences any work. Any and all medicine must be kept at all times in the original packaging.

18.07 TERMINATION FOR POSSESSION OF DRUGS IN THE WORKPLACE

In the event an employee is found to be in possession of drugs as defined herein while on duty, on City property or in a City vehicle, it shall result in the immediate termination of employment. In the event any penal laws have been violated, all proper authorities will be notified immediately.

This section shall not apply to the possession of alcohol located in a personal vehicle located on City property as long as the possession of alcohol does not violate any section of the Texas Penal Code.

18.08 INVESTIGATION OF SUSPECTED DRUG USE

A Supervisor, who has reasonable suspicion to believe an employee has

ingested, inhaled or injected a drug or has ingested an alcoholic beverage when reporting for or while on duty must:

- a. Prohibit the employee from working or continuing to work;
- b. Notify a department head and request a personal observation and review of specific objective instances of employee conduct to confirm that reasonable suspicion exists. The employee may not be subject to testing without the confirmation or reasonable suspicion by a department head.
- c. Provide transportation to an appropriate facility for testing. After testing, arrangements should be made for safe transportation.
- d. Prepare appropriate documentation and take appropriate disciplinary action.

Proper disciplinary action shall be instigated following the investigation. If the employee refuses to submit to testing, proper disciplinary action will commence that may lead to termination.

18.09 DRUG TESTING AT RECOGNIZED MEDICAL FACILITY

All testing required herein shall be conducted by a licensed physician in a recognized medical facility. The employee, at the employee's own expense, may at his or her option submit to a second test by a medical facility approved by the City. All optional testing done must be performed by licensed physicians, and must be verified by a recognized drug testing laboratory approved by the City.

19.00 STANDARDS FOR EMPLOYEE MOTOR VEHICLE/EQUIPMENT OPERATOR

19.01 STATEMENT OF PURPOSE

The purpose of this policy is to establish guidelines covering minimum standards for the qualification of employees and applicants to operate City vehicles and equipment. In addition, it is the desire of the City to minimize the risks of vehicles/equipment accidents by improving the quality of drivers by permitting only those persons with appropriate licenses and acceptable driving records to operate City vehicles and equipment. This policy shall conform with the rules and regulations of the City of Kaufman Drug-Free Policy. Detailed information on this policy may be found in Chapter 18.00, Drug-Free Policy Statement, of this Manual.

Police officers and fire fighters are subject to these rules and the general and special orders of the Police and Fire Departments, which may incorporate some or all provisions of their standard operating procedures.

19.02 APPLICABILITY

This policy shall apply to:

- A. City employees driving City-owned, leased, borrowed or rented vehicles and/or motorized equipment;
- B. City employees receiving a monthly car allowance;
- C. City employees receiving mileage reimbursement for use of the employee's personal vehicle while conducting City business; and
- D. Applicants, including existing employees being considered for promotion or transfer, for positions of employment that require the operation of City vehicles/equipment.

This policy is not intended to conflict or supersede any provision of Chapter 143 of the Texas Local Government Code.

19.03 DEFINITIONS

- A. City Vehicle shall mean any owned, leased, borrowed or rented passenger car, pickup, truck or other similar type vehicle. A City vehicle also shall include any vehicle driven by an employee receiving a monthly car allowance or an employee-owned vehicle driven while conducting City business.

- B. Motorized Equipment shall include, but is not limited to, backhoes, dozers, mower-tractors, loaders, graders and other similar operational equipment.
- C. A Habitual Violator shall mean a person who has four (4) or more convictions that arise out of different transactions in twelve (12) consecutive months, or seven (7) or more convictions that arise out of different transactions in twenty-four (24) months, if the convictions are for moving violations of the traffic laws of any state, Canadian province or political subdivision, as described in Chapter 521 of the Texas Transportation Code.
- D. A Preventable Accident shall mean any motor vehicle collision involving a City vehicle that results in property damage and/or personal injury (regardless of who was injured, what property was damaged or where it occurred), in which the driver in question failed to exercise reasonable precaution to prevent the accident. Preventability shall be determined, following a review of all pertinent accident information, by the Human Resources Department or designated officer.
- E. A Chargeable Accident shall mean any preventable motor vehicle collision reflected on an employee's driving record.
- F. A Minor Accident shall mean any motor vehicle collision where the total incurred property damage is \$500 or less, and no bodily injury occurs to either a third party or a City employee.

NOTE: For purposes of this policy and the City's Drug-Free Policy, a riding mower that is never operated on City streets is not considered motorized equipment or a City vehicle.

19.04 GENERAL PROVISIONS

- A. Each applicant and employee who drives during the course and scope of employment shall be subject to a periodic audit of his or her driver license and driving record upon hire, and at least annually by the Human Resources Department through the appropriate agency.
- B. Only City employees may operate City vehicles.

19.05 DRIVER SAFETY AND TRAINING

- A. Department heads shall confirm that any employee or applicant has demonstrated the ability to operate vehicles and special equipment in a safe and competent manner by requiring the employee to operate the equipment to the satisfaction of his or her supervisor. Training shall be conducted for those individuals who cannot satisfactorily operate such equipment. Under no circumstances shall an unsupervised employee be allowed to operate a vehicle or piece of equipment for which he or she is untrained or unqualified.
- B. All City drivers shall wear safety belts when any vehicle is in motion and require all occupants (including back seat passengers) of the vehicle to do likewise.

19.06 USE OF CITY VEHICLES

All employees who operate City vehicles and motor-driven equipment must adhere to the following rules and regulations for use of City vehicles:

- A. No employee shall use a City vehicle for commuting to or from his or her residence during off-duty work hours unless:
 - 1. Authorized to do so in accordance with these procedures and regulations; and
 - 2. It is with the written authorization of the City Manager.
- B. Every employee who is responsible for a City vehicle shall properly secure, lock and remove the ignition keys from the vehicle at any time during which the vehicle is parked and unattended.
- C. No employee shall use a City vehicle to transport any person, except for the purpose of performing City business.
- D. Every employee driving a City vehicle shall use best efforts to park the vehicle off-street, except when otherwise necessary to perform City business.
- E. Every employee who drives or is otherwise responsible for a City vehicle shall use all reasonable care in the operation and use of the vehicle and shall promptly report to the appropriate person or department any needed servicing, repairs or maintenance.
- F. Each employee operating a City vehicle shall comply with all applicable traffic laws.
- G. An employee shall not transport alcoholic beverages or any other

intoxicant within or upon a City vehicle at any time.

- H. Employees are not authorized to conduct personal business in City vehicles during work hours except as specifically authorized by this policy. Personal Business includes running personal errands and shopping.
- I. During scheduled work shifts, an employee operating a City vehicle is authorized to stop for reasonable, limited time periods for meals, to obtain refreshments or to make bank transactions on payday. Discretion will be used by employees when more than two other City vehicles are already present at the establishment.
- J. Employees operating City vehicles are not authorized to transport family members or friends for non-city business.
- K. Supervisors may authorize employees to operate City vehicles to transport sick or injured individuals to medical care facilities in specific emergency situations. Each supervisor is strongly encouraged, if time permits, to discuss any such authorizations with his immediate supervisor and an authorized representative of the Human Resources Department.
- L. Employees who are in jobs requiring the driving/operating of City vehicles shall report any and all traffic convictions, citations for moving violations, and/or license suspensions and/or revocations, whether incurred on or off the job, to their immediate supervisors within thirty (30) days of the violation and/or conviction.
- M. Failure to report traffic convictions, citations for moving violations, and/or license suspensions and/or revocations; or failure to maintain the required driver's license; or failure to meet minimum driving record criteria shall constitute a sufficient basis for revocation of an employee's driving privileges and may subject the employee to disciplinary action in accordance with this Manual.
- N. The Police and Fire Departments shall abide by their respective Standard Operating Procedures.

19.07 MINIMUM QUALIFICATIONS/STANDARDS FOR DRIVING PRIVILEGES

All employees who operate City vehicles and motor-driven equipment must adhere to the following minimum qualifications and standards for driving privileges:

- A. Before beginning work in the position, the employee/applicant must possess a current, valid Texas driver's license, not under suspension or revocation, in the appropriate class as established by the official position description for that position.
- B. The employee/applicant must have attained the age of eighteen (18).
- C. The employee/applicant may not be a habitual violator of traffic laws as defined by Chapter 521 of the Texas Transportation Code.
- D. The employee/applicant may not have been convicted within the past three (3) years of any one of the following offenses:
 - 1. Driving Under the Influence (DUI);
 - 2. Driving While Intoxicated (DWI);
 - 3. Any other alcohol-related driving offense;
 - 4. Hit and Run;
 - 5. Failure to stop, render aid and disclose identification at the scene of an accident; and/or
 - 6. Negligent manslaughter involving a motor vehicle accident.

EXCEPTION: Action under this Section is predicated on evidence of conviction. An employee who has been charged with an offense listed under this directive, but who has not been convicted of that offense, shall not automatically be disqualified from all driving and/or operating privileges, yet may have those privileges temporarily removed.

Pending the outcome of the charge under this Section, the affected employee may be allowed to continue to drive City vehicles following a review of the employee's overall work performance and safety record, and a consultation with the employee by the department head. Approval to allow the affected employee to retain driving and/or operating privileges shall be based upon the concurrence of the Human

Resources Department and department head, with the further consideration that the Department is not able to place the affected

employee in a non-driving/operating position.

Should the charge result in conviction (even if probated), the affected employee shall be ineligible for driving/operating privileges.

- E. The employee/applicant must be physically qualified to hold a driver's license and to safely operate a motor vehicle and/or motorized equipment.
- F. The employee/applicant must be insurable under the City's automobile insurance coverage program.
- G. There shall be no evidence in the employee/applicant driving record of any one of the following:
 - 1. Three (3) moving violations within the past three (3) years; or
 - 2. Two (2) moving violations and one (1) chargeable vehicle accident within the past three years; or
 - 3. Two (2) chargeable vehicle collisions within the past two (2) years.

NOTE: All vehicle collisions listed on the driving record shall be considered "chargeable" unless otherwise stated on the record or unless the applicant can provide evidence to show that the accident was non-chargeable as defined in this directive. Rulings on chargeability will be made by the Human Resources Department.

- H. The employee must not have been involved in two (2) preventable City vehicle collisions within the past two (2) years that occurred in the course and scope of employment, whether or not reported on the driving record at the time of audit.

19.08 AUDIT OF EMPLOYEE DRIVING RECORDS

For employees who are authorized to operate City vehicles/equipment or who receive mileage reimbursement for using a personal vehicle while conducting City business, an audit of employee's driver's license and driving record will be performed by the Human Resources Department at least one each year. The following audit procedures will apply:

- A. Each department head shall submit to the Human Resources Department a list of all department personnel who have driving responsibilities. This list shall include the employee's name, date of birth, and current driver's license number, and shall be submitted on

an appropriate request form. The Human Resources Department will obtain a Motor Vehicle Record (MVR) on each employee listed on the department request form.

- B. An employee's MVR shall be reviewed by the Human Resources Department and department head.
- C. Upon review of the MVR, the Human Resources Department and/or the department head shall meet with the employee/driver to discuss the results of the review, and to take appropriate action in those instances where the employee's driving record does not comply with established City criteria.
- D. Review of the driving record/history shall include management review of the State Motor Vehicle Driving Record, with all violations listed thereon, and a review of all City-vehicle accidents experienced during the review period.

19.09 RESULTS OF LOST DRIVING PRIVILEGES

- A. Employees who are not authorized to drive City-owned, leased, borrowed or rented vehicles and/or motorized equipment due to their driving record may be:
 - 1. Assigned non-driving responsibilities within the employee's respective department, if available; or
 - 2. Transferred to another department and assigned non-driving responsibilities, if available; or
 - 3. Separated from employment, if neither of the above alternatives can be achieved within ten (10) working days from the date the employee was determined ineligible for driving privileges.

NOTE: After 6 months, and when the driving record becomes acceptable under the terms of this directive, employees who are terminated due to poor driving records may be eligible for re-hire into driving or non-driving positions.

- B. Should an employee who receives a car allowance or mileage reimbursement become ineligible for driving privileges, that employee shall have his or her car allowance revoked and shall not be permitted driving privileges for the purpose of conducting City business, until such time as the employee meets the minimum driving record criteria and is eligible for reinstatement of driving privileges.

- C. Minor Accidents: if determined preventable, shall be treated in accordance with the Manual.
- D. Employees whose driving records are approaching violation of one of the criteria outlined in Section 19.07, Minimum Qualifications/Standards for Driving Privileges, Paragraphs G or H, above, should be counseled by their supervisor.

19.10 REINSTATEMENT OF DRIVING PRIVILEGES

City employees who have been ruled ineligible for driving privileges due to a review of their past driving record and/or accident experience may have their privileges reinstated.

- A. The employee successfully completes a defensive driver training program approved by the Human Resources Department, and submits evidence of satisfactory completion of the program to the Human Resources Department. Furthermore, the employee may be required to participate in the approved defensive driver training program on his or her own time and not during the employee's regularly scheduled work hours. Completion of this course excuses the most recent single offense or accident.
- B. The defensive driving option may not be used for offenses listed in Section 19.07, Minimum Qualifications/Standards for Driving Privileges, Paragraph D, above. Employees with these offenses are not eligible for driving privileges until the driving record meets the stated criteria.
- C. An employee who has been ruled ineligible for driving privileges may use the defensive driver training program option only once every three (3) years in order to have his or her eligibility status reinstated.

Other than the defensive driver course option, an employee who has been ruled ineligible for driving privileges shall remain ineligible for driving privileges until his or her driving record meets City driving standards.

***20.00 E-MAIL, INTERNET AND SOCIAL MEDIA USE**

20.01 E-MAIL USE

A. Purpose:

This policy provides guidelines for the use of City of Kaufman electronic mail (e-mail). It applies to both internal e-mail and external e-mail sent or received via the Internet. These guidelines do not supersede any state or federal laws, nor any other City of Kaufman policies regarding confidentiality, information dissemination, or standards of conduct.

B. Guidelines:

1. Business Use.

The City of Kaufman e-mail system is city property. Use of the e-mail system is for official city business only.

2. Confidentiality.

Employees should have no expectation of privacy regarding their use of the e-mail system and e-mail content. All e-mail is subject to inspection and audit by City of Kaufman management or its representatives at any time, with or without notice. Use of the City of Kaufman's e-mail system by an employee indicates that the employee understands that the City of Kaufman has a right to inspect and audit all e-mail communications and consents to any inspections.

3. Personal Use.

E-mail should be used only for official city business. Personal use is prohibited.

4. E-Mail Management.

In order to facilitate the maintenance of the City of Kaufman's e-mail system, e-mails should not be saved or maintained on the system for longer than necessary. The City of Kaufman periodically backs ups all e-mail communications on the City of Kaufman system.

*R-06-02 Amended 20.00 – 02/11/02

5. Restrictions.

- d. Racist, sexist, threatening, or otherwise objectionable language is strictly prohibited.
- e. E-mail should not be used for personal use, personal monetary interests or gain.
- f. E-mail should not be used for any political purposes.
- d. Employees should not subscribe to mailing lists or mail services strictly for personal use.

20.02 INTERNET USE

A. Purpose:

This policy provides guidelines for the use of the Internet. It does not supersede or limit any state or federal laws, nor any other City of Kaufman policies regarding confidentiality, information dissemination, or standards of conduct.

B. Guidelines:

1. Business Use.

The City of Kaufman Internet system is city property. Access to the Internet is allowed for official city business use only.

2. Confidentiality.

Employees should have no expectations of privacy regarding their use of the Internet. All records created by Internet use, including path records, are subject to inspection and audit by City of Kaufman management or its representatives at any time, with or without notice. Use of the City of Kaufman's Internet system by an employee indicates that the employee understands that the City of Kaufman has a right to inspect and audit all Internet use.

3. Personal Use.

Internet system should be used only for official city business. Personal use is prohibited.

4. Restrictions.

- a.** Accessing, posting, or sharing any racist, sexist, threatening, obscene or otherwise objectionable material (i.e., visual, textual, or auditory) is strictly prohibited.
- b.** Internet should not be used for any personal use, personal monetary interests or gain.
- c.** The internet should not be used for political purposes.
- d.** Employees should not subscribe to mailing lists or mail services strictly for personal use and should not participate in electronic discussion groups (i.e., list server, Usenet, news groups, chat rooms) for personal purposes.
- e.** Employees must not intentionally use the Internet facilities to disable, impair, or overload the performance of any computer system or network, or to circumvent any system intended to protect the privacy or security of another user.

***20.03 SOCIAL MEDIA USE**

A. Purpose:

This policy outlines the protocol and procedures for use of social media to publicize official city services and events. In addition, this policy addresses the responsibilities of individual employees and city staff with regard to social media and the use of city resources (time/equipment), as well as responsibilities related to public records.

B. Definition:

For purposes of this policy, “social media” includes personal websites and all forms of on-line community activities such as on-line social networks (e.g. Facebook, MySpace), professional networking websites (e.g. LinkedIn), message boards (e.g. Twitter), video sharing (e.g. YouTube), blogs, Wikis, chat rooms and online forums.

C. Official City Social Media Sites

O-14-10 Adopted September 13, 2010

- 1. Social media sites/pages representing the City of Kaufman will be the property of the City of Kaufman.

2. The City Secretary will be responsible for oversight of the City of Kaufman's social media formats.

- D. The City's website, www.kaufmantx.org, will remain the official location for content regarding city business, services and events. Whenever possible, links within social media formats should direct users back to the city's website for more information, forms, documents or on-line services necessary to conduct business with the City of Kaufman.
- E. Content posted by "friends", "followers" or "fans" will not constitute a representation, agreement or endorsement on the part of the City of Kaufman. The City of Kaufman will delete any comment or posting that is inappropriate, malicious, offensive, threatening, profane or insulting. Content that promotes, fosters or perpetuates discrimination on the basis of race, creed, color, age, religion, gender, marital status, disability, national origin or sexual orientation will not be permitted. Users who violate these guidelines may be blocked from posting commentary to City of Kaufman social media sites/pages.
- F. Comments by external parties on City of Kaufman social media sites are not official public testimony concerning any project or program. AN opinion expressed on a City of Kaufman page is posted for discussion only and is not a substitute for a formal statement in a public hearing process.
- G. Each Official City of Kaufman Social Media Site/Page, must include a Disclaimer that contains the following information:

"The City of Kaufman maintains this social media site/page to provide information and promote City of Kaufman programs, services, policies and objectives. It is the City's goal to keep the most current and accurate information available to the public on this site, however, varying events can occur that could affect the timeliness of the information and the accuracy of the content."

Comments posted on this site by "friends", "fans", or "followers" will be monitored and any postings or comments that are disrespectful, offensive, dishonest, or do not accurately reflect the views, values or objectives of the City of Kaufman will be deleted without notice.

This site/page may contain links to other Internet sites and resources as a convenience to the viewer. Linked sites/pages are not under the control of, nor maintained by the City of Kaufman and the City is

not responsible for the content of these sites. In addition, the inclusion of a linked site/page does not constitute an endorsement or promotion by the City of Kaufman.

H. Use of Social Media at Work:

1. Employees are discouraged from discussing information about the city's employees, citizens, vendors, issues, business, or legal matters without express consent to do so.
2. The City of Kaufman reserves the right to monitor employee use of social media sites accessed during work hours and on City equipment.

I. Use of Social Media at Home:

Outside the workplace, individuals' rights to privacy and free speech protect on-line activity conducted on personal social networks with personal e-mail addresses. Information that is published on such personal on-line sites should never be attributed to the City of Kaufman and should not appear to be endorsed by or originated from the City of Kaufman.

Employees engaging on personal social media platforms should not use their city e-mail account or the City's name, logos, pictures of the employee in a City uniform, incorporate the City in their identity (e.g. username, "handle", screen name or profile picture), nor should they speak as a representative of the City of Kaufman.

Any person identified as an employee of the City of Kaufman on a publicly accessible site is expected to maintain a positive on-line image that is consistent with the City's goals and objectives.

Employees who choose to list their work affiliation on professional networking sites should regard all communication on that network in a professional manner.

Individuals contributing commentary to a blog or other social media site are asked to provide a clear disclaimer that the views expressed are the author's alone, and do not represent the views of the City of Kaufman.

Employees should be mindful that connections made with other city employees on personal social networking sites may have an impact on working relationships. On-line connections may impact working relationships, whether or not an individual chooses to associate their

employment with the City in their personal on-line networking activity.

J. Enforcement.

The City of Kaufman reserves the right to remove content that is deemed in violation of this policy or any applicable law. Violations of this policy may result in immediate revocation of any or all electronic communications access and user privileges and may be grounds for disciplinary action up to and including termination. Certain violations could result in civil or criminal liabilities for the user.



Meeting
Date: 3/30/2020

Date: 3/23/2020

Item #: 9.

Dept.: Administration

Ordinance

SUBJECT:

Consider and take appropriate action on Ordinance O-04-20, an ordinance of the City Council of the City of Kaufman, Texas, ordering that the general election scheduled to be held on Saturday, May 2, 2020, be postponed to Tuesday, November 3, 2020; providing for the incorporation of premises; providing for postponement of the 2020 Kaufman General Election; providing for a cumulative clause; providing severability; and providing an effective date.

BACKGROUND:

Due to the health concerns of COVID-19, Governor Greg Abbott is allowing city's to postpone their May election until November to help minimize the potential impact of the virus. City staff has met and believes it is in the best interest of the City to postpone to election until November 7, 2020. This will not reopen the filing opportunity but will simply move the date until voting occurs. In addition, those members whose terms are set to expire will be extended until November when an election can be held.

Author:
Jessie Hanks, City Secretary

Reviewed:
Mike Slye, City Manager

Cost: N/A

Funds Available: N/A

Source: N/A

Recommendation: Staff recommends approval of Ordinance O-04-20 as presented.

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☒	☐	☐	☒	☒

ORDINANCE NO. O-04-20

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KAUFMAN, TEXAS, ORDERING THAT THE GENERAL ELECTION SCHEDULED TO BE HELD ON SATURDAY, MAY 2, 2020, BE POSTPONED TO TUESDAY, NOVEMBER 3, 2020; PROVIDING FOR THE INCORPORATION OF PREMISES; PROVIDING FOR POSTPONEMENT OF THE 2020 KAUFMAN GENERAL ELECTION; PROVIDING FOR A CUMULATIVE CLAUSE; PROVIDING SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on or about March 13, 2020, the Governor of the State of Texas certified that the novel coronavirus (COVID-19) poses an imminent threat of disaster and, under the authority vested in the Governor by Section 418.014 of the Texas Government Code, declared a state of disaster in every county in the State of Texas; and

WHEREAS, on or about March 18, 2020, the Governor issued a Proclamation suspending certain sections of the Texas Election Code, among others, to allow political subdivisions of the State that would otherwise hold elections on May 2, 2020, to postpone general and special elections to the next uniform election date, November 3, 2020; and

WHEREAS, on or about January 27, 2020, the City adopted Ordinance No. O-01-20 which, in part, ordered a general election for Saturday, May 2, 2020, to elect three (3) Council Members for two (2) year terms each to serve as Members of the Kaufman City Council; and

WHEREAS, it is pursuant to the authority of the Governor's March 13, 2020, disaster declaration and the March 18, 2020, proclamation that this Ordinance is adopted; *i.e.*, to postpone the City Council general election in the City from Saturday, May 2, 2020, to Tuesday, November 3, 2020; and

WHEREAS, Ordinance No. O-01-20 remains effective, but pursuant to this Ordinance, the general election date provided for in Ordinance No. O-01-20 shall be postponed.

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

SECTION 1 **INCORPORATION OF PREMISES**

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

SECTION 2
POSTPONEMENT OF GENERAL ELECTION DATE

The general election scheduled for Saturday, May 2, 2020, to elect three (3) Council Members for two (2) year terms each is hereby postponed until Tuesday, November 3, 2020, pursuant to the authority referenced in the recitals to this Ordinance, and it is hereby so ordered.

SECTION 3
ADDITIONAL FINDINGS

Pursuant to Election Advisory No. 2020-12, issued by the Texas Secretary of State's Office on or about March 18, 2020, this Ordinance also makes the following findings, and incorporates them by reference into this Ordinance: (1) all candidate filings for the May 2, 2020, general election shall remain valid for the November 3, 2020, general election; (2) the filing period will not be re-opened for the November 3, 2020, general election; (3) all applications for a ballot by mail for voters who are voting by mail due to being over the age of 65 or due to disability will remain valid for the postponed election whereas all applications for a ballot by mail based upon a voter's expected absence from the county will not be valid for the postponed election; and (4) the major relevant dates for the November 3, 2020, general election are as follows: deadline for registration to vote in the November 3, 2020, election—October 5, 2020; the deadline to submit an application for a ballot by mail—October 23, 2020; and early voting—October 19, 2020, through October 30, 2020.

SECTION 4
CUMULATIVE CLAUSE

This Ordinance shall be cumulative of all provisions of Ordinances of the City of Kaufman, Texas, except where the provisions of this Ordinance are in direct conflict with the provisions of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed.

SECTION 5
SEVERABILITY CLAUSE

It is hereby declared to be the intent of the City Council of the City of Kaufman that the phrases, clauses, sentences, paragraphs, and sections of this Ordinance are severable, and if any phrase, clause, sentence, paragraph, or section of this Ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs, or sections of this Ordinance, since the same would have been enacted by the City Council without incorporation of any such unconstitutional phrase, clause, sentence, paragraph, or section.

SECTION 6
EFFECTIVE DATE

This Ordinance shall become effective from and after its passage.

AND IT IS SO ORDAINED, PASSED AND APPROVED by the City Council of the
City of Kaufman, Texas this 30th day of March 2020.

JEFF JORDAN
MAYOR

ATTEST:

JESSIE HANKS
CITY SECRETARY

APPROVED AS TO FORM:

PATRICIA A. ADAMS
CITY ATTORNEY



Meeting
Date: 3/30/2020

Date: 3/2/2020

Item #: 10.

Dept.: Administration

Ordinance

SUBJECT:

Consider and take appropriate action on Ordinance O-05-20, an ordinance of the City Council of the City of Kaufman, Texas, approving and authorizing the execution and delivery of a "Water and Sewer Facilities Contract" with the Greater Texoma Utility Authority; and resolving other matter incident and related to the execution and delivery of such contract.

BACKGROUND:

The attached contract and ordinance approving the contract is necessary to affect the internal operations for the fiscal process of securing the debt proceeds to pay for the planned construction improvements to the WWTP and how the city will pay GTUA to allow them to service the debt that has been secured for this purpose.

Author:
Mike Slye, City Manager

Reviewed:
Mike Slye, City Manager

Cost:

Funds Available:

Source:

Recommendation: Staff recommends approval of Ordinance O-05-20 as presented.

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☐	☐	☐	☒	☒

ORDINANCE NO. O-05-20

AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A "WATER AND SEWER FACILITIES CONTRACT" WITH THE GREATER TEXOMA UTILITY AUTHORITY; AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE EXECUTION AND DELIVERY OF SUCH CONTRACT

WHEREAS, negotiations have been conducted between the Greater Texoma Utility Authority (the "Authority") and the City of Kaufman, Texas (the "City"), with respect to the execution of a water and sewer facilities contract (the "Contract," the form of which is attached hereto as **Exhibit A**), whereby the Authority would provide water supply and sewer facilities to the City; and

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

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

SECTION 1. That the "Water and Sewer Facilities Contract" by and between the Greater Texoma Utility Authority and the City, attached hereto as **Exhibit A** and incorporated herein for all purposes is hereby approved for and on behalf of the City. The Mayor and the City Secretary are hereby authorized and directed to execute such Contract for and on behalf of the City and as the act and deed of this City Council.

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

PASSED AND APPROVED, this 30th day of March 2020.

JEFF JORDAN
MAYOR

ATTEST:

JESSIE HANKS
CITY SECRETARY

APPROVED AS TO FORM

**PATRICIA ADAMS
CITY ATTORNEY**

EXHIBIT A

WATER AND SEWER FACILITIES CONTRACT

WATER AND SEWER FACILITIES CONTRACT

THE STATE OF TEXAS §
 §
COUNTY OF KAUFMAN §

THIS CONTRACT (the or this "Contract") is made and entered into as of March 30, 2020, 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 and corporate, duly created, existing, and acting by virtue of Chapter 8283 of the Texas Special District Local Laws Code, as amended, (the "Act"), and the CITY OF KAUFMAN, TEXAS, a home rule municipality and a political subdivision of the State of Texas in the County of Kaufman, Texas (hereinafter referred to as the "City"), duly created and existing under the laws of the State of Texas:

W I T N E S S E T H:

WHEREAS, the Authority, acting pursuant to the Act, has issued or proposes to issue, or both, its bonds for the purposes of providing (i) certain sewer collection and treatment facilities for use by the City, (ii) an additional supply of water to the City, and/or (iii) certain water supply facilities in order to store and transport water to the City;

WHEREAS, certain revenues to be received by the Authority from the City under this Contract are to be pledged to the payment and security of the bonds issued or 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 City, 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 City under this Contract and to be issued by the Authority for the purpose of providing funds to pay the necessary costs of the Project or to refund currently outstanding bonds previously issued by the Authority payable from the revenues to be received by the Authority under this Contract, whether in one or more series or issues.

(e) "City" shall mean the City of Kaufman, Texas.

(f) "Cost of the Project" shall mean, with respect to the Water Project or the Sewer Project, all cost and expense incurred in connection with the acquisition, construction, improvements, enlargement, extension, and repair of the Project, including, without limiting the generality of the foregoing, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest, and administrative expenses expected to accrue during the period of construction, the funding of any reserve funds created by the Bond Resolution(s), cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, improving, enlarging, extending, or repairing the Project, and such other expense as may be necessary or incident to the acquisition, construction, improvement, enlargement, extension, or repair of the Project and all legal fees, printing and other cost, fees, and expenses necessary for or incident to the issuance of the Bonds.

(g) "Engineer" shall mean a registered, professional engineer (who may be the City Engineer or the Authority's Engineer). The City and Authority agree that the Engineer may be a different firm on different aspects of the Project 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 City.

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

(i) "Force Majeure" shall have the meaning assigned to such term in Section 4.13 hereto.

(j) "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.

(k) "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 City.

(l) "Project" shall mean, collectively, the Water Project and the Sewer Project.

(m) "Sewer Project" shall mean, collectively, the sewer facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder, and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the City under this 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 ordinance or resolution of the City, 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.

(n) "State" shall mean the State of Texas.

(o) "Utility System" shall have the meaning assigned to such term in Section 2.01(c) hereto.

(p) "Water Project" shall mean, collectively, the water supply, storage and transmission facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the City under this 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 ordinance or resolution of the City, 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 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 the State, it is empowered under applicable laws of Texas to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract.

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

(c) It will plan, construct, maintain, operate, and finance its own utility system and set retail rates to individual customers for water and 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 Sewer System (the "Utility System").

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

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

(a) In its capacity as a conservation and reclamation 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) It will finance all Costs of the Project not provided by the City and any grant secured for the construction of the Project.

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

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

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

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

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

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

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

ARTICLE III FISCAL MATTERS

SECTION 3.01: Payment for Service. The Authority will provide from the proceeds received through the issuance and sale of its Bonds such funds as are necessary, when coupled with any funds or property provided by the City and any grant received, for the purpose of providing all or part of the Project; provided, however, proceeds from Bonds issued for refunding purposes may be used as provided in such Bond Resolution(s) authorizing such refunding Bonds. It is agreed that the City and its customers shall have the exclusive use of the entire Project for the useful life of the Project. In consideration for the Authority's obligation hereunder, the City recognizes and agrees that the Authority will acquire an undivided interest in the Project equivalent to the percentage of the total cost of the Project provided by the Authority through the issuance and sale of its Bonds. It is further agreed that the City's obligations to make any and all payments specified in this Article 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 City to the Authority under this Contract, and the City agrees that it will make to the Authority the following payments:

(a) Monthly amortization payment — Such amounts, payable monthly on or before the 20th 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(s) 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 City and the Authority.

(e) Maintenance and Operation Costs — Such amounts as are necessary to pay or reimburse the Authority for costs of Maintenance and Operation of the Project (for which provision is made in Section 3.03), if the Authority is the Operator under that Section.

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

(a) Monthly Amortization Payments — the City shall commence making monthly amortization payments at such time as any amount required by the Bond Resolution(s) to be deposited into an escrow account for the payment of interest on the Bonds during the Project construction period has been fully exhausted; provided that such payments shall commence in no event later than the earlier of (i) twelve months prior to the first principal payment date specified in the Bond Resolution(s), or (ii) six months prior to the first interest payment date for which 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 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 20th 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 Bond Resolution(s) authorizing such additional Bonds.

(c) Administrative Payment — the City shall commence making the administrative payment on the 20th day of the month following the effective date of this Contract, and thereafter such payment shall be made on the 20th day of each month thereafter throughout the term of this Contract.

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

(e) Maintenance and Operating Expenses — (i) if the City is designated as the Operator, such expenses shall be paid by the City as the same become due; or (ii) if the Authority is designated as the Operator, 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 20th day of each month after the Project becomes operational. The annual budget shall be prepared by the Authority at least thirty (30) days prior to the date the Project is to become operational, or, thereafter prior to the beginning of each Fiscal Year; the budget shall then be submitted to the City which may indicate exceptions or suggestions, which shall then be considered by the Board. If an annual budget is found to be insufficient or excessive, the parties agree the same shall be taken into consideration by an amendment as well as the budget for the following year, with the view that additional payments shall be made or credit shall be given so that expenditures match receipts over the Fiscal Year or an adjustment is made in the following month.

SECTION 3.03: Maintenance and Operation of the Project. Unless otherwise agreed by the parties, it is agreed that the Operator will be responsible for maintaining and operating the Project for the entire term of this Contract, and shall pay all costs and expenses incurred in regard to the maintenance and operation of the Project. The Operator hereby agrees and covenants to operate and maintain the Project in accordance with accepted good business and engineering practices and in accordance with all applicable federal and state laws, including any rules and regulations issued by appropriate agencies in the administration of said laws. If the City is the Operator under this Section, the City agrees, to 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 municipal corporation 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 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 unusable by reason of 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 upon 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 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 - 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 Utility System.

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

SECTION 3.08: Nature of Obligation of City. The payments required to be made by the City under the terms of this Contract shall be due and payable in any and all events regardless of whether there shall be, for any reason, a delay in the completion of all or any part of the Project and regardless of whether the Project shall have been wholly or partially destroyed or damaged. The agreements of the City shall be and are separate and independent covenants and the City shall have no rights of set off, 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 source.

ARTICLE IV
MISCELLANEOUS PROVISIONS

SECTION 4.01: Contract Term. The obligation of the City 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 City and Authority agree and mutually find that the anticipated useful life of a Project equals or exceeds the period specified in the Bond Resolution(s) for the maturity of all Bonds authorized to be issued to fund such Project.

SECTION 4.03: Abandonment of Use of Project. Except as provided by this Contract, the City 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 City, 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 City choose to discontinue the operation of all or part of the Project, the City shall have the exclusive right to the salvage of all of the properties and improvements constituting the Project so discontinued. Any cost of salvage will be a maintenance and operating expense of the City, and any money realized from such salvage will serve as a reduction of such expense. The City shall retain the use of the land where the Project is situated and all remaining improvements thereon for its corporate purposes.

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

SECTION 4.04: Modification of Provisions. This Contract may be changed and modified only with the consent of the governing bodies of the Authority and the City. 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 City under the terms of this Contract and no such change will be effective which affects adversely or causes a violation of any covenants contained in the Bond Resolution(s).

If for any reason the City may desire the construction of additional facilities over and above those now contemplated, and provided 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 City and the Authority.

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

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

SECTION 4.07: Title to Water and Sewage. Title to all water and sewage put into the Project under this Contract shall be in the City.

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 City: 209 S. Washington
Kaufman, Texas 75142
Attention: Mayor

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 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, 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 City has heretofore issued, sold and delivered revenue bonds that were and are payable from and secured by a lien on and pledge of the surplus net revenues of its Utility System, and to the extent such bonds so issued and delivered are outstanding, the City has disclosed to the Authority the existence and terms of all such bonds.

Additionally, the City represents to the Authority that:

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

SECTION 4.12: Control of Project by Operator. The parties hereto recognize and it is specifically agreed that after completion of the Project and during the term of this Contract, the Operator shall have the exclusive right to the use and utilization of the Project, for the benefit of the City; that the Operator without hindrance from the Authority or the City, or the employees or

other agents of either of them, may operate, maintain, repair, enlarge, improve, extend, provide for additions to or otherwise control, manage and keep up the 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 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 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 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 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 City from its obligations to make the payments required under the terms of Section 3.01 hereof.

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

(c) It is expressly recognized by City that the Operator may be compelled to make necessary alterations, repairs or extensions of new or additional facilities from time to time during the life of this 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 City 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 City agrees that the Authority may have such easements over any easements, right-of-way, or property held by the City so that the facilities herein anticipated and the placement thereof and of all required equipment may be appropriately provided.

SECTION 4.15: Bond Approval by the City.

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

(b) If the Bonds are to be sold at a public sale, the governing body of the City shall, by resolution or ordinance, 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 City shall, by resolution or ordinance 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 City shall, by resolution or ordinance, 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 City 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 are held to be invalid under the laws of the State, the 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.

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

CITY OF KAUFMAN, TEXAS

(City Seal)

By: _____
Mayor

ATTEST:

City Secretary



Meeting
Date: 3/30/2020

Date: 3/2/2020

Item #: 11.

Dept.: Administration

Ordinance

SUBJECT:

Consider and take appropriate action on Ordinance O-06-20, an ordinance of the City Council of the City of Kaufman, Texas, relating to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2020 (City of Kaufman Project)", and approving the issuance thereof and the facilities to be constructed or acquired by the Authority

BACKGROUND:

The City of Kaufman and Greater Texoma Utility Authority have contracted to issue \$2,170 million in Revenue Bonds thru the Texas Water Development Board. This transaction has been approved by all necessary authorities. The purpose of this Ordinance is to secure the City Council's approval of the bond issuance and contractual arrangement thru GTUA to service this specific debt. The Revenue Bonds will be issued and closed April 29, 2020 at an interest rate of .23% for a 30-year period. The bonds themselves will be booked with GTUA and the city, in turn, will make monthly payments to GTUA sufficient to service the debt issue. The purpose of this financial transaction will be to fund the necessary improvements to the city's Wastewater Treatment Plant. All necessary authority documents are attached for reference.

Author:
Mike Slye, City Manager

Reviewed:
Mike Slye, City Manager

Cost:

Funds Available:

Source:

Recommendation: Staff recommends approval of Ordinance O-06-20 as presented.

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☐	☐	☐	☒	☒

ORDINANCE NO. O-06-20

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF KAUFMAN, TEXAS, RELATING TO THE GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2020 (CITY OF KAUFMAN PROJECT); AND APPROVING THE ISSUANCE THEREOF AND THE FACILITIES TO BE CONSTRUCTED OR ACQUIRED BY SUCH AUTHORITY

WHEREAS, the Greater Texoma Utility Authority (the "Authority") and the City of Kaufman, Texas (the "City"), have previously executed and delivered a "Water and Sewer Facilities Contract", dated as of March 30, 2020 (the "Contract"); and

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

WHEREAS, in connection with the proposed "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2020 (City of Kaufman Project)" (the "Bonds"), the Texas Water Development Board (the "Board") has agreed, pursuant to an Application Requesting Financial Assistance (the "Application"), to purchase the Bonds and, therefore, it is neither necessary nor advisable for the Authority to prepare a Notice of Sale; and

WHEREAS, the net effective interest rate on the proposed Bonds, does not exceed the maximum permitted by law and it is now appropriate for this Council to approve the resolution of the Authority authorizing the Bonds (the "Bond Resolution"), the issuance and delivery of the Bonds, and the facilities to be constructed or acquired and/or the services to be provided, including the project described in the Bond Resolution (the "Series 2020 Project");

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

SECTION 1: The facilities to be constructed, acquired, and improved and/or the services to be provided by the Authority with the proceeds of the Bonds as described in the Bond Resolution are hereby approved. The issuance of the Bonds by the Authority and the use of the proceeds thereof, as described in the Bond Resolution, is hereby approved. The Bond Resolution is approved as to form and content, and the City acknowledges that the payment of principal of and interest on the Bonds is payable, in whole or in part, from payments to be made by the City under and pursuant to the Contract. The City Manager is authorized to execute any documents or certifications necessary to accomplish the delivery of the Bonds. The City agrees to provide the reports described in the Bond Resolution within the times specified therein, in compliance with the Board's commitment. The City agrees with the obligations and conditions set forth in the Board's Commitment 20-010, as amended, and the City hereby expressly agrees that it will not acquire any of the Board's bonds that were issued to provide financing for the Bonds in the amount of the Bonds to be acquired from the Authority by the Board. A copy of such commitment is attached hereto as **Exhibit A**. The principal and interest amortization schedule for the Bonds, not including the fees and charges of the Paying Agent for the Bonds, is

attached hereto as **Exhibit B**. The annual reserve fund schedule for establishment and maintenance of the Reserve Fund for the Bonds is attached hereto as **Exhibit C**. Estimated administrative payments that the City will pay pursuant to the Contract are provided in **Exhibit D**, but are subject to change.

SECTION 2: It is the purpose and intent of the City Council of the City to approve the Bond Resolution, and the facilities to be constructed, acquired, and improved and/or the services to be provided in full accordance with the provisions of the Contract mentioned in the preamble hereof. To the extent required by the Board or the Office of the Attorney General of Texas, the Authority is authorized by this City Council to make changes and revisions to the Bond Resolution from the form approved by this Ordinance in order to expedite the delivery of the Bonds. It is the intent of the City to authorize the Authority to proceed with the construction, acquisition, and improvement of the facilities at the earliest possible date, but nothing herein shall be construed as a limitation upon the right and power of the City to approve a change in the facilities for which the Bonds are to be issued (but not the purpose for which the Bonds are to be issued as set forth in the Bond Resolution), and the City specifically reserves the right to modify the facilities for which the Bonds are being issued if the Authority and the City agree such modification should be made.

SECTION 3: (a) The following terms used in this Section 3 shall have the following meanings:

(1) "Closing Date" means the date on which the Bonds are first authenticated and delivered to the initial purchaser against payment therefor.

(2) "Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

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

(4) "Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and Section 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

(b) No Private Use. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last stated maturity of the Bonds exclusively operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(b) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to

make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

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

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

(1) "Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

(2) "MSRB" means the Municipal Securities Rulemaking Board.

(3) "Rule" means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

(4) "SEC" means the United States Securities and Exchange Commission.

(b) Annual Reports. The City will provide to the Authority, no later than twelve months after its fiscal year end, while the City is an "obligated person" in connection with the Bonds under the Rule, the information with respect to the City described in Section 38 of the Bond Resolution. Any financial statements to provided pursuant to this Section shall be (i) prepared in accordance with the accounting principles described in the City's audited financial statements, (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not completed within such period, then the City shall provide notice to the Authority that the audited financial statements are not available and shall provide unaudited financial information of the type for the applicable fiscal year to the Authority by the required time. Thereafter, when and if audited financial statements are available, the City shall provide such audited financial statements as required to the Authority.

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

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

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

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

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

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City and (b) the City intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

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

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

(e) Limitations, Disclaimers and Amendments.

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

(2) The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements and notices which it has expressly agreed to provide pursuant to this Section and do not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update

any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

(4) The provisions of this Section may be amended by the City (with the written approval of the Authority) from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by provisions of the Bond Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. If the provisions of this Section are so amended, the Authority shall include with any amended financial information or operating data next provided in accordance with the Bond Resolution an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

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

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

SECTION 6: In all respects the Contract is reapproved and shall be and remain in full force as the agreement of the parties.

SECTION 7: The findings and determinations of the City Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 8: It is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public as required by law and that public notice of the time, place, and purpose of said meeting was given as required.

[remainder of page left blank intentionally]

PASSED AND APPROVED, this 30th day of March 2020.

CITY OF KAUFMAN, TEXAS

JEFF JORDAN
MAYOR

ATTEST:

JESSIE HANKS
CITY SECRETARY

(City Seal)

EXHIBIT A

COMMITMENT OF THE TEXAS WATER DEVELOPMENT BOARD

EXHIBIT B

AMORTIZATION SCHEDULE

Based on Final TWDB Rates Provided on 3/9/20

Greater Texoma Utility Authority

\$2,710,000 Contract Revenue Bonds, Series 2020

(City of Kaufman Project)

CWSRF-Equivalency - 4/29/20 Closing

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/29/2020	-	-	-	-	-
08/15/2020	90,000.00	-	1,146.71	91,146.71	-
09/30/2020	-	-	-	-	91,146.71
02/15/2021	-	-	1,947.25	1,947.25	-
08/15/2021	90,000.00	-	1,947.25	91,947.25	-
09/30/2021	-	-	-	-	93,894.50
02/15/2022	-	-	1,947.25	1,947.25	-
08/15/2022	90,000.00	-	1,947.25	91,947.25	-
09/30/2022	-	-	-	-	93,894.50
02/15/2023	-	-	1,947.25	1,947.25	-
08/15/2023	90,000.00	-	1,947.25	91,947.25	-
09/30/2023	-	-	-	-	93,894.50
02/15/2024	-	-	1,947.25	1,947.25	-
08/15/2024	90,000.00	-	1,947.25	91,947.25	-
09/30/2024	-	-	-	-	93,894.50
02/15/2025	-	-	1,947.25	1,947.25	-
08/15/2025	90,000.00	-	1,947.25	91,947.25	-
09/30/2025	-	-	-	-	93,894.50
02/15/2026	-	-	1,947.25	1,947.25	-
08/15/2026	90,000.00	-	1,947.25	91,947.25	-
09/30/2026	-	-	-	-	93,894.50
02/15/2027	-	-	1,947.25	1,947.25	-
08/15/2027	90,000.00	-	1,947.25	91,947.25	-
09/30/2027	-	-	-	-	93,894.50
02/15/2028	-	-	1,947.25	1,947.25	-
08/15/2028	90,000.00	-	1,947.25	91,947.25	-
09/30/2028	-	-	-	-	93,894.50
02/15/2029	-	-	1,947.25	1,947.25	-
08/15/2029	90,000.00	-	1,947.25	91,947.25	-
09/30/2029	-	-	-	-	93,894.50
02/15/2030	-	-	1,947.25	1,947.25	-
08/15/2030	90,000.00	-	1,947.25	91,947.25	-
09/30/2030	-	-	-	-	93,894.50
02/15/2031	-	-	1,947.25	1,947.25	-
08/15/2031	90,000.00	-	1,947.25	91,947.25	-
09/30/2031	-	-	-	-	93,894.50
02/15/2032	-	-	1,947.25	1,947.25	-
08/15/2032	90,000.00	-	1,947.25	91,947.25	-
09/30/2032	-	-	-	-	93,894.50
02/15/2033	-	-	1,947.25	1,947.25	-

2020 \$2.71mm CWSRF final | SINGLE PURPOSE | 3/10/2020 | 12:57 PM

Specialized Public Finance Inc.
Austin, Texas

Page 1

EXHIBIT C

RESERVE FUND PAYMENTS RELATED TO BONDS

<u>YEAR</u>	<u>RESERVE PAYMENTS</u>
2020	\$18,692
2021	18,692
2022	18,692
2023	18,692
2024	18,692
2025	-
2026	-
2027	-
2028	-
2029	-
2030	-
2031	-
2032	-
2033	-
2034	-
2035	-
2036	-
2037	-
2038	-
2039	-
2040	-
2041	-
2042	-
2043	-
2044	-
2045	-
2046	-
2047	-
2048	-
2049	-

EXHIBIT D

ESTIMATED ADMINISTRATIVE PAYMENTS

<u>YEAR</u>	<u>AMOUNT OF PAYMENT (\$)</u>
2020	22,946
2021	22,946
2022	16,946
2023	16,318
2024	15,691
2025	15,063
2026	14,435
2027	13,808
2028	13,180
2029	12,553
2030	11,925
2031	11,297
2032	10,670
2033	10,042
2034	9,414
2035	8,787
2036	8,159
2037	7,532
2038	6,904
2039	6,276
2040	5,649
2041	5,021
2042	4,393
2043	3,766
2044	3,138
2045	2,511
2046	1,883
2047	1,255
2048	628
2049	0

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$2,710,000 TO THE GREATER TEXOMA UTILITY AUTHORITY
FROM THE CLEAN WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
\$2,710,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS
(CITY OF KAUFMAN PROJECT),
PROPOSED SERIES 2020**

(20-010)

WHEREAS, the Greater Texoma Utility Authority (Authority), located in Grayson County has filed an application for financial assistance in the amount of \$2,710,000 from the Clean Water State Revolving Fund (CWSRF) to finance the construction of certain wastewater system improvements identified as Project No. 73847; and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$2,710,000 Greater Texoma Utility Authority Contract Revenue Bonds (City of Kaufman Project), Proposed Series 2020 (together with all authorizing documents, (Obligations)), all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the Authority has offered a pledge of contract revenue as sufficient security for the repayment of the Obligations; and

WHEREAS, the TWDB hereby finds:

- 1. that the revenue and/or taxes pledged by the Authority will be sufficient to meet all the Obligations assumed by the Authority, in accordance with Texas Water Code § 15.607;**
- 2. that the application and assistance applied for meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*, as well as state law, in accordance with Texas Water Code § 15.607;**
- 3. that the Authority has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules;**
- 4. that the Authority has considered cost-effective, innovative, and nonconventional methods of treatment, in accordance with Texas Water Code § 15.007;**

NOW THEREFORE, based on these findings, the TWDB resolves as follows:

A commitment is made by the TWDB to the Greater Texoma Utility Authority for financial assistance in the amount of \$2,710,000 from the Clean Water State Revolving Fund through the TWDB's proposed purchase of \$2,710,000 Greater Texoma Utility Authority Contract Revenue Bonds (City of Kaufman Project), Proposed Series 2020. This commitment will expire on February 28, 2021.

Such commitment is conditioned as follows:

Standard Conditions

- 1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;**
- 2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said Obligations were issued have been complied with; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the Authority;**
- 3. this commitment is contingent upon the Authority's compliance with all applicable requirements contained in 31 TAC Chapter 375;**
- 4. the Obligations must provide that the Authority agrees to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein;**
- 5. the Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date which is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;**
- 6. the Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Authority's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to such bonds under SEC Rule 15c2-12;**

7. the Obligations must contain a provision requiring the Authority to levy a tax and/or maintain and collect sufficient rates and charges, as applicable, to produce system funds in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations;
8. the Obligations must include a provision requiring the Authority to use any loan proceeds from the Obligations that are determined to be remaining unused funds, which are those funds unspent after the original approved project is completed, for enhancements to the original project that are explicitly approved by the Executive Administrator or if no enhancements are authorized by the Executive Administrator, requiring the Authority to submit a final accounting and disposition of any unused funds;
9. the Obligations must include a provision requiring the Authority to use any loan proceeds from the Obligations that are determined to be surplus funds remaining after completion of the project and completion of a final accounting in a manner as approved by the Executive Administrator;
10. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
11. loan proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;
12. loan proceeds shall not be used by the Authority when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the Authority agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
13. prior to closing, the Authority shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges and/or the levy of an interest and sinking tax rate (if applicable) sufficient for the repayment of all system debt service requirements;

14. prior to closing, and if not previously provided with the application, the Authority shall submit executed contracts for engineering, and, if applicable, financial advisor and bond counsel contracts, for the project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator;
15. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
16. the Executive Administrator may require that the Authority execute a separate financing agreement in form and substance acceptable to the Executive Administrator;

Conditions Related to Tax-Exempt Status

17. the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
18. the Authority's bond counsel opinion must also state that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
19. the Obligations must include a provision prohibiting the Authority from using the proceeds of this loan in a manner that would cause the Obligations to become "private activity bonds" within the meaning of section 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
20. the Obligations must provide that no portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of section 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for the loan (Source Series Bonds), other than Nonpurpose Investments acquired with:
 - a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;

- b. amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;
- 21. the Obligations must include a provision requiring the Authority take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of section 148 of the Code. The Obligations must provide that the Authority will:
 - a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and retain all records of such accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its loan with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its loan, not less frequently than each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Regulations, and the rulings thereunder. The Authority shall maintain a copy of such calculations for at least six years after the final Computation Date;
 - c. as additional consideration for the making of the loan, and in order to induce the making of the loan by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;
 - d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;

22. the Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
23. the Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of section 149(b) of the Code;
24. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;
25. the Obligations must contain a provision that the Authority will refrain from using from using the proceeds provided by this TWDB commitment or the proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Obligations in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);
26. the transcript must include evidence that the information reporting requirements of section 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of section 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply;
27. the Obligations must provide that neither the Authority nor a related party thereto will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB;

State Revolving Fund Conditions

28. the Authority shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
29. the Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The Authority, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB;

30. the Obligations must include a provision stating that the Authority shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The Authority shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Obligations are outstanding;
31. the Obligations shall provide that all loan proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the Authority will adhere to the approved project schedule;
32. the Obligations must contain a covenant that the Authority will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 375.3, 33 U.S.C. § 1388, and related State Revolving Fund Policy Guidelines;
33. the Obligations must contain language detailing compliance with the requirements set forth in 33 U.S.C. § 1382 *et seq.* related to maintaining project accounts containing financial assistance for planning, design, acquisition, or construction, as applicable, in accordance with generally accepted accounting principles (GAAP). These standards and principles also apply to the reporting of underlying infrastructure assets;
34. the Authority shall submit, prior to the release of funds, a schedule of the useful life of the project components prepared by an engineer as well as a certification by the applicant that the average weighted maturity of the obligations purchased by the TWDB does not exceed 120% of the average projected useful life of the project, as determined by the schedule;

Clean Water State Revolving Fund Conditions

35. the Authority shall pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant 31 TAC Chapter 375;
36. at the TWDB's option, the TWDB may fund the financial assistance under this Resolution with either available cash-on-hand or from bond proceeds. If the financial assistance is funded with available cash-on-hand, the TWDB reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution;
37. prior to release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the Authority must provide documentation that it has met all applicable state procurement

requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program;

38. prior to release of funds for professional services related to architecture or engineering, including but not limited to contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or other architectural and engineering services as defined in 40 U.S.C. § 1102(2)(A)–(C), the Authority must provide documentation that it has met all applicable federal procurement requirements as more specifically set forth in 40 U.S.C. § 1101 *et seq* and 33 U.S.C. § 1382(b)(14).

Pledge Conditions for the Loan

39. upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review;
40. the Obligations must contain a provision requiring the Authority to maintain and enforce the contracts with its customers so that revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority's obligations arising from the operation of the water and sewer system;
41. the Obligations must contain a provision that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations;
42. prior to closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations;

PROVIDED, however, the commitment is subject to the following special conditions:

Special Conditions:

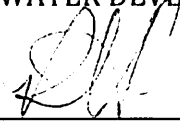
43. the Authority must notify the Executive Administrator in writing, thirty (30) days prior to taking any actions to alter its legal status in any manner.
44. the Obligations must include a provision requiring that the Authority notify the Executive Administrator in writing prior to any action by it to convey its Obligations

held by the TWDB to another entity, the conveyance and the assumption of the Obligations must be approved by the TWDB;

45. the Authority shall not amend or revise the Contract for Water Supply and Sewer Service between the Authority and the City of Kaufman, which is the revenue source for the pledge, if the revision or amendment affects the financial condition of the Authority or its ability to repay the loan described in this Commitment without receiving the written approval of the Executive Administrator.

APPROVED and ordered of record this 13th day of February, 2020.

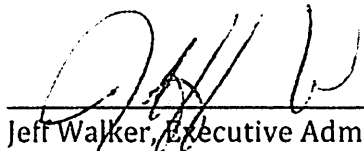
TEXAS WATER DEVELOPMENT BOARD



Peter M. Lake, Chairman

DATE SIGNED: 2/13/20

ATTEST:


Jeff Walker, Executive Administrator

BOND RESOLUTION

\$2,710,000

**GREATER TEXOMA UTILITY AUTHORITY
CONTRACT REVENUE BONDS
SERIES 2020
(CITY OF KAUFMAN PROJECT)**

Adopted: March 16, 2020

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A RESOLUTION by the Board of Directors of the Greater Texoma Utility Authority authorizing the issuance of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2020 (City of Kaufman Project)" for the construction and improvement of sewer system facilities and necessary appurtenances for use by the City of Kaufman, Texas, and the payment of all costs incident and related to the construction improvement, and financing thereof; pledging the Pledged Revenue to the payment of the principal of and interest on said Bonds; and resolving other matters incident and related to the issuance, sale, and delivery of said bonds

WHEREAS, the Board of Directors of the Greater Texoma Utility Authority (the "Authority") has determined that \$2,710,000 in principal amount of bonds should be issued at this time to provide funding for the Series 2020 Project more fully described in Section 1 hereof;

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

SECTION 1: Authorization – Designation – Principal Amount – Purpose. Revenue bonds of the Authority shall be and are hereby authorized to be issued as a series in the aggregate principal amount of \$2,710,000 to be designated and bear the title "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2020 (City of Kaufman Project)," (hereinafter referred to as the "Bonds"), for the construction and improvement of sewer system facilities and necessary appurtenances for use by the City of Kaufman, Texas (the "City"), including rehabilitation of the wastewater treatment plant, and the payment of all costs incident and related to the construction and financing thereof, pursuant to authority conferred by and in conformity with the Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283, as amended.

SECTION 2: Interest Rates – Payment Dates – Fully Registered Obligations – Bond Date – Authorized Denominations – Stated Maturities. The Bonds shall be issued as fully registered obligations only, shall be dated April 1, 2020 (the "Bond Date"), shall be in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), and shall become due and payable August 15 in each of the years and in principal installments (the "Stated Maturities") and bear interest at the rate(s) per annum in accordance with the following schedule:

<u>YEAR OF STATED MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>
2020	90,000	0.00
2021	90,000	0.00
2022	90,000	0.00
2023	90,000	0.00
2024	90,000	0.00
2025	90,000	0.00
2026	90,000	0.00
2027	90,000	0.00
2028	90,000	0.00
2029	90,000	0.00
2030	90,000	0.00
2031	90,000	0.00

2032	90,000	0.00
2033	90,000	0.00
2034	90,000	0.02
2035	90,000	0.06
2036	90,000	0.10
2037	90,000	0.13
2038	90,000	0.17
2039	90,000	0.22
2040	90,000	0.25
2041	90,000	0.28
2042	90,000	0.31
2043	90,000	0.34
2044	90,000	0.36
2045	90,000	0.38
2046	90,000	0.40
2047	90,000	0.41
2048	95,000	0.42
2049	95,000	0.43

The Bonds shall bear interest on the unpaid principal amounts from the date of delivery to the initial Purchaser (which date shall be the date noted in the Registration Certificate of the Paying Agent/Registrar appearing on the definitive Bonds delivered in exchange for the Initial Bond(s), and is anticipated to be April 29, 2020), and interest shall be calculated upon the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds shall be payable on August 15, 2020 and each February 15 and August 15 thereafter until maturity or redemption.

SECTION 3: Terms of Payment – Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the registration and transfer books (the "Security Register") maintained by the Paying Agent/Registrar, and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders. A copy of the Security Register shall be maintained within the State of Texas at all times.

The selection and appointment of BOKF, NA, Dallas, Texas, as Paying Agent/Registrar for the Bonds is hereby approved and confirmed, and the Authority agrees and covenants to cause to be kept and maintained at the Designated Payment/Transfer Office (identified below) of the Paying Agent/Registrar the Security Register for the registration, payment and transfer of the Bonds, all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached hereto as **Exhibit A**, and such reasonable rules and regulations as the Paying Agent/Registrar and Authority may prescribe; and the President or Vice President and Secretary or Assistant Secretary of the Board of Directors of the Authority are authorized to execute and deliver such Agreement in connection with the delivery of the Bonds. The Authority covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the Authority

agrees to promptly cause a written notice thereof to be sent to each Holder by United States mail, first-class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or on the redemption thereof, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated office in St. Paul, Minnesota (the "Designated Payment/Transfer Office"). Interest on each Bond shall be paid to the Holder whose name appears in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first-class, postage prepaid, to the address of the Holder recorded in the Security Register, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. Provided, however, while the Texas Water Development Board (the "Board") is the registered owner of the Bonds, payments on the Bonds shall be made by wire transfer without expense to the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to be closed, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to be closed; and payment on such date shall have the same force and effect as if made on the original date payment was due.

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

SECTION 4: Redemption.

(a) Optional Redemption. The Bonds having Stated Maturities on and after August 15, 2031, shall be subject to redemption prior to maturity, at the option of the Authority, in whole or in part (in inverse order of Stated Maturity, if less than all the Outstanding Bonds are to be redeemed), in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected by lot by the Paying Agent/Registrar), on August 15, 2030, or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

(b) Exercise of Redemption Option. At least forty-five (45) days prior to a redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the Authority shall notify the Paying Agent/Registrar of the decision to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date of redemption therefor. The decision of the Authority to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the Authority.

(c) Selection of Bonds for Redemption. If fewer than all Outstanding Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar

shall treat such Bonds as representing the number of Bonds Outstanding, which is obtained by dividing the principal amount of such Bonds by \$5,000, and shall select the Bonds to be redeemed within such Stated Maturity by lot.

(d) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States mail, first-class, postage prepaid, in the name of the Authority and at the Authority's expense, to each Holder of a Bond to be redeemed, in whole or in part, at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given as hereinabove provided, such Bond (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys sufficient for the payment of such Bond (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

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

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

accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

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

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

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

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

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to the provisions of Section 29 hereof, and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

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

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

New York, in accordance with the operational arrangements referenced in a Blanket Issuer Letter of Representations by and between the Authority and DTC (the "Depository Agreement").

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

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general, the Authority covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 3, 4, and 5 hereof.

The Authority agrees it will not discontinue its use of the DTC Book-Entry-Only System with respect to the Bonds without prior notice to and consent from the Texas Water Development Board while the Board is the Holder of any of the Bonds.

SECTION 7: Execution – Registration. The Bonds shall be executed on behalf of the Authority by the President or Vice President of the Board of Directors under its seal reproduced or impressed thereon and attested by the Secretary or Assistant Secretary of the Board of Directors. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Authority on the date of the adoption of this Resolution shall be deemed to be duly executed on behalf of the Authority, notwithstanding that any of such individuals may cease to hold such offices at the time of delivery of the Bonds to the initial Holders and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201, as amended.

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

SECTION 8: Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single, fully registered Bond in the total principal amount of \$2,710,000 with principal installments to become due and payable as provided in Section 2 hereof and numbered T-1, or (ii) as multiple, fully registered Bonds, being one bond for each year of maturity in the applicable principal amount and numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval,

certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9: Forms.

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

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

(b) Form of Bond.

REGISTERED
NO. _____

REGISTERED
\$ _____

United States of America
State of Texas
Greater Texoma Utility Authority
Contract Revenue Bonds, Series 2020
(City of Kaufman Project)

Bond Date:	Interest Rate:	Stated Maturity:	CUSIP NO.
April 1, 2020	_____ %	August 15, 20____	_____

Registered Owner:

Principal Amount:

The Greater Texoma Utility Authority (hereinafter referred to as the "Authority"), for value received, hereby promises to pay to the Registered Owner of this Bond named above (the

"Holder") or the registered assigns thereof, solely from the revenues hereinafter identified, on the Stated Maturity date specified above, the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the date of delivery to the initial purchaser (which delivery date is anticipated to be April 29, 2020) at the per annum rate of interest specified above computed upon the basis of a 360-day year consisting of twelve (12) 30-day months; such interest being payable on August 15, 2020, and on each February 15 and August 15 thereafter until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity date or date of redemption to the Holder thereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the Registration Certificate hereon, or its successor. Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date, and interest and principal due shall be paid by the Paying Agent/Registrar by check sent United States mail, first-class, postage prepaid, at the expense of the Authority or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

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

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

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$2,710,000 (herein referred to as the "Bonds") pursuant to a Resolution adopted by the governing body of the Authority (herein referred to as the "Resolution for the construction and improvement of sewer system facilities and necessary appurtenances for use by the City of Kaufman, Texas (the "City"), including the rehabilitation of the wastewater treatment plant and the payment of all costs incident and related to the construction and financing thereof, under and in strict conformity with the Constitution and laws of the State of Texas.

The Bonds maturing on and after August 15, 2031, may be redeemed prior to their Stated Maturities, at the option of the Authority, in whole or in part (in inverse order of Stated Maturity, if less than all the Outstanding Bonds are to be redeemed), in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected by lot by the

Paying Agent/Registrar), on August 15, 2030, or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

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

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

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

The Bonds constitute special obligations of the Authority, and, together with any Additional Bonds, if issued, are payable as to principal and interest solely from and equally secured by a first lien on the Pledged Revenue of the Authority (identified and defined in the Resolution, and including revenues to be received under and pursuant to Water and Sewer Facilities Contract between the Authority and the City of Kaufman, Texas, dated as of March 30, 2020, together with all amendments thereto). The Holder hereof shall never have the right to demand payment of this Bond out of any funds raised or to be raised by taxation.

Reference is hereby made to the Resolution, copies of which are on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his or her acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the revenues pledged for the payment of the Bonds;

the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Authority and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be discharged at or prior to its maturity, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein have the same meanings assigned in the Resolution.

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

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

The Authority and the Paying Agent/Registrar, and any agent of either, shall treat the Holder whose name appears on the Security Register (i) on the Record Date, as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond, as the owner entitled to payment of principal hereof at its Stated Maturity or redemption, in whole or in part, and (iii) on any other date, as the owner for all other purposes, and neither the Authority nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

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

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

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(SEAL)

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS

THE STATE OF TEXAS

(
(
(REGISTER NO. _____
(

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

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

- (d) Form of Registration Certificate of Paying Agent/Registrar.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

The designated offices of the Paying Agent/Register in St. Paul, Minnesota is the "Designated Payment/Transfer Office" for this Bond.

BOKF, NA, Dallas, Texas,
as Paying Agent/Registrar

By: _____
Authorized Signature

Registration Date:

- _____
(e) Form of Assignment.

ASSIGNMENT

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

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

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

DATED: _____

Signature Guaranteed:

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

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

REGISTERED
NO. T-1

REGISTERED
\$2,710,000

United States of America
State of Texas
Greater Texoma Utility Authority
Contract Revenue Bonds, Series 2020
(City of Kaufman Project)

Bond Date: April 1, 2020

Registered Owner: Texas Water Development Board

Principal Amount: TWO MILLION SEVEN HUNDRED TEN THOUSAND DOLLARS

The Greater Texoma Utility Authority (hereinafter referred to as the "Authority"), for value received, hereby promises to pay to the Registered Owner named above (the "Holder") or the registered assigns thereof, solely from the revenues hereinafter identified, on August 15 in each of the years and in principal amounts in accordance with the following schedule:

<u>STATED MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
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(Information to be inserted from schedule in Section 2 hereof.)

(or so much thereof as shall not have been paid upon prior prepayment) and to pay interest on the unpaid principal amount hereof from the date of delivery of this Bond to the initial purchasers (which delivery date is anticipated to be April 29, 2020) at the per annum rates of interest specified above computed upon the basis of a 360-day year consisting of twelve (12) 30-day months; such interest being payable on August 15, 2020, and on each February 15 and August 15 thereafter until maturity or prior redemption. Principal of and premium, if any, on this Bond shall be payable at the Stated Maturities or on a prepayment date thereof by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), only upon presentation and surrender of this Bond to its designated offices in St. Paul, Minnesota (the "Designated Payment/Transfer Office"), or its successor. Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date, and interest and principal due shall be paid by the Paying Agent/Registrar by check sent United States mail, first-class, postage prepaid, at the expense of the Authority or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

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

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

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

(c) The term "Bonds" shall mean the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2020 (City of Kaufman Project)" authorized by this Resolution.

(d) The term "Bonds Similarly Secured" shall mean the Bonds and any Additional Bonds.

(e) The term "Contract" or "Water and Sewer Facilities Contract" shall mean that certain contract, dated as of the 30th day of March, 2020, by and between the Authority and the City of Kaufman, Texas, together with amendments and supplements thereto, a copy of such Contract being attached hereto as Exhibit B for the purposes of identification.

(f) The term "City" shall mean the City of Kaufman, Texas.

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

(h) The term "Debt Service" shall mean as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the Authority as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of Bonds Similarly Secured without a fixed numerical rate, that such obligations bear, or would have borne, interest at the highest rate reached, or that would have applied to such obligations (using the index or method for computing interest applicable to such obligations) during the twenty four (24) month period next preceding the date of computation; and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to maturity, the principal amounts thereof will be redeemed prior to maturity in accordance with the mandatory redemption provisions applicable thereto.

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

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

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

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

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

(ii) those Bonds Similarly Secured paid or deemed to be paid in accordance with the provisions of Section 28 hereof; and

(iii) those Bonds Similarly Secured that have been mutilated, destroyed, lost, or stolen and replacement bonds have been registered and delivered in lieu thereof as provided in Section 29 hereof or similar provisions with respect to any Additional Bonds.

(m) The term "Pledged Revenue" shall mean (i) the amount received by the Authority as monthly amortization payments by reason of Section 3.01(a) of the Contract, less the fees and charges of any paying agent/registrar with respect to Bonds Similarly Secured; plus (ii) the amounts deposited into the Bond Fund referenced in Section 12(b) of this Resolution and the amounts described in Section 3.01(b) of the Contract and deposited into the Reserve Fund referenced in Section 12(c) of this Resolution; plus (iii) any amounts on deposit in the Construction Fund, created and established by Section 25 of this Resolution, pending the application of such money for the payment of the Cost of the Project.

(n) The term "Project" shall mean, with respect to the Bonds, the Series 2020 Project, and, with respect to the Bonds Similarly Secured, collectively, the projects described as such in the exhibits attached to the ordinances of the City that have from time to time approved the issuance of Bonds Similarly Secured by the Authority for the financing of such projects.

(o) The term "Series 2020 Project" shall mean, with respect to the Bonds, the project described in Section 1 of this Resolution.

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

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

SECTION 12: Fund Designations. The Authority hereby covenants and agrees with the Holders of the Bonds Similarly Secured that all income, receipts and revenues derived from the

operation and ownership of the Project shall be kept separate from other funds or accounts of the Authority. To that end the following special Funds (herein so called) are created and established and shall exist and govern the application of the Pledged Revenue while the Bonds Similarly Secured are Outstanding, to wit:

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

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

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

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

Investment income and profits from the investment of the Revenue Fund shall be retained therein until used as provided in this Section 13.

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

1. Payments into the Bond Fund, as provided by Section 14;
2. Payments into the Reserve Fund, as provided by Section 15;
3. The curing of any deficiencies, as provided by Section 16;
4. The payment of other costs of the Project including maintenance and operation expenses not paid by the Authority and those purposes for which provision is made by Section 3.01(c) through 3.01(e) of the Contract; and
5. Money remaining in the Revenue Fund, after making the payments required in items (1) through (4) above, shall be transferred to any other fund referenced in this Resolution and used as a credit to the amount that would otherwise be required to be paid by the City under Section 3.01 of the Contract.

SECTION 14: Bond Fund. The Authority hereby covenants and agrees to deposit into the Bond Fund amounts sufficient to pay the principal of and interest on the Outstanding Bonds Similarly Secured as the same become due. There shall be deposited in the Bond Fund, by reason of the issuance of the Bonds, the following amounts:

From the Pledged Revenue on deposit in the Revenue Fund there shall be deposited in the Bond Fund (i) beginning on or before the first (1st) day of the month next following delivery of the Bonds and on or before the first (1st) day of each following month until and including the

first interest payment date, an amount equal to not less than the fractional amount required in order to have the amount of the first installment of interest on deposit by the first (1st) day of the month next preceding the first interest payment date, and thereafter on the first (1st) day of each following month, an amount equal to not less than one sixth (1/6) of the next installment of interest and (ii) beginning on or before the first (1st) day of the month next following delivery of the Bonds, and on or before the first (1st) day of each following month until and including the first principal payment date, an amount equal to not less than the fractional amount required in order to have the amount of the first installment of principal on deposit by the first (1st) day of the month preceding the first principal payment date, and thereafter on or before the first (1st) day of each month, an amount equal to one twelfth (1/12) of the next annual principal payment to become due on the Bonds.

The amounts required to be so deposited as specified above, shall take into account amounts already on deposit in the Bonds. Except in compliance with the rules of the Texas Water Development Board, no bond proceeds will be deposited to the Bond Fund.

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

Investment income and profits realized from the investment of the Bond Fund shall be retained therein until used as provided in this Section.

SECTION 15: Reserve Fund. The Authority hereby covenants and agrees with the Holders of the Bonds Similarly Secured that it will provide for the accumulation of, and when accumulated, will thereafter continuously maintain in the Reserve Fund an amount equal to the average annual principal and interest requirements of all Bonds Similarly Secured (the "Required Reserve Fund Amount"). For purposes of calculating the interest requirement on any Bonds Similarly Secured bearing interest at a variable rate, the interest rate shall be calculated at 5.00%. The average annual principal and interest requirements shall be calculated on a Fiscal Year basis on the Outstanding Bonds Similarly Secured on the date of delivery of the last series of Bonds Similarly Secured (after giving effect to the issuance of such last series); provided, however, the average annual requirement shall also be calculated at the end of each Fiscal Year or upon the redemption or defeasance of any Bonds Similarly Secured. If any Bonds Similarly Secured are subject to mandatory redemption, the amount required to be redeemed in any Fiscal Year shall be treated as if it matured in that Fiscal Year. Any amounts on deposit in the Reserve Fund in excess of such requirement shall be transferred to the Revenue Fund.

Beginning on or before the first (1st) day of the first month following the delivery of the Bonds, and on or before the first (1st) day of each month thereafter, there shall be deposited in the Reserve Fund an amount equal to not less than one-sixtieth (1/60) of the Required Reserve Fund Amount, and such monthly deposits shall take into account the amounts already on deposit in said Reserve Fund.

When the Required Reserve Fund Amount has been fully accumulated, said monthly payments to said Fund may be terminated; provided, however, thereafter should the amount in such fund be reduced to be less than the Required Reserve Fund Amount, monthly deposits shall be resumed and continued to be made in an amount not less than one-twelfth (1/12) of the

amount of the deficiency, on or before the first (1st) day of each month until the Required Reserve Fund Amount has been fully restored.

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

SECTION 16: Investments - Security of Funds. Money deposited to the credit of any Fund referenced in this Resolution may, at the option of the Authority, be invested in Authorized Investments; provided that all such investments shall be made in such a manner that the money required to be expended from said Funds will be available at the proper time or times. Such investments (except State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value. All interest and income derived from deposits and investments in the Bond Fund immediately shall be credited to, and any losses debited to, the Bond Fund. All interest and interest income derived from deposits in and investments of the Reserve Fund shall, subject to the limitations provided in Section 15 hereof, be credited to and deposited in the Revenue Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

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

SECTION 17: Transfer of Funds - Deficiencies in Funds. (a) While any of the Bonds Similarly Secured are Outstanding, the Board of Directors shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund and, if necessary, in the Reserve Fund, amounts sufficient to fully pay and discharge promptly as each installment of interest on and/or principal of the Bonds accrues or matures or comes due by reason of redemption prior to maturity, such transfer of funds to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the business day next preceding the date of payment for the Bonds.

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

SECTION 18: Issuance of Additional Bonds. In addition to the right to issue bonds of inferior lien as authorized by the laws of this State, the Authority reserves the right hereafter to issue Additional Bonds. The Additional Bonds, when issued, shall be payable from and secured by a first lien on and pledge of the Pledged Revenue in the same manner and to the same extent as are the Bonds, and the Bonds and Additional Bonds shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more installments provided, however, that no Additional Bonds, shall be issued unless and until the following conditions have been met:

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

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

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

(d) The Additional Bonds are made to mature on February 15 or August 15 or both in each of the years in which they are scheduled to mature.

(e) The resolution(s) authorizing the issuance of the Additional Bonds provide for deposits to be made to the Bond Fund in amounts sufficient to pay the Debt Service on such Additional Bonds as the same become due.

(f) The resolution(s) authorizing the issuance of the Additional Bonds provides that the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the average annual principal and interest requirements (calculated on a Fiscal Year basis on the Outstanding Bonds Similarly Secured as of the date of the last series of Bonds Similarly Secured after giving effect to the issuance of the Additional Bonds) for the payment of principal of and interest on all obligations to be secured by a first lien on and pledge of the Pledged Revenue, and said resolution(s) provide that any additional amount to be maintained in the Reserve Fund as a result of the issuance of the Additional Bonds shall be accumulated within not more than sixty (60) months from the date of the passage of the resolution(s) authorizing the issuance of the proposed Additional Bonds. For purposes of calculating the interest requirement on any Bonds Similarly Secured bearing interest at a variable rate, the interest rate shall be calculated at 5.00%.

(g) The Authority will demonstrate to the Board's Executive Administrator that the Pledged Revenues will be sufficient to pay the Bonds and the proposed Additional Bonds.

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

SECTION 19: Insurance. The Authority covenants that it will at all times keep insured such of its plants, structures, buildings, stations, machinery, equipment, apparatus, distribution pipelines and equipment, as are usually insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents or casualties against which and to the extent insurance is usually carried by corporations operating like properties, and will also at all times maintain worker's compensation insurance and insurance against public liability and property damages to the extent permitted by law, in a reasonable amount with a responsible insurance company or companies; provided, however, that any time while the

City or any contractor engaged in construction work shall be fully responsible therefor, or the Authority has assumed such responsibility, the Authority shall not be required to carry such insurance. The Authority further covenants that such insurance with respect to the Project shall be in an amount sufficient to protect the Board's interest in the Project.

SECTION 20: Records - Accounts - Accounting Reports. The Authority hereby covenants and agrees that so long as any of the Bonds Similarly Secured or any interest thereon remain Outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts on a Fiscal Year basis pertaining to the operation of the Project separate and apart from all other records and accounts of the Authority in accordance with accepted accounting practices and complete and correct entries shall be made of all transactions relating to said Project. The Holder or Holders of any Bonds Similarly Secured, or any duly authorized agent or agents of such Holders, shall have the right at all reasonable times to inspect all such records, accounts and data relating thereto and to inspect the Project and all properties comprising same. The Authority further agrees that within ninety (90) days following the close of each Fiscal Year, or as soon thereafter as possible, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants or Licensed Public Accountants. Each such audit, in addition to whatever other matters may be thought proper by the Accountant, shall particularly include the following:

- (a) A detailed statement of the receipts and disbursements from the Revenue Fund.
- (b) A balance sheet as of the end of such Fiscal Year.
- (c) The Accountant's comments regarding the manner in which the Authority and the City have complied with the covenants and requirements of this Resolution and the Contract and his recommendations for any changes or improvements in the operation, records and accounts of the Authority.
- (d) A list of the insurance policies in force (if obtained by the Authority) at the end of the Fiscal Year on the Project properties, setting out as to each policy the amount thereof, the risk covered, the name of the insurer, and the policy's expiration date.
- (e) A list of the securities that have been on deposit as security for money in the Bond Fund and Reserve Fund throughout the Fiscal Year, a list of the securities, if any, in which money in the Bond Fund and Reserve Fund has been invested, and a statement of the manner in which money in the Revenue Fund has been secured in such Fiscal Year.

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

SECTION 21: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the Authority covenants and agrees particularly that in the event (a) the Authority defaults (i) in payments to be made to the Bond Fund or Reserve Fund as required by this Resolution, or (ii) in the observance or performance of any other of the covenants, conditions or obligations set forth in this Resolution or (b) the City defaults under the Contract, any Holder shall be entitled to a writ of mandamus issued by a court of proper

jurisdiction compelling and requiring the Board of Directors and other officers of the Authority to observe and perform any covenant, condition or obligation prescribed in this Resolution or to compel the City to remedy the defaults under the Contract.

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

SECTION 22: Special Covenants. The Authority hereby further covenants as follows:

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

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

(c) So long as any of the Bonds or any interest thereon remain Outstanding, the Authority will not sell or encumber the Project or any substantial part thereof; provided, however, this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the Project, and, also, with the exception of the Additional Bonds expressly permitted by this Resolution to be issued, it will not encumber the Pledged Revenue unless such encumbrance is made junior and subordinate to all of the provisions of this Resolution.

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

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

SECTION 23: Bonds are Special Obligations. The Bonds are special obligations of the Authority payable from the Pledged Revenue and the Holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

SECTION 24: Bonds are Negotiable Instruments. Each of the Bonds herein authorized shall be deemed and construed to be a "Security" and as such a negotiable instrument, within the meaning of Texas Business and Commerce Code, Chapter 8, as amended.

SECTION 25: Construction Fund. The Authority hereby creates a construction fund account in the Authority's depository bank, which is known as the "Construction Fund," into which shall be deposited all remaining proceeds derived from the sale of the Bonds in accordance with Section 30 of this Resolution and this Section. To the extent of any conflict between this Section and Section 30, Section 30 controls. In this Section, when the term "Cost(s) of the Project" is used, the reference is to the Series 2020 Project.

Moneys on deposit in the Construction Fund shall be disbursed only for payment of the respective Costs of the Project financed. All expenditures for construction, labor, and materials shall be disbursed only upon receipt of a certificate of the Engineer (as defined in the Contract) based upon estimates of work and material furnished as approved by such Engineer and submitted to the Authority and the City's Engineer for approval prior to payment. The Authority shall keep records of the nature and amount of all Construction Fund expenditures and make the same available to the City and the engineers at all reasonable times. Should there be any balance in the Construction Fund after all such Costs of the Project have been paid, such balance shall be deposited in the Bond Fund or the Reserve Fund subject to tax law limitations.

SECTION 26: Notices to Holders-Waiver. Wherever this Resolution provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first-class, postage prepaid, to the address of each Holder as it appears in the Security Register.

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

SECTION 27: Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the Authority, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The Authority may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered that the Authority may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the Authority.

SECTION 28: Satisfaction of Obligation of Authority. If the Authority shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Resolution, then the pledge of the Pledged Revenue under this Resolution and all other obligations of the Authority to the Holders shall thereupon cease, terminate, and become void and be discharged and satisfied.

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

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

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

SECTION 29: Mutilated – Destroyed – Lost and Stolen Bonds. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, only upon the approval of the Authority and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the Authority and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

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

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

SECTION 30: Sale of the Bonds. The sale of the Bonds to the Texas Water Development Board (herein referred to as the "Purchaser" and the "initial Holder") pursuant to a loan commitment received from said Board, at the price of par, less a loan origination fee of \$46,609.00, to provide for the Bonds to bear interest at an effective interest rate equivalent to the Purchaser's lending rate therefor, is hereby confirmed and declared to be in the best interests of the Authority. Delivery of the Bonds to said Purchaser shall occur as soon as possible upon payment being made therefor in accordance with the terms of sale.

SECTION 31: Covenants to Maintain Tax-Exempt Status.

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

"Closing Date" means the date on which the Bonds are first authenticated and delivered to the initial Purchaser against payment therefor.

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

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

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

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

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

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

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Yield" of (i) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (ii) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The Authority shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on (1) any Bond issued hereunder or (2) any series of bonds or obligations issued or incurred by the Texas Water Development Board or the Texas Water Resources Finance Authority to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Authority receives a written opinion of counsel nationally recognized in the field of municipal

bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the Authority shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the Authority shall at all times prior to the last Stated Maturity of Bonds:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the Authority or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the Authority shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the Authority shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the Authority shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The Authority shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The Authority shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six (6) years after the day on which the last outstanding Bond is discharged. However, to the extent permitted by law, the Authority may commingle Gross Proceeds of the Bonds with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the Authority shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The Authority shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six (6) years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds by the Purchaser and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the Authority shall pay to the United States out of the Construction Fund, other appropriate fund or, if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Bond Fund, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The Authority shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Elections. The Authority hereby directs and authorizes the President, Vice President, Secretary and/or Assistant Secretary of the Board of Directors of the Authority, and the General Manager of the Authority, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or

appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(j) Nonpurpose Investments. No portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments which produce a yield materially higher than the yield on the Board's bonds that were issued to provide financing for the Bonds (the "Source Series Bonds"), other than Nonpurpose Investments acquired with:

(i) proceeds of the Board's Source Series Bonds invested for a reasonable temporary period of up to three (3) years (reduced by the period of investment by the Board) until such proceeds are needed for the facilities to be financed;

(ii) amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the IRS Regulations; and

(iii) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Bonds, 125% of average annual debt service on the Bonds, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Bonds.

SECTION 32: Control and Custody of Bonds. The President of the Board of Directors of the Authority shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Bonds, and shall take and have charge and control of the Initial Bond(s) pending approval by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchaser.

Furthermore, the President, Vice President, Secretary, and/or Assistant Secretary of the Board of Directors of the Authority, and the General Manager of the Authority, are hereby authorized and directed to furnish and execute such documents relating to the Authority and its financial affairs as may be necessary for the issuance of the Bonds, the approval of the Bonds by the Attorney General and their registration by the Comptroller of Public Accounts and, together with the Authority's financial advisor, bond counsel and the Paying Agent/Registrar, make the necessary arrangements for printing of the definitive Bonds and the delivery of the Initial Bond(s) to the initial Purchaser and the exchange thereof for definitive Bonds.

SECTION 33: Rules and Regulations of the Texas Water Development Board

In compliance with the published rules and regulations of the Board, the Authority agrees and covenants as follows:

(a) To the extent there are unused funds remaining: (1) if the Authority determines that enhancements to the Series 2020 Project are needed or desired to be paid with the proceeds of the Bonds, the Authority shall request such enhancements be authorized by the Executive Administrator, or (2) if the Authority determines that no enhancements are needed or if no enhancements are authorized by the Executive Administrator, the Authority shall cause to be prepared and submitted to the Board (i) a final accounting of the total costs of the Series 2020 Project and the expenditure of funds therefor and (ii) a copy of the construction plans for the Series 2020 Project as built and completed. In addition to other information required by the

Board, said final accounting shall identify (i) all funds utilized or represented to be available in the Authority's application, from whatever source derived, and (ii) all Series 2020 Project costs contained and approved in the Authority's application to the Board or approved in subsequent change orders. If the total cost of the Series 2020 Project is less than the amount of the Series 2020 Project funds available, then the Authority may use such surplus proceeds remaining after completion of the Series 2020 Project for the following purposes as approved by the Executive Administrator: (x) to redeem Bonds, in inverse annual order of stated maturities, (y) to deposit into the Bond Fund for the payment of capitalized interest or principal on the Bonds, or (z) to deposit into the Reserve Fund within tax law limitations. Notwithstanding the provisions of Section 4(a) of this Resolution, a redemption of the Bonds as a result of unspent proceeds in the Construction Fund, as described in (x) above, may occur on any date as mutually agreed upon by the Authority and the Board.

(b) Execution and delivery of an Escrow Agreement, substantially in the form attached hereto as **Exhibit C**, by the President, Vice President, Secretary, and/or Assistant Secretary of the Board of Directors of the Authority, is hereby approved. The Construction Fund shall be held subject to the Escrow Agreement and moneys deposited therein shall be kept separate from other funds and accounts of the Authority. The Authority further covenants and agrees (i) that certain proceeds of sale of the Bonds shall be deposited in the Construction Fund created by Section 25 of this Resolution and established with the Authority's depository bank, and (ii) all funds deposited in such Construction Fund shall be disbursed only for the Series 2020 Project the Bonds and, as is appropriate, in accordance with the provisions of Chapter 15 or 17 of the Texas Water Code.

(c) The Authority further agrees and covenants as follows:

(i) It will comply with all applicable laws of the State of Texas and all applicable rules and policies of the Board with respect to the construction of the Series 2020 Project and the loan of funds to the Authority by the Board evidenced by the Bonds.

(ii) No bond proceeds will be used for sampling, testing, removing or disposing of contaminated soils and/or media at the project site and, to the extent permitted by law, to indemnify, hold harmless and protect the Board from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport and/or removal and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the project.

(iii) All laborers and mechanics employed by contractors and subcontractors for the Series 2020 Project shall be paid wages at rates not less than prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The Authority, all contractors, and all subcontractors shall ensure that all Project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the Series 2020 Project shall include in full in any contract in excess of \$2,000 the contracts clauses as provided by the Board.

(iv) The Authority will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 371.4 and related State Revolving Fund Policy Guidelines..

(v) The Contract shall not be amended or revised in a manner to affecting the financial condition of the Authority and its ability to pay the Bonds without the prior written approval of the Board's Executive Administrator.

(vi) The Authority shall provide the Board with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The Authority shall obtain a Data Universal Numbering System ("DUNS") Number and shall register the System for Award Management ("SAM"), and maintain current registration at all times while the Bonds are outstanding.

(vii) All proceeds of the Bonds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d) and the Authority will adhere to the approved project schedule.

(viii) The Board may exercise all remedies available to it in law or equity, and any provision of the Bonds that restricts or limits the Board's full exercise of these remedies shall be of no force and effect.

(ix) The Authority will comply with the requirements set forth in 33 U.S.C. § 1382 *et seq.* related to maintaining project accounts containing financial assistance for planning, design, acquisition, or construction, as applicable, in accordance with generally accepted accounting principles (GAAP).

(x) The Authority will not acquire any of the Board's bonds that were issued to provide financing for the Bonds in the amount of the Bonds to be acquired from the Authority by the Board.

(xi) Prior to any action by the Authority to convey the project (including the related obligation to repay the Bonds) to another entity, the conveyance and assumption must be approved by the Board; the Authority notify the Board's Executive Administrator prior to taking actions to alter the Authority's legal status in any manner, including any transfer of substantially all of its assets to another entity.

(xii) The proceeds of the Bonds shall be held in a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.

SECTION 34: Legal Opinion. The Purchaser's obligation to accept delivery of the Bonds is subject to its being furnished a final opinion of Norton Rose Fulbright US LLP, concerning the validity of the Bonds, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds by the Purchaser. A true and correct reproduction of said opinion is hereby authorized to be printed on the definitive Bonds, or an executed counterpart thereof shall accompany the global Bonds deposited with the Depository Trust Company.

SECTION 35: CUSIP Numbers. CUSIP numbers may be printed or typed on the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the Authority nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the Bonds.

SECTION 36: Effect of Headings. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

SECTION 37: Resolution a Contract – Amendments. This Resolution shall constitute a contract with the Holders from time to time, be binding on the Authority, and shall not be amended or repealed by the Authority so long as any Bond remains Outstanding except as permitted in this Section and in Section 38 hereof. The Authority, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Resolution in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Authority may, with the written consent of Holders holding a majority in aggregate principal amount of the Bonds Similarly Secured then outstanding, amend, add to, or rescind any of the provisions of this Resolution; provided that, without the consent of all Holders of the Bonds Similarly Secured then outstanding, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds Similarly Secured, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds Similarly Secured, (2) give any preference to any Bond Similarly Secured over any other Bond Similarly Secured, or (3) reduce the aggregate principal amount of Bonds Similarly Secured required to be held by Holders for consent to any such amendment, addition, or rescission.

SECTION 38: Continuing Disclosure Undertaking.

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

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2 12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(b) Annual Reports. The Authority shall provide annually to the MSRB (1) within twelve (12) months after the end of each Fiscal Year, audited financial statements of the Authority and the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in the financial statements referenced above, or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation, and audited, if the Authority commissions an audit of such

statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available by the required time, the Authority will provide unaudited financial information of the type included in the final Application for Financial Assistance by the required time and audited financial statements when and if such audited financial statements become available.

If the Authority changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Authority otherwise would be required to provide financial information and operating data pursuant to this Section.

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

(c) Material Event Notices. The Authority shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Authority, which shall occur as described below;

(13) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority, and (b) the Authority intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

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

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers, and Amendments. The Authority shall be obligated to observe and perform the covenants specified in this Section with respect to the Authority and the Bonds while, but only while, the Authority remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Authority in any event will give notice required by subsection (c) hereof of any Bond calls and defeasance that cause the Authority to be no longer such an "obligated person."

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Authority

undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the financial results, condition, or prospects of the Authority, the City, or the State of Texas or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Authority does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

No default by the Authority in observing or performing its obligations under this Section shall constitute a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority under federal and state securities laws.

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the Authority from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the Authority (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the Authority if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the Authority's right to do so would not prevent underwriters of an initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the Authority so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 39: Further Procedures. Any one or more of the President, Vice President, Secretary, and/or Assistant Secretary of the Board of Directors of the Authority, and the General Manager of the Authority, are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge

and deliver in the name and on behalf of the Authority all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution and the issuance of the Bonds. In addition, prior to the initial delivery of the Bonds, the President, Vice President, Secretary, and/or Assistant Secretary of the Board of Directors of the Authority, and the General Manager of the Authority, and Bond Counsel are each hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any of the documents authorized and approved by this Resolution: (i) in order to cure any technical ambiguity, formal defect, or omission in the Resolution or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Bonds by the Attorney General and if such officer or counsel determines that such ministerial changes are consistent with the intent and purpose of the Resolution, which determination shall be final. In the event that any officer of the Authority whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 40: Reapproval of Contract. In all respects, the Contract is reapproved and shall be and remain in full force as the agreement of the parties to such Contract.

SECTION 41: Incorporation of Findings and Determinations. 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 42: Benefits of Resolution. Nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon any person other than the Authority, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the Authority, the Paying Agent/Registrar and the Holders.

SECTION 43: Inconsistent Provisions. All orders or resolutions, or parts thereof, that are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict and the provisions of this Resolution shall be and remain controlling as to the matters contained herein.

SECTION 44: Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 45: Severability. If any provision of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 46: Public Meeting. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 47: Effective Date. This Resolution shall be in force and effect from and after its passage on the date shown below.

[The remainder of this page is intentionally blank]

PASSED AND ADOPTED, this March 16, 2020.

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(Seal)

EXHIBIT A

Paying Agent/Registrar Agreement

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of March 16, 2020 (this "Agreement"), by and between BOKF, NA, a banking association duly organized and existing under the laws of the United States of America, or its successors (the "Bank") and the Greater Texoma Utility Authority (the "Issuer"),

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2020 (City of Kaufman Project)" (the "Securities"), dated April 1, 2020, such Securities scheduled to be delivered to the initial purchasers thereof on or about April 29, 2020; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Authorizing Document" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the Authorizing Document.

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

Section 1.02 Compensation. As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in **Annex A** attached hereto; provided however, notwithstanding anything herein or in Annex A to the contrary, the aggregate value of this agreement shall not exceed the dollar limitation set forth in Section 2271.002(a)(2) of the Texas Government Code, as amended.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

“Acceleration Date” on any Security means the date, if any, on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

“Authorizing Document” means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the secretary or any other officer of the Issuer and delivered to the Bank.

“Bank Office” means the designated office of the Bank at the address shown in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Holder” and “Security Holder” each means the Person in whose name a Security is registered in the Security Register.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

“Predecessor Securities” of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Authorizing Document).

“Redemption Date”, when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

“Responsible Officer”, when used with respect to the Bank, means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Security Register” means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfers of Securities.

“Stated Maturity” means the date specified in the Authorizing Document the principal of a Security is scheduled to be due and payable.

Section 2.02 Other Definitions. The terms “Bank,” “Issuer,” and “Securities (Security)” have the meanings assigned to them in the recital paragraphs of this Agreement.

The term “Paying Agent/Registrar” refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE PAYING AGENT

Section 3.01 Duties of Paying Agent. As Paying Agent, the Bank shall pay, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the following address:

BOKF, NA Corporate Trust Services
111 Fillmore Avenue East
St. Paul, Minnesota 55107-1402

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date (as defined in the Authorizing Document). All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the paying agent account provided in Section 5.05 hereof, sent by United States mail, first class postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Authorizing Document.

ARTICLE FOUR REGISTRAR

Section 4.01 Security Register - Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the “Security Register”) for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacements of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority, such written instrument to be in a form satisfactory to the Bank and duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02 Securities. The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04 List of Security Holders. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05 Return of Cancelled Securities. The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, all Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06 Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the provisions of the Authorizing Document, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

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

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.02 Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in

a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by the Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

(g) The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum or letter as prepared by the Issuer, Issuer's financial advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum or letter acknowledged by the Issuer, the Issuer's financial advisor or other agent as the final closing memorandum or letter. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04 May Hold Securities. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

The Bank is not obligated to pay interest on any money received by it under this Agreement.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as trustee under indentures authorizing other bond transactions of the Issuer, or act in any other capacity not in conflict with its duties hereunder.

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08 DTC Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page(s) hereof.

Section 6.04 Effect of Headings. The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06 Severability. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07 Merger, Conversion, Consolidation, or Succession. Any corporation or association into which the Bank may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank as Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of either parties hereto.

Section 6.08 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.09 Entire Agreement. This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 6.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.11 Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. However, if the Issuer fails to appoint a successor Paying Agent/Registrar within a reasonable time, the Bank may petition a court of competent jurisdiction within the State of Texas to appoint a successor. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with the other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.12 Iran, Sudan or Foreign Terrorist Organizations. The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 6.13 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BOKF, NA

By: _____

Title: _____

Address: 5956 Sherry Lane, Suite 1201
Dallas, Texas 75225

Attest:

Title: _____

GREATER TEXOMA UTILITY AUTHORITY

By: _____
President, Board of Directors

Address: 5100 Airport Drive
Denison, Texas 75020

ATTEST:

Secretary, Board of Directors

ANNEX A

EXHIBIT B

Water and Sewer Facilities Contract

WATER AND SEWER FACILITIES CONTRACT

THE STATE OF TEXAS §
 §
COUNTY OF KAUFMAN §

THIS CONTRACT (the or this "Contract") is made and entered into as of March 30, 2020, 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 and corporate, duly created, existing, and acting by virtue of Chapter 8283 of the Texas Special District Local Laws Code, as amended, (the "Act"), and the CITY OF KAUFMAN, TEXAS, a home rule municipality and a political subdivision of the State of Texas in the County of Kaufman, Texas (hereinafter referred to as the "City"), duly created and existing under the laws of the State of Texas:

W I T N E S S E T H:

WHEREAS, the Authority, acting pursuant to the Act, has issued or proposes to issue, or both, its bonds for the purposes of providing (i) certain sewer collection and treatment facilities for use by the City, (ii) an additional supply of water to the City, and/or (iii) certain water supply facilities in order to store and transport water to the City;

WHEREAS, certain revenues to be received by the Authority from the City under this Contract are to be pledged to the payment and security of the bonds issued or 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 City, 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 City under this Contract and to be issued by the Authority for the purpose of providing funds to pay the necessary costs of the Project or to refund currently outstanding bonds previously issued by the Authority payable from the revenues to be received by the Authority under this Contract, whether in one or more series or issues.

(e) "City" shall mean the City of Kaufman, Texas.

(f) "Cost of the Project" shall mean, with respect to the Water Project or the Sewer Project, all cost and expense incurred in connection with the acquisition, construction, improvements, enlargement, extension, and repair of the Project, including, without limiting the generality of the foregoing, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest, and administrative expenses expected to accrue during the period of construction, the funding of any reserve funds created by the Bond Resolution(s), cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, improving, enlarging, extending, or repairing the Project, and such other expense as may be necessary or incident to the acquisition, construction, improvement, enlargement, extension, or repair of the Project and all legal fees, printing and other cost, fees, and expenses necessary for or incident to the issuance of the Bonds.

(g) "Engineer" shall mean a registered, professional engineer (who may be the City Engineer or the Authority's Engineer). The City and Authority agree that the Engineer may be a different firm on different aspects of the Project 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 City.

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

(i) "Force Majeure" shall have the meaning assigned to such term in Section 4.13 hereto.

(j) "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.

(k) "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 City.

(l) "Project" shall mean, collectively, the Water Project and the Sewer Project.

(m) "Sewer Project" shall mean, collectively, the sewer facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder, and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the City under this 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 ordinance or resolution of the City, 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.

(n) "State" shall mean the State of Texas.

(o) "Utility System" shall have the meaning assigned to such term in Section 2.01(c) hereto.

(p) "Water Project" shall mean, collectively, the water supply, storage and transmission facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the City under this 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 ordinance or resolution of the City, 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 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 the State, it is empowered under applicable laws of Texas to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract.

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

(c) It will plan, construct, maintain, operate, and finance its own utility system and set retail rates to individual customers for water and 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 Sewer System (the "Utility System").

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

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

(a) In its capacity as a conservation and reclamation 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) It will finance all Costs of the Project not provided by the City and any grant secured for the construction of the Project.

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

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

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

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

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

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

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

ARTICLE III FISCAL MATTERS

SECTION 3.01: Payment for Service. The Authority will provide from the proceeds received through the issuance and sale of its Bonds such funds as are necessary, when coupled with any funds or property provided by the City and any grant received, for the purpose of providing all or part of the Project; provided, however, proceeds from Bonds issued for refunding purposes may be used as provided in such Bond Resolution(s) authorizing such refunding Bonds. It is agreed that the City and its customers shall have the exclusive use of the entire Project for the useful life of the Project. In consideration for the Authority's obligation hereunder, the City recognizes and agrees that the Authority will acquire an undivided interest in the Project equivalent to the percentage of the total cost of the Project provided by the Authority through the issuance and sale of its Bonds. It is further agreed that the City's obligations to make any and all payments specified in this Article 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 City to the Authority under this Contract, and the City agrees that it will make to the Authority the following payments:

(a) Monthly amortization payment — Such amounts, payable monthly on or before the 20th 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(s) 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 City and the Authority.

(e) Maintenance and Operation Costs — Such amounts as are necessary to pay or reimburse the Authority for costs of Maintenance and Operation of the Project (for which provision is made in Section 3.03), if the Authority is the Operator under that Section.

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

(a) Monthly Amortization Payments — the City shall commence making monthly amortization payments at such time as any amount required by the Bond Resolution(s) to be deposited into an escrow account for the payment of interest on the Bonds during the Project construction period has been fully exhausted; provided that such payments shall commence in no event later than the earlier of (i) twelve months prior to the first principal payment date specified in the Bond Resolution(s), or (ii) six months prior to the first interest payment date for which 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 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 20th 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 Bond Resolution(s) authorizing such additional Bonds.

(c) Administrative Payment — the City shall commence making the administrative payment on the 20th day of the month following the effective date of this Contract, and thereafter such payment shall be made on the 20th day of each month thereafter throughout the term of this Contract.

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

(e) Maintenance and Operating Expenses — (i) if the City is designated as the Operator, such expenses shall be paid by the City as the same become due; or (ii) if the Authority is designated as the Operator, 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 20th day of each month after the Project becomes operational. The annual budget shall be prepared by the Authority at least thirty (30) days prior to the date the Project is to become operational, or, thereafter prior to the beginning of each Fiscal Year; the budget shall then be submitted to the City which may indicate exceptions or suggestions, which shall then be considered by the Board. If an annual budget is found to be insufficient or excessive, the parties agree the same shall be taken into consideration by an amendment as well as the budget for the following year, with the view that additional payments shall be made or credit shall be given so that expenditures match receipts over the Fiscal Year or an adjustment is made in the following month.

SECTION 3.03: Maintenance and Operation of the Project. Unless otherwise agreed by the parties, it is agreed that the Operator will be responsible for maintaining and operating the Project for the entire term of this Contract, and shall pay all costs and expenses incurred in regard to the maintenance and operation of the Project. The Operator hereby agrees and covenants to operate and maintain the Project in accordance with accepted good business and engineering practices and in accordance with all applicable federal and state laws, including any rules and regulations issued by appropriate agencies in the administration of said laws. If the City is the Operator under this Section, the City agrees, to 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 municipal corporation 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 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 unusable by reason of 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 upon 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 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 - 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 Utility System.

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

SECTION 3.08: Nature of Obligation of City. The payments required to be made by the City under the terms of this Contract shall be due and payable in any and all events regardless of whether there shall be, for any reason, a delay in the completion of all or any part of the Project and regardless of whether the Project shall have been wholly or partially destroyed or damaged. The agreements of the City shall be and are separate and independent covenants and the City shall have no rights of set off, 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 source.

ARTICLE IV
MISCELLANEOUS PROVISIONS

SECTION 4.01: Contract Term. The obligation of the City 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 City and Authority agree and mutually find that the anticipated useful life of a Project equals or exceeds the period specified in the Bond Resolution(s) for the maturity of all Bonds authorized to be issued to fund such Project.

SECTION 4.03: Abandonment of Use of Project. Except as provided by this Contract, the City 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 City, 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 City choose to discontinue the operation of all or part of the Project, the City shall have the exclusive right to the salvage of all of the properties and improvements constituting the Project so discontinued. Any cost of salvage will be a maintenance and operating expense of the City, and any money realized from such salvage will serve as a reduction of such expense. The City shall retain the use of the land where the Project is situated and all remaining improvements thereon for its corporate purposes.

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

SECTION 4.04: Modification of Provisions. This Contract may be changed and modified only with the consent of the governing bodies of the Authority and the City. 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 City under the terms of this Contract and no such change will be effective which affects adversely or causes a violation of any covenants contained in the Bond Resolution(s).

If for any reason the City may desire the construction of additional facilities over and above those now contemplated, and provided 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 City and the Authority.

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

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

SECTION 4.07: Title to Water and Sewage. Title to all water and sewage put into the Project under this Contract shall be in the City.

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 City: 209 S. Washington
Kaufman, Texas 75142
Attention: Mayor

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 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, 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 City has heretofore issued, sold and delivered revenue bonds that were and are payable from and secured by a lien on and pledge of the surplus net revenues of its Utility System, and to the extent such bonds so issued and delivered are outstanding, the City has disclosed to the Authority the existence and terms of all such bonds.

Additionally, the City represents to the Authority that:

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

SECTION 4.12: Control of Project by Operator. The parties hereto recognize and it is specifically agreed that after completion of the Project and during the term of this Contract, the Operator shall have the exclusive right to the use and utilization of the Project, for the benefit of the City; that the Operator without hindrance from the Authority or the City, or the employees or

other agents of either of them, may operate, maintain, repair, enlarge, improve, extend, provide for additions to or otherwise control, manage and keep up the 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 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 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 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 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 City from its obligations to make the payments required under the terms of Section 3.01 hereof.

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

(c) It is expressly recognized by City that the Operator may be compelled to make necessary alterations, repairs or extensions of new or additional facilities from time to time during the life of this 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 City 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 City agrees that the Authority may have such easements over any easements, right-of-way, or property held by the City so that the facilities herein anticipated and the placement thereof and of all required equipment may be appropriately provided.

SECTION 4.15: Bond Approval by the City.

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

(b) If the Bonds are to be sold at a public sale, the governing body of the City shall, by resolution or ordinance, 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 City shall, by resolution or ordinance 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 City shall, by resolution or ordinance, 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 City 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 are held to be invalid under the laws of the State, the 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.

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

CITY OF KAUFMAN, TEXAS

(City Seal)

By: _____
Mayor

ATTEST:

City Secretary

EXHIBIT C

Escrow Agreement

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of March 16, 2020, made by and between the Greater Texoma Utility Authority, a political subdivision of the State of Texas in Collin, Cooke, Fannin and Grayson Counties (the "*Authority*"), acting by and through the President and Secretary of the Board of Directors and BOKF, N.A., a banking association duly organized and existing under the laws of the United States of America, or its successors (the "*Bank*"), as Escrow Agent (the "*Escrow Agent*") together with any successor in such capacity:

W I T N E S S E T H:

WHEREAS, pursuant to a resolution (the "*Resolution*") finally adopted on March 16, 2020, the Authority authorized the issuance of \$2,710,000 "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2020 (City of Kaufman Project) (the "*Bonds*") for planning, design, acquisition, and constructing wastewater system facilities and necessary appurtenances for use by the City of Kaufman, Texas, as further described in the Resolution (the "*Project*"); and

WHEREAS, such Resolution also confirmed the sale of the Bonds to the Texas Water Development Board (the "*TWDB*"); and

WHEREAS, the Escrow Agent is a bank located in the State of Texas that is an insured depository institution with the Federal Deposit Insurance Corporation (the "*FDIC*") that has been designated a state depository institution by the Texas Office of the Comptroller and is otherwise qualified and empowered to enter into this Escrow Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition to the issuance of the Bonds by the TWDB is the deposit of the proceeds of sale of the Bonds (less amounts to pay costs of issuance) (the "*Proceeds*") in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB or another designated representative; provided, however, the Proceeds can be transferred to different investments so long as all parties hereto consent to such transfer;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount to be paid by the Authority to the Escrow Agent, as set forth on Exhibit A, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Bonds, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

SECTION 1: ESCROW ACCOUNT. Upon the delivery of the Bonds described above, the Proceeds identified under TWDB Commitment No. L1001061 shall be deposited to the credit of a special escrow account(s) or escrow subaccount(s) (the "*Escrow Account*") maintained at the Bank on behalf of the Authority and the TWDB and shall not be commingled with any other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Authority, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Account shall be entitled "GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2020 (CITY OF KAUFMAN PROJECT) TEXAS WATER DEVELOPMENT BOARD L1001061 ESCROW ACCOUNT" and shall not be subject to warrants, drafts or checks drawn by the Authority but shall be disbursed or withdrawn to pay the

costs of the project for which the Bonds were issued or other purposes in accordance with the Resolution and solely upon written authorization from the Executive Administrator, or his/her designated representative. The Bank shall distribute to the Authority and to the Executive Administrator's staff of the TWDB the Escrow Account's bank statements on a monthly basis.

SECTION 2: COLLATERAL. All cash deposited to the credit of such Escrow Account and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Chapter 2257, TEX. GOV'T CODE ANN., as amended.

SECTION 3: INVESTMENTS. While the Proceeds are held in escrow, the Bank shall only invest Proceeds in investments that are authorized by the Public Funds Investment Act, Chapter 2256, TEX. GOV'T CODE ANN., as amended. It is the Authority's responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the Public Funds Investment Act but also with its own written investment policy.

SECTION 4: DISBURSEMENTS. The Bank shall not honor any disbursement from the Escrow Account, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator of the TWDB or another designated TWDB representative. However, no written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring Proceeds from one investment to another provided that all such investments are consistent with the requirements of the Public Funds Investment Act.

SECTION 5: UNEXPENDED FUNDS. Any Proceeds remaining unexpended in the Escrow Account after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the Resolution. The Authority shall deliver a copy of such approval of the final accounting by the TWDB to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Resolution, that being the sole obligation of the Authority

SECTION 6: CERTIFICATIONS. The Bank shall be authorized to accept and rely upon the certifications and documents furnished to the Bank by the Authority and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

SECTION 7: LIABILITY OF ESCROW AGENT. To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Bonds or any recitation contained in the Bonds.

SECTION 8: RECORDS. The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Account, and investments of the Escrow Account and all proceeds thereof. The records shall be available for inspection at reasonable hours and under reasonable conditions by the Authority and the TWDB.

SECTION 9: MERGER/CONSOLIDATION. In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank as well as an FDIC-insured depository institution. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within a reasonable time of such merger, consolidation or exchange.

SECTION 10: AMENDMENTS. This Agreement may be amended from time to time as necessary with the written consent of the Authority and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Bank without its consent.

SECTION 11: TERMINATION. In the event that this Agreement is terminated by either the Authority or by the Bank, the Escrow Agent must report said termination in writing to the TWDB within 5 business days of such termination. The Authority is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the Authority and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the Authority must forward a copy of the executed escrow agreement with the successor escrow agent within 5 business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the Authority has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the Authority. Whether appointed by the Authority or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance under this Escrow Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

SECTION 12: EXPIRATION. This Agreement shall expire upon final transfer of the funds in the Escrow Account to the Authority.

SECTION 13: POINT OF CONTACT. The points of contact for the Escrow Agent and the TWDB are as follows:

BOKF NA
5956 Sherry Lane, Suite 1201
Dallas, Texas 75225
Attention: Biddel Tekeste

Jeff Walker
Executive Administrator
Texas Water Development Board
1700 North Congress Avenue
Austin, Texas 78701

SECTION 14: **CHOICE OF LAW.** This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

SECTION 15: **ASSIGNABILITY.** This Agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.

SECTION 16: **ENTIRE AGREEMENT.** This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the Authority and supersedes any other agreements, whether oral or written, between the parties regarding the Proceeds or the Escrow Account. No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the Authority and consented to by the Escrow Agent and the TWDB.

SECTION 17: **VALIDITY OF PROVISIONS.** If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 18: **COMPENSATION FOR ESCROW SERVICES.** The Escrow Agent shall be entitled to compensation for its services as stated in Exhibit A, which compensation shall be paid by the Authority but may not be paid directly from the Escrow Account; provided however, notwithstanding anything herein or in Exhibit A to the contrary, the aggregate value of this Agreement shall not exceed the dollar limitation set forth in Section 2271.002(a)(2) of the Texas Government Code, as amended.

SECTION 19: **IRAN, SUDAN AND FOREIGN TERRORISTS ORGANIZATIONS.** The Escrow Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Escrow Agent and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Escrow Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

By: _____
President, Board of Directors

Address: 5100 Airport Drive
Denison, Texas 75020

(Authority Seal)

Secretary, Board of Directors

BOKF NA , Dallas, Texas, as Escrow Agent

By _____
Title: _____

(Bank Seal)

Address: 5956 Sherry Lane, Suite 1201
Dallas, Texas 75225

ATTEST:

By: _____
Title: _____

Based on Final TWDB Rates Provided on 3/9/20

Greater Texoma Utility Authority

\$2,710,000 Contract Revenue Bonds, Series 2020

(City of Kaufman Project)

CWSRF-Equivalency - 4/29/20 Closing

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/29/2020	-	-	-	-	-
08/15/2020	90,000.00	-	1,146.71	91,146.71	-
09/30/2020	-	-	-	-	91,146.71
02/15/2021	-	-	1,947.25	1,947.25	-
08/15/2021	90,000.00	-	1,947.25	91,947.25	-
09/30/2021	-	-	-	-	93,894.50
02/15/2022	-	-	1,947.25	1,947.25	-
08/15/2022	90,000.00	-	1,947.25	91,947.25	-
09/30/2022	-	-	-	-	93,894.50
02/15/2023	-	-	1,947.25	1,947.25	-
08/15/2023	90,000.00	-	1,947.25	91,947.25	-
09/30/2023	-	-	-	-	93,894.50
02/15/2024	-	-	1,947.25	1,947.25	-
08/15/2024	90,000.00	-	1,947.25	91,947.25	-
09/30/2024	-	-	-	-	93,894.50
02/15/2025	-	-	1,947.25	1,947.25	-
08/15/2025	90,000.00	-	1,947.25	91,947.25	-
09/30/2025	-	-	-	-	93,894.50
02/15/2026	-	-	1,947.25	1,947.25	-
08/15/2026	90,000.00	-	1,947.25	91,947.25	-
09/30/2026	-	-	-	-	93,894.50
02/15/2027	-	-	1,947.25	1,947.25	-
08/15/2027	90,000.00	-	1,947.25	91,947.25	-
09/30/2027	-	-	-	-	93,894.50
02/15/2028	-	-	1,947.25	1,947.25	-
08/15/2028	90,000.00	-	1,947.25	91,947.25	-
09/30/2028	-	-	-	-	93,894.50
02/15/2029	-	-	1,947.25	1,947.25	-
08/15/2029	90,000.00	-	1,947.25	91,947.25	-
09/30/2029	-	-	-	-	93,894.50
02/15/2030	-	-	1,947.25	1,947.25	-
08/15/2030	90,000.00	-	1,947.25	91,947.25	-
09/30/2030	-	-	-	-	93,894.50
02/15/2031	-	-	1,947.25	1,947.25	-
08/15/2031	90,000.00	-	1,947.25	91,947.25	-
09/30/2031	-	-	-	-	93,894.50
02/15/2032	-	-	1,947.25	1,947.25	-
08/15/2032	90,000.00	-	1,947.25	91,947.25	-
09/30/2032	-	-	-	-	93,894.50
02/15/2033	-	-	1,947.25	1,947.25	-

2020 \$2.71mm CWSRF final | SINGLE PURPOSE | 3/10/2020 | 12:57 PM

Based on Final TWDB Rates Provided on 3/9/20

Greater Texoma Utility Authority

\$2,710,000 Contract Revenue Bonds, Series 2020

(City of Kaufman Project)

CWSRF-Equivalency - 4/29/20 Closing

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/15/2033	90,000.00	-	1,947.25	91,947.25	-
09/30/2033	-	-	-	-	93,894.50
02/15/2034	-	-	1,947.25	1,947.25	-
08/15/2034	90,000.00	0.020%	1,947.25	91,947.25	-
09/30/2034	-	-	-	-	93,894.50
02/15/2035	-	-	1,938.25	1,938.25	-
08/15/2035	90,000.00	0.060%	1,938.25	91,938.25	-
09/30/2035	-	-	-	-	93,876.50
02/15/2036	-	-	1,911.25	1,911.25	-
08/15/2036	90,000.00	0.100%	1,911.25	91,911.25	-
09/30/2036	-	-	-	-	93,822.50
02/15/2037	-	-	1,866.25	1,866.25	-
08/15/2037	90,000.00	0.130%	1,866.25	91,866.25	-
09/30/2037	-	-	-	-	93,732.50
02/15/2038	-	-	1,807.75	1,807.75	-
08/15/2038	90,000.00	0.170%	1,807.75	91,807.75	-
09/30/2038	-	-	-	-	93,615.50
02/15/2039	-	-	1,731.25	1,731.25	-
08/15/2039	90,000.00	0.220%	1,731.25	91,731.25	-
09/30/2039	-	-	-	-	93,462.50
02/15/2040	-	-	1,632.25	1,632.25	-
08/15/2040	90,000.00	0.250%	1,632.25	91,632.25	-
09/30/2040	-	-	-	-	93,264.50
02/15/2041	-	-	1,519.75	1,519.75	-
08/15/2041	90,000.00	0.280%	1,519.75	91,519.75	-
09/30/2041	-	-	-	-	93,039.50
02/15/2042	-	-	1,393.75	1,393.75	-
08/15/2042	90,000.00	0.310%	1,393.75	91,393.75	-
09/30/2042	-	-	-	-	92,787.50
02/15/2043	-	-	1,254.25	1,254.25	-
08/15/2043	90,000.00	0.340%	1,254.25	91,254.25	-
09/30/2043	-	-	-	-	92,508.50
02/15/2044	-	-	1,101.25	1,101.25	-
08/15/2044	90,000.00	0.360%	1,101.25	91,101.25	-
09/30/2044	-	-	-	-	92,202.50
02/15/2045	-	-	939.25	939.25	-
08/15/2045	90,000.00	0.380%	939.25	90,939.25	-
09/30/2045	-	-	-	-	91,878.50
02/15/2046	-	-	768.25	768.25	-
08/15/2046	90,000.00	0.400%	768.25	90,768.25	-

2020 \$2.71mm CWSRF final | SINGLE PURPOSE | 3/10/2020 | 12:57 PM

Based on Final TWDB Rates Provided on 3/9/20

Greater Texoma Utility Authority

\$2,710,000 Contract Revenue Bonds, Series 2020

(City of Kaufman Project)

CWSRF-Equivalency - 4/29/20 Closing

Debt Service Schedule

Part 3 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/30/2046	-	-	-	-	91,536.50
02/15/2047	-	-	588.25	588.25	-
08/15/2047	90,000.00	0.410%	588.25	90,588.25	-
09/30/2047	-	-	-	-	91,176.50
02/15/2048	-	-	403.75	403.75	-
08/15/2048	95,000.00	0.420%	403.75	95,403.75	-
09/30/2048	-	-	-	-	95,807.50
02/15/2049	-	-	204.25	204.25	-
08/15/2049	95,000.00	0.430%	204.25	95,204.25	-
09/30/2049	-	-	-	-	95,408.50
Total	\$2,710,000.00	-	\$93,789.21	\$2,803,789.21	-

Yield Statistics

Bond Year Dollars	\$40,232.94
Average Life	14.846 Years
Average Coupon	0.2331155%
DV01	3,914.20
Net Interest Cost (NIC)	0.2331155%
True Interest Cost (TIC)	0.2318358%
Bond Yield for Arbitrage Purposes	0.2318358%
All Inclusive Cost (AIC)	0.2318358%

IRS Form 8038

Net Interest Cost	0.2331155%
Weighted Average Maturity	14.846 Years

2020 \$2.71mm CWSRF final | SINGLE PURPOSE | 3/10/2020 | 12:57 PM



Meeting
Date: 3/30/2020

Date: 3/27/2020

Item #: 12.

Dept.: Administration

Ordinance

SUBJECT:

Consider and take appropriate action regarding Ordinance No. O-07-20, an ordinance of the City Council of the City of Kaufman, Texas, amending Article III, "Officers and Employees" of Chapter 2, "Administration" of the Code of Ordinances by adding Section 2-63, "Signature Authority of the City Manager" to provide authority to the City Manager to contract for expenditures without further approval of Council for budgeted items not exceeding limits set by the Council; and providing an effective date.

BACKGROUND:

This ordinance is to correct our current policy for change order approval authority to comply with our city charter. In 2017, Council approved Resolution R-15-17 providing the City Manager with Change Order approval of capital improvement projects capped at \$50,000. The charter dictates that the signature authority must be approved by Council by ordinance.

The language in this ordinance would provide approval authority for the City Manager no greater than 10% of the approved project cumulatively. In other words, all change orders for the project could not exceed 10% of the originally approved contract without Council approval.

Author:
Mike Slye, City Manager

Reviewed:
Mike Slye, City Manager

Cost: N/A

Funds Available: N/A

Source: N/A

Recommendation: Staff recommends approval of Ordinance O-07-20 as presented.

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☐	☐	☐	☐	☐

ORDINANCE NO. O-07-20

AN ORDINANCE OF THE CITY OF KAUFMAN, TEXAS AMENDING ARTICLE III "OFFICERS AND EMPLOYEES" OF CHAPTER 2 "ADMINISTRATION" OF THE CODE OF ORDINANCES OF THE CITY OF KAUFMAN BY ADDING SECTION 2-63 TO BE ENTITLED, "SIGNATURE AUTHORITY OF CITY MANAGER" TO CHAPTER 2 OF THE CODE OF ORDINANCES PROVIDING GENERAL AUTHORITY TO THE CITY MANAGER TO CONTRACT FOR EXPENDITURES WITHOUT FURTHER APPROVAL OF COUNCIL FOR ALL BUDGET ITEMS IN ACCORDANCE WITH SECTION 7-16 OF ARTICLE VII OF THE KAUFMAN HOME RULE CHARTER; PROVIDING FOR THE INCORPORATION OF PREMISES; PROVIDING FOR AMENDMENTS; PROVIDING A CUMULATIVE/REPEALER CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE.

WHEREAS, the City is a home rule municipality organized under the Constitution and the laws of the State of Texas; and

WHEREAS, Section 7.16 "Purchasing" of Article VII "Financial Procedures" of the City's Home Rule Charter ("Charter") allows the City Council to adopt an ordinance setting limits and giving the City Manager general authority to contract for expenditures without further approval of the City Council for all budgeted items not exceeding limits set by the City Council; and

WHEREAS, Article IV "City Administration" and Article VII "Financial Procedures" of the Charter sets forth specific duties of the City Manager which include the duty to administer the budget approved by the Council in order to achieve the goals of the City and to perform other duties as prescribed by Council, the general authority to contract for expenditures without further approval of the Council for all budgeted items not exceeding limits set by the Council and to take certain actions during an emergency to negotiate emergency contracts in accordance with the law and

WHEREAS, the City Council has determined it necessary and appropriate to adopt this Ordinance to provide authority to the City Manager in accordance with the Charter in order for the City Manager to more efficiently administer the City's adopted budget and timely address contract and change order issues related to contracts for construction of City facilities and other public works as well as contracts for City operations; and

WHEREAS, in order to facilitate the efficient operation of the City and the implementation of the budget, the City Council has determined it necessary and appropriate to adopt this Ordinance to authorize the City Manager to execute certain documents; and

WHEREAS, the City Council has determined that pursuant to the Charter and the Code, the City Manager should be authorized to execute documents in accordance with the amendment to the Code as set forth below.

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

SECTION 1. INCORPORATION OF PREMISES. That the above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

SECTION 2. AMENDMENT. Article III “Officers and Employees” of Chapter 2 “Administration” of the Code of Ordinances is hereby amended to add a new Section 2-63 to be entitled “Signature Authority of City Manager” which shall be and read as follows with all other provisions of Chapter 2 of Article II to remain in full force and effect without amendment:

“2-63. Signature Authority of City Manager.

Signature Authority of City Manager. In accordance with City policies and state law including all bidding requirements, the following contracts may be entered into and executed on behalf of the City by the City Manager or the designated Acting City Manager (hereinafter “City Manager”) without further Council authorization:

- A. Contracts for the purchase of goods or services for which funds have been adopted by budget or amended budget in the fiscal year during which payment is due;
- B. Contracts for the purchase of goods or services which do not require an expenditure of funds and which are determined necessary for the efficient operation of the City and the implementation of the budget or any amended budget;
- C. Contracts for use of bond proceeds, including professional services, which have been included in the budget or any amended budget approved by City Council;
- D. Contracts for the use of City owned facilities by a third party when such facilities have been designated by the City Council as a facility available for public use;
- E. Either a single Change Order that does not or multiple Change Orders that cumulatively do not exceed ten percent (10%) of the original contract price approved by the City Council or for Contracts described in subsections (A) and (C) of this Section;

- F. In accordance with state law, contracts for purchases made pursuant to emergency provisions found in Section 2-143 of this Code of Ordinances or any similar provisions for the City of Kaufman in effect at the time of the purchase; and
- G. Contracts for which the City Council has otherwise expressly provided authorization for execution by the City Manager.”

SECTION 3. Cumulative/Repealer Clause. This Ordinance shall be cumulative of all other Ordinances of the City of Kaufman and shall not repeal any of the provisions of such Ordinances except for those instances where there are direct conflicts with the provisions of this Ordinances. Ordinances or parts thereof in force at the time this Ordinance shall take effect and that are inconsistent with this Ordinance are hereby repealed to the extent that they are inconsistent with this Ordinance.

SECTION 4. Severability Clause. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council hereby declares it would have passed such remaining portions of this Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

SECTION 5. Publication/Effective Date. This Ordinance shall take effect immediately from and after its passage and the publication of the caption, as the law and City Charter in such cases provide.

PASSED AND APPROVED this 30th day of March 2020.

JEFF JORDAN
MAYOR

ATTEST:

JESSIE HANKS
CITY SECRETARY

APPROVED AS TO FORM:

PATRICIA A. ADAMS
CITY ATTORNEY



Meeting
Date: 3/30/2020

Date: 3/19/2020

Item #: 13.

Dept.: Administration

Resolution

SUBJECT:

Consider and take appropriate action on Resolution R-11-20, a resolution of the City Council of the City of Kaufman, Texas, authorizing participation along with other Texas cities and other entities, in an intervention to the PUC Docket No. 46662 and SOAH Docket No. 473-17-4964.WS, which relates to the cost of services determination on the wholesale water rates imposed by the North Texas Municipal Water District.

BACKGROUND:

This is the resolution providing for the city's participation in the NTWMD Coalition intervention of the PUC Case for the singular purpose of the subsequent Cost of Service study that has been ordered by the PUC. This will provide 'a seat at the table' for future negotiations specifically related to the 'upcharge' of customer cities rates as established by NTMWD's future calculations.

Author:
Mike Slye, City Manager

Reviewed:
Mike Slye, City Manager

Cost:

Funds Available:

Source:

Recommendation: Recommend approval of Resolution R-11-20

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☐	☐	☐	☐	☒

RESOLUTION NO. R-11-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KAUFMAN, TEXAS AUTHORIZING PARTICIPATION ALONG WITH OTHER TEXAS CITIES AND OTHER ENTITIES, IN AN INTERVENTION TO THE PUC DOCKET NO. 46662 AND SOAH DOCKET NO. 473-17-4964.WS, WHICH RELATES TO THE COST OF SERVICE DETERMINATION ON THE WHOLESALE WATER RATES IMPOSED BY THE NORTH TEXAS MUNICIPAL WATER DISTRICT.

WHEREAS, North Texas Municipal Water District has established water rate schedule that varies between 'member cities' and 'customer cities', but provides the same quality of water and service levels; and

WHEREAS, four Member cities have filed legal claims against NTMWD to the Public Utility Commission (PUC), that the PUC has subsequently ruled in favor of the four Member cities; and

WHEREAS, the result of the initial PUC ruling is to require a Cost of Service study

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

SECTION 1. The City of Kaufman is authorized to participate, along with several other Texas cities and other entities, in an intervention to the PUC Docket No. 46662 and SOAH DOCKET NO. 473-17-4964.WS, which relates to the cost of service determination on the wholesale water rates imposed by the North Texas Municipal Water District.

Section 2. The City of Kaufman is further authorized to pay Jackson Walker Law Firm a fee based on the attached annual volume for the water year ended 2019 (July 2019) to the total annual volume of all entities participating in this intervention. The fee will be calculated by Jackson Walker in accordance with this methodology for all entities participating in the intervention. Should entities enter the intervention after the filing, they shall pay to Jackson Walker their percentage of the cost for all expenses that have been billed prior to their entering the intervention, and they shall be billed under this formula for the remainder of the intervention. Should any entity elect to withdraw from the intervention process, the remaining entities agree that the billings shall be based on the allocation method among the remaining entities.

Section 3. The City Manager is authorized to hire the law firm of Jackson Walker to represent the City of Kaufman, along with other Texas entities, in an intervention to the PUC Docket No. 46662 and SOAH DOCKET NO. 473-17-4964.WS, which relates to the cost of service determination on the wholesale water rates imposed by the North Texas Municipal Water District

PASSED AND APPROVED this 30th day of March, 2020.

JEFF JORDAN
MAYOR

ATTEST:

JESSIE HANKS
CITY SECRETARY

APPROVED AS TO FORM:

PATRICIA A. ADAMS
CITY ATTORNEY



Meeting
Date: 3/30/2020

Date: 3/23/2020

Item #: 14.

Dept.: Administration

Action Item

SUBJECT:

Consider and take appropriate action on a review of the 5 year Capital Improvement Plan.

BACKGROUND:

The attached Capital Improvement Program (CIP) for Fiscal Years 2020 through 2024 is a five-year plan designed to improve the City of Kaufman's infrastructure, facilities, parks and equipment. The plan is guided by the priorities of the current City Council and will serve to maintain our infrastructure, construct quality community amenities, maintain a safe and desirable community, and do so in a financially sustainable manner. The FY2020-2024 Project Plan includes new projects identified in the updated Parks Master Plan, discussed during the 2019 annual City Council Retreat, or approved in bond or debt issuances. This long range planning is necessary to provide the vision and resources needed to address the growth of the city, provide services at the level that the community desires.

The 5 Year CIP Plan is intended to be a road map that will enable project planning and financing for the foreseeable future. However, it is a living document that will be reevaluated on at least an annual basis to reflect changing project estimates and schedules, as well as different economic and financial assumptions or City Council priorities. As a part of the discussion City Council will be asked to review the current Street Drainage Priorities to determine if any changes need to be made.

This plan represents total project costs of \$37,838,476 and identifies \$30,151,333 in possible funding available.

Author:

Mike Holder, Assistant City Manager

Reviewed:

Mike Slye, City Manager

Cost: \$37,838,476

Funds Available: \$30,401,333

Source: Multiple

Recommendation: No recommendation.

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☐	☐	☐	☐	☒

5-YEAR CAPITAL IMPROVEMENT PROGRAM

		FISCAL YEAR										
PROJECT		PRELIMINARY COST	2020	FUNDING SOURCE	2021	FUNDING SOURCE	2022	FUNDING SOURCE	2023	FUNDING SOURCE	2024	FUNDING SOURCE
1	STREET BOND PHASE II	\$ 4,954,594	\$ 4,954,594	8, 9, 10								
	STORM DRAINAGE PROJECTS	\$ 7,320,000										
2	10TH/CLAY/AUSTIN STORM DRAINAGE				\$ 1,900,000	9						
3	E. 1ST NORTH & GROVE								\$ 1,140,000			
4	HILLCREST REHAB										\$ 460,000	
5	E. 1ST NORTH, JENKINS & PARK								\$ 2,250,000			
6	MELODY CIRCLE										\$ 1,200,000	
7	PRISCILLA LANE										\$ 370,000	
8	WASHINGTON UTILITY LINE RELOCATE	\$ 2,500,000							\$ 2,500,000			
9	FIRE LADDER TRUCK	\$ 1,500,000					\$ 1,500,000	LEASE				
10	PUBLIC WORKS FACILITY	\$ 2,500,000									\$ 2,500,000	
	STREET OVERLAY/REHAB (SALES TAX)	\$ 390,000	\$ 390,000	13								
	E. HICKORY				\$ (60,000)							
	ALTON ST				\$ (32,000)							
	S. JACKSON ST				\$ (90,000)							
	COLEMAN				\$ (25,000)							
	MONROE				\$ (92,000)							
	BLAIN				\$ (27,000)							
	HICKORY				\$ (64,000)							
11	NEW ELEVATED WATER TOWER	\$ 1,500,000							\$ 1,500,000	18		
12	WINDSOR PARK STREET REHAB	\$ 212,515			\$ 212,215	13						
13	SPLASH PAD	\$ 300,000			\$ 300,000	8						
14	CIVIC CENTER	\$ 3,750,000	\$ 3,400,000	8								
15	CITY LAKES PARK BOAT DOCK GRANT	\$ 666,667			\$ 666,667	14						
16	CITY LAKES PARK FENCE	\$ 66,200	\$ 66,200	FY20 GF								
17	DISC GOLF COURSE	\$ 25,000	\$ 25,000	OPM								
18	HIKE & BIKE TRAIL & SOCCER IMPROVEMENTS	\$ 500,000							\$ 500,000	15		
19	GEORGETOWN PARK	\$ 1,500,000									\$ 1,500,000	17
20	TABOR PARKWAY PHASE II	\$ 5,000,000			\$ 5,000,000							
21	STORM WATER HOLDING WALL EXTENSION	\$ 140,000	\$ 140,000	3								
22	AMI	\$ 1,200,000			\$ 1,200,000							
23	EXISTING WATER TOWER REHAB x 2	\$ 500,000									\$ 500,000	
	WWTP IMPROVEMENTS TOTAL	\$ 3,208,500										
23	MECHANICAL BAR SCREEN W/WASHER COMPACTER				\$ 380,000	6						
	GRIT REMOVAL - REPLACE EQUIP IN BASIN				\$ 360,000	6						
	INFLUENT METER - NEW METERING MANHOLE				\$ 71,000	6						
	SLUDGE HOLDING PUMP TO SLUDGE BEDS				\$ 58,000	6						
	SLUDGE BED REHAB				\$ 55,000	6						
	SLUDGE HOLDING COARSE BUBBLE AERATION				\$ 195,000	6						
	ADD COVER OVER FILTER				\$ 45,000	6						
24	NEW SECONDARY CLARIFIER				\$ (655,000)			\$ 655,000	6			
	NEW SECONDARY CLARIFIER				\$ (235,000)			\$ 235,000	4			
	ACC CHLORINATION/DECHOLRINATION FACILITY				\$ (420,000)			\$ 420,000	6			
	SOFT COSTS		\$ 236,000	4								
	SOFT COSTS		\$ (498,500)		\$ 498,500	4						
25	175 SEWER LINE EXTENSION	\$ 105,000	\$ 105,000	5								
	TOTAL	\$ 37,838,476	\$ 37,838,476									

FUNDING SOURCES:		AVAILABLE FUNDS
1	2016A CO (UTILITIES)	\$ 2,542,364
2	2017A GO BONDS (STREETS)	\$ 2,136,915
3	2018 CO (STORM DRAINAGE)	\$ 74,804
4	2018 CO (WWTP)	\$ 879,077
5	2018 CO (UTILITIES)	\$ 449,844
6	TWDB LOAN	\$ 2,710,000
7	STORM DRAINAGE CO	\$ 1,900,000
8	2019 CO	\$ 3,500,000
9	2020 CO	\$ 3,000,000
10	CHAMBER CD	\$ 250,000
11	TxDOT OVERRUN REIMBURSEMENT	\$ 814,000
12	LAKE KAUFMAN PROCEEDS	\$ 1,000,000
13	STREET MAINT SALES TAX (ANNUAL x 4)	\$ 1,556,912
14	TPWD BOAT DOCK GRANT	666,667
15	TPWD PARK GRANT	\$ 500,000
16	TPWD TRAIL GRANT	\$ 200,000
17	PID PARK GRANT	\$ 1,470,750
18	TIRZ REIMBURSEMENT	\$ 1,500,000
19	KEDC DRAINAGE PROJECT PARTICIPATION	\$ 250,000
20	PARK DEDICATION	
21	COUNTY ROAD BOND PROCEEDS	\$ 5,000,000

Project Year	Title	Total Project Cost
2020		
	STREET BOND PHASE II	\$ 4,954,594
	STREET OVERLAY/REHAB (SALES TAX)	
	E. HICKORY	\$ 60,000
	ALTON ST	\$ 32,000
	S. JACKSON ST	\$ 90,000
	COLEMAN	\$ 25,000
	MONROE	\$ 92,000
	BLAIN	\$ 27,000
	HICKORY	\$ 64,000
	STORM WATER HOLDING WALL EXTENSION	\$ 140,000
	175 SEWER LINE EXTENSION	\$ 47,000
	CIVIC CENTER	\$ 3,400,000
	CITY LAKES PARK FENCE	\$ 66,200
	DISC GOLF COURSE	\$ 25,000
	TWDB SOFT COSTS	\$ 196,872
	Sum of Total Project Costs:	\$ 9,219,666
	Estimated Balances as of 9/30/20	
	(+) Yearend Surplus Contribution	
	(+) FY21 Budget Contribution	
	Estimated Beginning Balances 10/1/20	\$ -
2021		
	10TH/CLAY/AUSTIN STORM DRAINAGE	\$ 1,900,000
	WINDSOR PARK STREET REHAB	\$ 212,215
	SPLASH PAD	\$ 300,000
	WWTP IMPROVEMENTS:	
	MECHANICAL BAR SCREEN W/WASHER COMPACTER	\$ 380,000
	GRIT REMOVAL - REPLACE EQUIP IN BASIN	\$ 360,000
	INFLUENT METER - NEW METERING MANHOLE	\$ 71,000
	SLUDGE HOLDING PUMP TO SLUDGE BEDS	\$ 58,000
	SLUDGE BED REHAB	\$ 55,000
	SLUDGE HOLDING COARSE BUBBLE AERATION	\$ 195,000
	ADD COVER OVER FILTER	\$ 45,000
	TWDB CONSTRUCTION COSTS	\$ 235,000
	AMI	\$ 1,200,000
	TABOR PKWY PHASE II	\$ 5,000,000
	CITY LAKES PARK BOAT DOCK GRANT	\$ 666,667
	Sum of Total Project Costs:	\$ 10,677,882
	Estimated Balances as of 9/30/21	
	(+) Yearend Surplus Contribution	

(+) FY20 Budget Contribution
Estimated Beginning Balances 10/1/22

2022

FIRE LADDER TRUCK	\$ 1,500,000
WWTP IMPROVEMENTS TOTAL	
NEW SECONDARY CLARIFIER	\$ 655,000
NEW SECONDARY CLARIFIER	\$ 235,000
ACC CHLORINATION/DECHLORINATION FACILITY	\$ 420,000
<i>Sum of Total Project Costs:</i>	\$ 2,810,000

Estimated Balances as of 9/30/22

(+) Yearend Surplus Contribution
(+) FY20 Budget Contribution
Estimated Beginning Balances 10/1/23

2023

WASHINGTON UTILITY LINE RELOCATE	\$ 2,500,000
NEW ELEVATED WATER TOWER	\$ 1,500,000
HIKE & BIKE TRAIL & SOCCER IMPROVEMENTS	\$ 500,000
STORM DRAINAGE PROJECTS	
E. 1ST NORTH & GROVE	\$ 1,140,000
HILLCREST REHAB	\$ 460,000
E. 1ST NORTH, JENKINS & PARK	\$ 2,250,000
MELODY CIRCLE	\$ 1,200,000
PRISCILLA LANE	\$ 370,000
<i>Sum of Total Project Costs:</i>	\$ 9,920,000

Estimated Balances as of 9/30/23

(+) Yearend Surplus Contribution
(+) FY20 Budget Contribution
Estimated Beginning Balances 10/1/24

2024

PUBLIC WORKS FACILITY	\$ 2,500,000
GEORGETOWN PARK	\$ 1,500,000
WATER TOWER REHAB x2	\$ 500,000
<i>Sum of Total Project Costs:</i>	\$ 4,500,000

Estimated Balances as of 9/30/24

(+) Yearend Surplus Contribution
(+) FY20 Budget Contribution
Estimated Beginning Balances 10/1/25

GF Capital Project Fund	KEDC Fund	County Funding	Drainage Fund	Street Maintenance Fund	TxDOT Funding
\$ 1,309,882	\$ 250,000		\$ 405,248		
				\$ 60,000	
				\$ 32,000	
				\$ 90,000	
				\$ 25,000	
				\$ 92,000	
				\$ 27,000	
				\$ 64,000	
			\$ 140,000		
\$ 3,400,000					
\$ 66,200					
\$ 25,000					
\$ 4,801,082	\$ 250,000	\$ -	\$ 545,248	\$ 390,000	\$ -
			\$ 2,154,752		
\$ 100,000			\$ 5,000	\$ -	
\$ 100,000	\$ -	\$ -	\$ 2,159,752	\$ -	\$ -
			\$ 1,900,000		
				\$ 212,215	
\$ 300,000					
		\$ 5,000,000			
\$ 166,666					
\$ 466,666	\$ -	\$ 5,000,000	\$ 1,900,000	\$ 212,215	\$ -

\$ - \$ - \$ - \$ - \$ - \$ -

\$ - \$ - \$ - \$ - \$ - \$ -

\$ - \$ - \$ - \$ - \$ - \$ -

Street Impact Fund	TIRZ #1	TIRZ #2	LEASE	Various Grants	Utility Capital Fund
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\$ 400,000

\$ 2,489,464

\$ 47,000

\$ 25,000

\$ 196,872

\$ 400,000	\$ -	\$ -	\$ -	\$ 25,000	\$ 2,733,336
		\$ -			

\$ 60,000

\$ 100,000

\$ 60,000

\$ -

\$ -

\$ -

\$ -

\$ 100,000

\$ 498,500

\$ 1,200,000

\$ 500,000

\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 1,698,500
------	------	------	------	------------	--------------

\$ 1,500,000

\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ -
------	------	------	--------------	------	------

\$ 2,500,000

\$ 1,500,000

\$ -	\$ -	\$ 1,500,000	\$ -	\$ -	\$ 2,500,000
------	------	--------------	------	------	--------------

\$ 2,500,000

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000

Water Impact Fund	TWDB Loan	Park Dedication
----------------------	--------------	--------------------

\$ 100,000

\$ 100,000	\$ -	\$ -
\$ 40,000		
\$ 40,000	\$ -	\$ -

\$ 380,000
 \$ 360,000
 \$ 71,000
 \$ 58,000
 \$ 55,000
 \$ 195,000
 \$ 45,000

\$ -	\$ 1,164,000	\$ -
------	--------------	------

\$ 655,000

\$ 235,000

\$ 420,000

\$ 1,310,000	\$ -	\$ -
--------------	------	------

\$ -	\$ -	\$ -
------	------	------

\$ 1,500,000

\$ -	\$ -	\$ 1,500,000
------	------	--------------



Meeting
Date: 3/30/2020

Date: 3/2/2020

Item #: 15.

Dept.: Administration

Action Item

SUBJECT:

Consider and take appropriate action on the amendment to the Potable Water Supply Contract with Oak Grove Water Supply Corporation.

BACKGROUND:

The current wholesale water contract with Oak Grove Water Supply Corporation requires an administrative change to increase the annual maximum amount of water the City of Kaufman will sell to Oak Grove to 77.6 million gallons per year in order to satisfy the TCEQ requirement of having the ability to provide 148 gallons per minute from their distribution system (TCEQ requirement). This amendment does not change the financial structure of the current contract.

Author:
Mike Slye, City Manager

Reviewed:
Mike Slye, City Manager

Cost:

Funds Available:

Source:

Recommendation: Approve the Amended Wholesale Water Contract to Oak Grove Water Supply Corporation.

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☐	☐	☒	☐	☒



CITY OF KAUFMAN
OAK GROVE WATER SUPPLY CORPORATION
AMENDMENT TO POTABLE WATER SUPPLY
CONTRACT

THE STATE OF TEXAS §
 §
THE COUNTY OF KAUFMAN §

THIS AMENDMENT to that Contract dated September 9, 2019 ("Amendment") is made and entered into the _____ day of _____ 2020, by and between the **City of Kaufman**, a home rule municipal corporation, ("City"), and the **Oak Grove Water Supply Corporation**, a water supply corporation ("Corporation").

W I T N E S S E T H:

WHEREAS, the Corporation is organized and established under the provision of Chapter 67 of the Texas Water Code for the purpose of constructing and operating a water supply distribution system serving water users within a prescribed area, and to accomplish this purpose the Corporation requires an adequate supply of treated water; and

WHEREAS, the Corporation entered into a Contract with the City to obtain an adequate and dependable water supply from the City on September 9, 2019; and

WHEREAS, the City owns and operates a water supply distribution system with a capacity capable of serving the customers of the Corporation's water supply system; and

WHEREAS, the Corporation acknowledges and understands that the Contract and this Amendment establish both a minimum amount of potable water that it is obligated to purchase and a maximum amount of potable water that the City is required to deliver to the Corporation; and

WHEREAS, the Corporation is not compelled to purchase water from the City and voluntarily entered into the original Contract and is voluntarily entering into this Amendment; and

WHEREAS, the parties have negotiated and agreed upon the terms contained herein, and by execution of this Amendment, each party finds that the terms contained herein are reasonable, that funds expended by each party to fulfill its obligations under this Amendment shall be made from current revenues legally available to each party respectively, and that the payments to and expenditures by each party as provided herein provide sufficient consideration, are reasonable and necessary operating expenses for each party's respective system and fairly compensate the parties for the services rendered and benefits received hereunder; and

WHEREAS, each party affirms and represents that the person(s) executing this Amendment and any related documents on its behalf are duly authorized to bind such party, and that the execution of this Amendment serves a valid governmental purpose.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the City agrees to furnish water, and the Corporation agrees to pay for water, upon the terms and conditions and for the consideration hereinafter set forth, to wit:

The Contract entered into on September 9, 2019 is hereby amended as follows:

Section 2. DELIVERY OF WATER

In accordance with the terms of this Contract, the City agrees to sell and to deliver potable water to the Corporation at its Point of Delivery as defined herein and as described in **Section 4, Point of Delivery** hereof, and the Corporation agrees to take at its Point of Delivery all water required for use by the Corporation during the term of this Contract, including all potable water for the Corporation's use for distribution to all customers within the Corporation's existing Texas Commission on Environmental Quality ("TCEQ") certificated retail service area. It is specifically provided, however, that after the Contract Date, unless required to do otherwise by the TCEQ or a court of competent jurisdiction, the Corporation shall not enter into, renew, or amend any agreement with regard to volume of water to be supplied and delivered from the City under this Contract, or any agreement to provide potable water for use outside its certificated retail service area unless each such agreement is approved by the City. The Corporation shall not become a party to any contract for the sale of potable water that would violate or that contains terms inconsistent with the provisions of this Contract. The City will use its best efforts to furnish and remain in a position to furnish potable water sufficient for all reasonable potable water requirements of the Corporation, but its obligation shall be limited to the amount of potable water available to it from the North Texas Municipal Water District after also fulfilling the water demand of the citizens and businesses within the City's corporate limits.

The Annual Maximum that the City agrees to sell and deliver to the Corporation under this Contract at the Point of Delivery shall be 77.6 million gallons per year based on

a 365-day year (212,630 gallons per day average). The maximum rate of delivery shall not exceed 2.2 times the Daily Average supplied to the Corporation hereunder, which is consistent with the capabilities and abilities of City's facilities, and it is understood that the City, at its sole discretion, may from time to time adjust the maximum rate of delivery on an equitable and uniform basis to all customers including the Corporation.

Section 19.
ENTIRE AGREEMENT

This Contract and this Amendment constitute the sole and entire agreement of the Corporation and the City and supersedes any prior understanding or oral or written agreements between the Corporation and the City with respect to the subject matter of this Contract and this Amendment, including the Original Contract.

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Amendment to be duly executed by a representative with the authority to execute this Amendment on behalf of the respective party.

CITY OF KAUFMAN, TEXAS

By: _____
Jeff Jordan, Mayor

Date: _____

ATTEST:

Jessie Hanks, City Secretary

APPROVED AS TO FORM:

Patricia A. Adams, City Attorney

ACKNOWLEDGEMENTS

STATE OF TEXAS § CITY OF KAUFMAN, TEXAS
 §
COUNTY OF KAUFMAN §

This instrument was acknowledged before me on this _____, day of _____ by Jeff Jordan, Mayor of the City of Kaufman, a home rule municipal corporation, a political subdivision of the State of Texas, on behalf of such political subdivision.

_____, Notary Public,
State of Texas

My Commission Expires: _____

**OAK GROVE WATER SUPPLY
CORPORATION**

By: _____
_____, General Manager

Date: _____

ATTEST:

_____, _____

APPROVED AS TO FORM:

_____, Attorney

STATE OF TEXAS §
 §
COUNTY OF KAUFMAN §

OAK GROVE WATER SUPPLY CORPORATION

This instrument was acknowledged before me on this _____, day of _____, by _____, Oak Grove Water Supply Corporation President, a water supply corporation of the State of Texas, on behalf of such Corporation.

_____, Notary Public,
State of Texas

My Commission Expires: _____

Exhibit “A”
Point of Delivery



Meeting
Date: 3/30/2020

Date: 3/2/2020

Item #: 16.

Dept.: Administration

Action Item

SUBJECT:

Consider and take appropriate action on the appointment of one (1) member to the Keep Kaufman Beautiful Board for a two (2) year term to expire March 2022 and the Parks and Recreation Board for a two (2) year term to expire March 2022.

BACKGROUND:

Jessica Bethurum applied to fill vacancies on the KKB Board and PAR Board. Both boards currently have vacancies that are need to be filled. Staff believes Jessica would be a great addition to both boards.

Author:
Jessie Hanks, City Secretary

Reviewed:
Mike Slye, City Manager

Cost: N/A

Funds Available: N/A

Source: N/A

Recommendation: Staff recommends appointment of Jessica Bethurum to the KKBB and Parks Board.

Safe & Secure	Business Friendly/Economic Development	Partnership & Community Involvement	Healthy & Environmentally Cons. Comm.	Financial & OPS Stewardship
☐	☐	☒	☐	☐



BOARD OR COMMISSION
CANDIDATE APPLICATION FOR APPOINTMENT

Which of the City's Boards/Commissions are you interested in serving on?

- | | |
|--|--|
| ☐ Kaufman Economic Development Corp. | ☒ Keep Kaufman Beautiful Board |
| ☐ Planning and Zoning Commission | ☐ Other (Please specify in space below.) |
| ☐ Board of Adjustment | |
| ☒ Parks and Recreation Board | |
| ☐ Downtown Development Advisory Board | |

Name: Jessica Bethurum
Home Address: 2700 Tabor Parkway Apt. 11B Kaufman, Texas 75142
Home Phone #: 469-323-7695
*E-mail Address: jessicabethurum@anbtx.com

Date Submitted: 02/19/2020
Occupation: Commercial Lending Assistant
Employer: American National Bank of Texas
Work Phone #: 214-863-6735

Kaufman resident for 23 years.

Qualified Voter: Yes ☒ No ☐

Are you related to any of the City Council members or the City Manager? Yes ☐ No ☒
If so, please give the name of the person you are related to and your relation to that person.

Name

Relationship

Highest Education Level Completed, School Attended and Year Graduated: (High School/College)

KHS class of 2013/Currently enrolled in college.

Boards/Commissions/Committees you have previously served on:

Dates

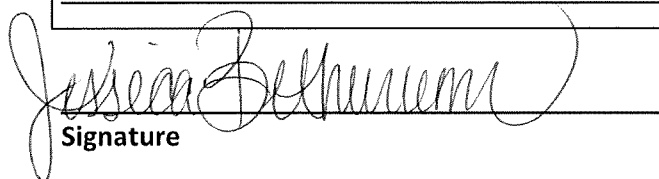
_____	_____
_____	_____
_____	_____

Professional and/or Community (Civic) Activities:

Actively volunteering in the community for Chamber and city function on behalf of ANB.

Skills, Hobbies, or Talents:

Skills - Detail Oriented, desire to help others within the community. Hobbies - Hiking with my dog, running & dance cardio.


Signature

DISCUSSION ITEMS REPORT (DIR)

Project Title	Department	Agenda Date	Entered Date	Status/Notes
Splash Pad	Parks & Rec	TBD	10/23/2018	TDPW Grant/Parks Master Plan
Thoroughfare Plan Update	Development Serv	TBD	10/23/2018	
WWTP USDA Finance Application	Finance	11/13/2018	10/23/2018	In Process - Allan Lambright - USDA
Bldg Standards Commission Ordinance	Development Serv	9/1/2019	10/23/2018	BSC to review
Civic Center	Admin	7/22/2019		Demo underway
Marlow Development	Development Serv	4/22/2019	10/23/2018	Accept Utilities
54-Acre Development	Development Serv		10/23/2018	On-going discussions with Developer
Park Dedication Ordinance	Development Serv		10/23/2018	City Attorney Drafting Ordinance
Recodification of City Ordinances	Admin	11/13/2018	10/23/2018	Staff Review
Phase II - Street Bond Design	Public Works	10/28/2019	10/23/2018	Notice to Proceed
Subdivision Ordinance Update	Development Serv	1/27/2020	10/23/2018	TNP Preparing proposal
TxDOT Turnback	Admin	12/17/2018	11/6/2018	
Citizens Academy	Admin/Public Safety		11/27/2018	Planning Phase
Explorer Post	PD		11/27/2018	On hold/KISD not interesterd
Kaufman Lake	Admin/PW		1/8/2019	Appraisal/MLS listing
Downtown Parking	Admin		1/16/2019	Working on ILA
Street Maintenance Priorities	PW/Admin		2/27/2019	List Presented to Council
Kaufman Estates	PW/Admin	10/28/2019		Council Action to Amend CCN
Building Code Update	Development Serv	10/28/2019	6/4/2019	Approved O-28-19
Summer Youth Program	Admin/Parks	TBD	7/16/2019	Council Update 2/24/20
City Lakes Emer Action Plan	Public Works	TBD	8/7/2019	
Disc Golf Course	Admin/PW	TBD	8/23/2019	Planning Phase
Washington Street Utility Relocation	Admin/PW	TBD	10/1/2019	TNP Reviewing Scope
Kaufman Square Speakers	Admin/PW	TBD	10/22/2019	Downtown Development Board Approved
Intern Program	HR	TBD	12/10/2019	Council Update 2/24/20
TPW Grant for City Lake Park	Parks & Rec	TBD	12/10/2019	10/1/2020
Traffic Signal 1388@34 ByPass	Admin		1/28/2020	TxDOT Project
PD/FD Safety Equipment Grant	Public Safety	TBD	3/3/2020	Application Submitted
CareFlight Facility	Admin	TBD	3/9/2020	Discussions regarding relocation
COVID - 19	Admin/Public Safety	TBD	3/11/2020	Action Plan
Update Zoning Map 2019	Development Serv	TBD	3/17/2020	Provided Info to TNP

DISCUSSION ITEMS REPORT (DIR)

Project Title	Project Lead	Agenda Date	Entered Date	Status/Notes
PID Creation Resolution	Dev Svc/Admin	11/13/2018	10/24/2018	Complete
TIRZ Creation Ordinance Amendment	Dev Svc/Admin	11/13/2018	10/24/2018	Complete
TIRZ Project Reprioritization Resolution	Dev Svc/Admin	11/13/2018	10/24/2018	Complete
Home Improvement Incentive Program	Development Serv	11/13/2018	10/23/2018	Complete
Budget Book Submission to GFOA	Finance		10/23/2018	Complete
Interlocal Agreement w/County for PID	Finance		10/30/2018	PID Assessment for Georgetown in 2020
WWTP Priority Project List	Public Works	11/13/2018	10/23/2018	Mark Hill - Consultant
2600 Commerce Way Permit Ready	Development Serv	NA	11/6/2018	Complete Permit Issued 11/26/2018
600 N Nash KC Street Barn Permit Issued	Development Serv	NA	11/6/2018	Complete Finaled 01/04/2019
Rev Ch 22 & 46 7500SF F Sprinkler Re	Development Serv	01/28/2019 02/25/2019	1/21/2019	Complete 02/25/2019
Realtor PID Training	Admin	NA		Complete 4/23/2019
Fee Schedule Update	Development Serv		6/4/2019	Approved by Council
Bureau Veritas Contract Update	Development Serv		6/4/2019	Approved by Council
Park Master Plan Update	Parks & Rec	8/5/2019	10/23/2018	Aproved by Council
34/243 Signal Installation	Public Works		10/23/2018	Complete
HR Coordinator	Admin		12/17/2018	Admin/HR Assistant Full-Time Sept. 30
Agenda Software Installation/Training	Admin		10/23/2018	Complete
5 Year CIP	Admin	11/25/2019	11/25/2019	Work Session 12/16/19
Water & Street Impact Fee Update	Development Serv		6/10/2019	Council approved 12/16/19

DISCUSSION ITEMS REPORT (DIR)

[illegible]

DISCUSSION ITEMS REPORT (DIR)

[illegible]

Project Title	Project Lead	Entered Date	Status/Notes	
2600 Commerce Way Permit Ready	Development Serv	11/6/2018	Complete Permit Issued 11/26/2018	
4200 S Washington Plumtree Bldg Permit	Development Serv	11/6/2018	Permit Issued 12/27/2019 Ready to issue 12/11/18	
500 E Chestnut SP Mt Aire Baptist Church	Development Serv	11/6/2018	Permit Ready to Issue	
54-Acre Development	Development Serv		Z-01-20 Submitted 12/23/2019	
600 N Nash KC Street Barn Permit Issued	Development Serv	11/6/2018	Complete Finaled 01/04/2019	
Bldg Standards Commission Ordinance	Development Serv	10/23/2018	BSC then Council	
Brentwood Village	Development Serv	3/27/2019	50 lot subdivision in County	
Building Code Update	Development Serv	6/4/2019	Complete	
Bureau Veritas Contract Update	Development Serv	6/4/2019	Complete	
Burger King Bldg Permit	Development Serv	6/12/2019	Complete	
Burger King Pre & Final Plat Site Plat	Development Serv		Complete	
Fee Schedule Update	Development Serv	6/4/2019	Complete	
Governmental Use District PZ	Development Serv	11/6/2018	PZ Workshops 11/2/18 01/15/19 02/28/19 5/07/19	
Home Improvement Incentive Program	Development Serv	10/23/2018	Completed 02-04-19	
Jonathan Williams FM 2727	Development Serv	3/27/2019	47 lot subdivision in County	
Lions Den Self Storage 2691 E Hwy 175	Development Serv	11/6/2018	Permit Issued 6/04/19	
Marlow Development	Development Serv		Have not heard from in over 18 months	
NEAT 3B 10/12/2019	Development Serv	10/12/2019	Complete	
NEAT 4B 03/30/2019	Development Serv	3/27/2019	Complete	
NEAT 5A 04/18/2020	Development Serv	4/18/2020		
Park Dedication Ordinance	Development Serv	2/24/2020		
PID Creation Resolution	Dev Svc/Admin		Complete	
Pre Development Mtg Schlotzkys's	Development Serv	3/27/2019	Complete	
Rev Ch 22 & 46 7500SF F Sprinkler Req	Development Serv		Complete 02/25/2019	
Schlotzksy's Bldg Permit	Development Serv	6/10/2019	Permit Issued 8/6/19	
Scholtzsky Final Plat & Site Plan	Development Serv	6/10/2019	Complete	
Subdivision Ordinance Update	Development Serv	1/27/2020		
Thoroughfare Plan Update	Development Serv	10/23/2018	TBD	
TIRZ Creation Ordinance Amendment	Dev Svc/Admin		Complete	
TIRZ Project Reprioritization Resolution	Dev Svc/Admin		Complete	
Vet Development	Development Serv		Have not heard from in over 12 months	
Water & Street Impact Fee Update	Development Serv	6/4/2019	Complete	
White and KEDC Voluntary Annexation	Development Serv	3/27/2019	Complete	
Z-02-19 4875 Lions Den Trail W. Hebb	Development Serv	3/27/2019	Complete	
Z-03-19 TVCC "HC"	Development Serv	6/10/2019	Complete	
Z-04-19 KEDC "HC"	Development Serv	6/10/2019	Complete	

DISCUSSION ITEMS REPORT (DIR)

[illegible]

DISCUSSION ITEMS REPORT (DIR)

[illegible]

DISCUSSION ITEMS REPORT

[illegible]

PORT (DIR)

[illegible]

March 2, 2020

To: City of Kaufman

From: Ashley Berryhill, Grant Director

Re: February 2020 Kaufman Trolley #701 Ridership Report

TRIP INFORMATION:

	S	O	N	D	J	F	M	A	M	J	J	A	TOTAL
Trips	365	398	288	274	294	292							1,911
No. Service Days	20	23	19	20	21	19							122

SERVICE INFORMATION:

Trips	292
Vehicle Revenue Miles (VRM)	2,845
Vehicle Service Miles (VSM)	2,920
Vehicle Deadhead Miles (VDH)	75

STOP UTILIZATION INFORMATION:

STOP NUMBER(S)	STOP DESCRIPTION	TOTAL PICK UP AND DROP OFFS
10 & 22	WALMART	181
5	WASHINGTON @ HICKORY	95
13 & 25	7 TH ST & DALLAS ST	59

BELOW IS THE STOP USAGE SUMMARY FOR THE MONTH OF FEBRUARY:

Feb-20																
Stop #	1 15 27	2	3	4	5	6-18	7-19	8-20	9-21	10-22	11-23	12-24	13-25	14-26	16	17
Stop Usage	35	9	1	6	95	26	14	12	29	181	58	9	59	20	26	26



BELOW IS THE STOP USAGE SUMMARY FOR THE MONTH OF FEBRUARY:

	2/3 - 2/7	2/10 - 2/14	2/17 - 2/21	2/24 - 2/28	
701A	28	34	30	38	130
701B	47	48	25	42	162
	75	82	55	80	292

February 3, 2020

To: City of Kaufman

From: Ashley Berryhill, Grant Director

Re: February 2019 Demand and Response Ridership Report

TRIP INFORMATION:

	S	O	N	D	J	F	M	A	M	J	J	A	TOTAL
Trips	537	605	570	611	652	1,033							4,008
No. Service Days	20	23	19	20	21	19							122

NO. OF TRIPS	PURPOSE
0	Education
8	Government
37	Medicaid
171	Medical
143	Nutrition (Senior Center)
198	Other (adult-day care, beauty salon, friend's homes, etc.)
56	Shopping
93	Work
327	Contract Services

ELDERLY AND DISABLED RIDERSHIP	
116	Disabled Trips
358	Elderly (&/or Dis) Trips

474 E & D Total Rides

E & D Percent of Total Trips – 46%

FEBRUARY UNDUPLICATED PASSENGERS
78
YEAR TO DATE UNDUPLICATED PASSENGERS
161

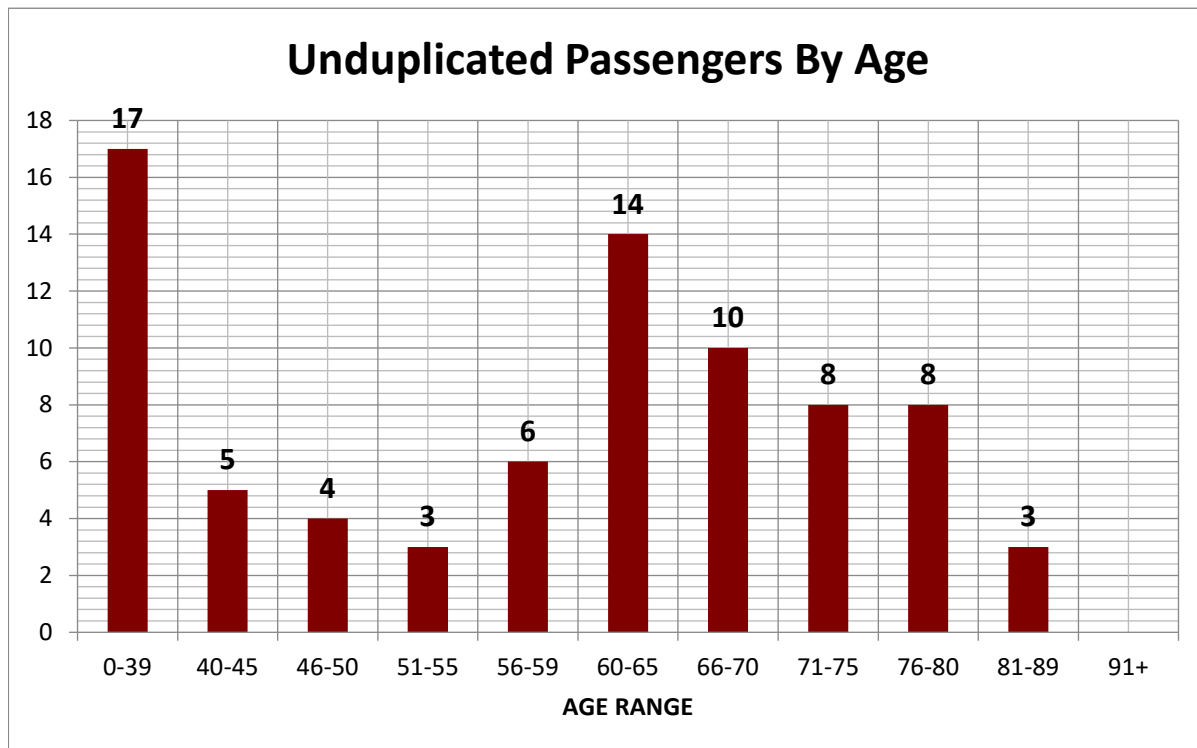


Trip Total	
KAUFMAN TO KAUFMAN	689
KAUFMAN TO OUTSIDE	173
OUTSIDE TO KAUFMAN	171

1,033

NOSHOW/CANCEL	379
DENIALS	86
Month to Month Unduplicated	78
YTD Unduplicated	161

February 2020 Total D & R Trips	1,033
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Response Summary:

	Responses	Transports	Exceptions	Compliance %	Transport %
Priority 1 <8:59	28	20	1	95%	71%
Priority 2 <11:59	78	37	0	100%	47%
Priority 3 <14:59	26	20	0	100%	77%
Emergency Transfers<0:29:59	138	136	65	52%	99%
Non-Emergency Transfers<0:15	65	62	7	89%	95%
Helicopter	11	11			
Totals	346	286		98.33%	65.26%

Transport Summary:

	Number	Percentage
Baylor Scott and White Dallas	15	5%
Baylor Scott and White Sunnyvale	7	3%
Baylor Scott and White Lakepointe Rowlett	0	0%
Baylor Scott and White Lakepointe Forney	0	0%
Childrens Medical Center	9	3%
Dallas Regional Medical Center	2	1%
Medical City Dallas	14	5%
Parkland	1	0%
Texas Health-Dallas	73	27%
Texas Health- Kaufman	61	22%
Texas Health -Plano	6	2%
Texas Health-Rockwall	6	2%
UT Health- Athens	1	0%
UT Health- Tyler	2	1%
UT Health- Cedar Creek	0	0%
VA Medical Center Dallas	0	0%
Other Hospitals	32	12%
Nursing home, residence, other	46	17%
	275	100%

	Number	% of Total
Patient Refusal/Treat No Transport	21	35%
Pt is DOS	2	3%
Cancellation- No Patient	37	62%
	60	100%

Average Response Time

City Wide--Emergency Calls

0:04:31

	Responses	Exceptions	
Last 100 Calls			
Priority 1	100	2	98%
Priority 2	100	0	100%
Priority 3	100	0	100%

APRIL 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7 Planning & Zoning Meeting	8	9	10	11
12 Easter	13	14 KEDC Meeting	15	16 Parks & Rec Meeting	17	18
19	20	21	22	23	24	25
26	27 Regular City Council Meeting	28 Keep Kaufman Beautiful Board Meeting	29	30		

MAY 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5 Planning & Zoning Meeting	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21 Parks & Rec Meeting	22	23
24/31	25 Regular City Council Meeting	26 Keep Kaufman Beautiful Board Meeting	27	28	29	30

JUNE 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2 Planning & Zoning Meeting	3	4	5	6
7	8	9 KEDC	10	11	12	13
14	15	16	17	18 Parks & Rec Meeting	19	20
21	22 Regular City Council Meeting	23 Keep Kaufman Beautiful Board Meeting	24	25	26	27
28	29	30				