



City of Rowlett

Meeting Agenda

City Council

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

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

Tuesday, July 19, 2016

5:45 P.M.

Municipal Building – 4000 Main Street

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

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

1. **CALL TO ORDER**
2. **EXECUTIVE SESSION**
3. **WORK SESSION (5:45 P.M.)** * Times listed are approximate.
 - 3A. Joint Work Session of Animal Advisory Board and Council. (45 minutes)
 - 3B. Discuss the plan to upgrade the water meter reading system. (30 minutes)
 - 3C. Update City Council on Employee Benefits Strategy for Fiscal Year 2017 to include Plan Performance Updates and the Wellness Plan. (30 minutes)
4. **DISCUSS CONSENT AGENDA ITEMS**

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

INVOCATION

PLEDGE OF ALLEGIANCE

TEXAS PLEDGE OF ALLEGIANCE
Honor the Texas Flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.
5. **PRESENTATIONS AND PROCLAMATIONS**
 - 5A. Presentation of proclamation by Councilmember Martha Brown to Pastors Michael and Vicki Hankins of Church in the City, recognizing 20 years of service to their church and their leadership in the Rowlett community.

- 5B. Presentation of \$2,000 donation from Looter Booters to Rebuild Rowlett Fund.
- 5C. Hear presentation of the Monthly Financial report for the period ending May 31, 2016.
- 5D. Update from the City Council and Management: Financial Position, Major Projects, Operational Issues, Upcoming Dates of Interest and Items of Community Interest.

6. CITIZENS' INPUT

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

7. CONSENT AGENDA

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

- 7A. Consider action to approve minutes from the July 5, 2016 City Council Regular Meeting, the July 8-9, 2016 City Council Planning and Strategy Session, and the July 12, 2016 City Council and Arts and Humanities Commission Joint Work Session.
- 7B. Consider all matters incident and related to the issuance and sale of "City of Rowlett, Texas General Obligation Improvement Bonds, Series 2016," including the adoption of an ordinance authorizing the issuance of such bonds and approving all other matters incident thereto.
- 7C. Consider action to approve a resolution allowing the City Manager to negotiate and execute a contract for MXU replacement and meter reading system upgrade with Aqua-Metrics, Sensus and Pedal Valve Inc. for an amount not to exceed \$2.4 million.
- 7D. Consider action to approve a resolution exercising the second of four one-year renewal options for Section I mowing services to Ely Tree and Landscape in the unit amounts bid with an estimated annual amount of sixty thousand dollars (\$60,000) for the Community Services Code Enforcement Division.
- 7E. Consider action to approve a resolution scheduling the official public hearing date for public comment regarding an amendment to the City's Roadway Impact Fees for 7:30 p.m. on September 6, 2016.
- 7F. Consider action to approve a resolution entering into an Interlocal Agreement with the City of Carrollton, which will allow both cities to cooperatively purchase goods and services under each other's competitively bid contracts.
- 7G. Consider action to approve a resolution accepting the bid of \$72,989.00 from TRI-CON Services and executing a Public Works contract for construction services in the downtown district of Main Street from Commerce Street to Ponder Street and authorizing the Mayor to execute the necessary documents for said services.

8. ITEMS FOR INDIVIDUAL CONSIDERATION

- 8A.** Consider action to approve a resolution amending the Bylaws of Tax Increment Reinvestment Zone Number Two, for automatic Council membership on the TIRZ Board of Directors, and appointing a chairperson to serve for 2017.

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

9. ADJOURNMENT

Laura Hallmark

Laura Hallmark, City Secretary

I certify that the above notice of meeting was posted on the bulletin boards located inside and outside the doors of the Municipal Center, 4000 Main Street, Rowlett, Texas, as well as on the City's website (www.rowlett.com) on the 15th day of July 2016, by 5:00 p.m.



City of Rowlett
Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75080-0099
www.rowlett.com

AGENDA DATE: 07/19/16

AGENDA ITEM: 3A

TITLE

Joint Work Session of Animal Advisory Board and Council. (45 minutes)

STAFF REPRESENTATIVE

Mike Brodnax, Chief of Police
Marvin Gibbs, Lieutenant

SUMMARY

Council has set the expectation of meeting one-on-one each year with City Boards and Commissions to discuss their respective roles and future direction. Calvin Scott "Trey," Chair, and members of the Animal Shelter Advisory Board will share the Board's perspective on their service in this capacity, reporting accomplishments and this year's working topics and goals.

BACKGROUND INFORMATION

On December 1, 2015, Chairpersons and Staff Liaisons for the City's Boards and Commissions met with Council to discuss Council's request for a review of the Boards' roles and purpose as outlined in the *Boards and Commissions Handbook*. Council also asked for reports on the Boards' FY2015 accomplishments and FY2016 plans and goals. This information, as well as discussion over how the Boards interact with Council on behalf of the citizens of Rowlett would be included in a joint work session held between Council and each of the Boards on an annual basis. Future budgetary needs might also be discussed at that time.

DISCUSSION

The Animal Shelter Advisory Board will present FY2015/16 accomplishments as well as the working topics the Board are currently working on and the Board's goals. Topics the Board are currently working on are, Shelter Disaster Preparedness Plan, Shelter Surrender Policy and Barking Dog Ordinance.

The Board also has concerns about the size/space and age of our current shelter and would like to explore a new state of the art Animal Shelter.

FINANCIAL/BUDGET IMPLICATIONS

N/A

RECOMMENDED ACTION

No action required. Information only.



City of Rowlett
Staff Report

4000 Main Street
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AGENDA DATE: 07/19/2016

AGENDA ITEM: 3B

TITLE

Discuss the plan to upgrade the water meter reading system. (30 minutes)

STAFF REPRESENTATIVE

Kim Wilson, Chief Financial Officer

SUMMARY

The purpose of this item is to discuss the need to update the water meter reading system, which is currently obsolete. City staff is proposing to replace the current “drive-by” system with a “fixed-based” system that will improve meter reading accuracy, provide for a more proactive maintenance approach, and offer our customers real-time computer and mobile access not available with the current system.

BACKGROUND INFORMATION

In 2005, concerned with lost revenues, read time and system efficiency, the City entered into an agreement with Sensus and Honeywell to upgrade the meter reading system to a drive by Automated Meter Reading (AMR). In 2012, Sensus informed the City that existing antenna/booster (MXU) technology was outdated. Sensus gave the City a \$30,000 reading unit at that time, and the City agreed to begin replacing nonfunctioning MXU’s with the newer technology. In addition to the limitations of the old technology MXU’s, the reading system is limited to a capacity of 4,000 per cycle. With the City’s two cycles, this capacity is exceeded by 4,000 to 6,000 devices.

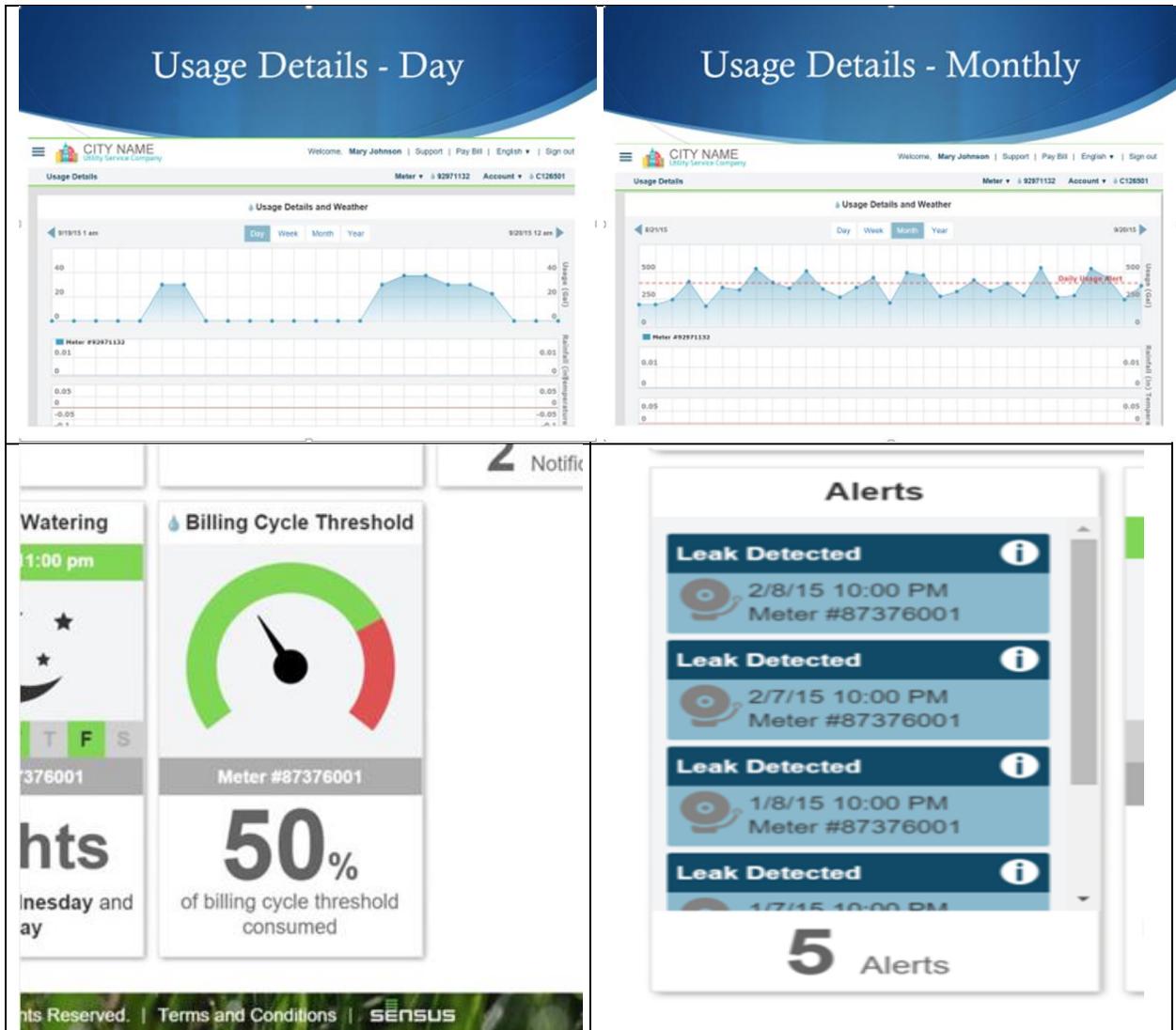
DISCUSSION

The City’s meter reading system is vital to the revenue collection process in the Utility Fund. Processing utility bills in a timely manner and ensuring accurate read data for our customers is a priority. The current AMR system is now 11 years old, has reached capacity, and provides a very reactive approach to both maintenance and customer service.

The Flex-net Automated Metering Infrastructure (AMI) system would provide a fixed based solution to reading and move away from drive-by readings. It would provide proactive maintenance solutions, and immediate alerts of unit failures. It would notify maintenance crews of abnormal usage, and provide access to real-time, on demand meter readings in the office. Customer service would also improve substantially as it provides the opportunity for staff to be more proactive when we notice abnormalities.

In addition, customers would have a clear, transparent picture of their usage through the hourly read information provided by the AMI. Customers would have the option to access this real-time

data from their computer or mobile device. The AMI system would provide customers the opportunity to set up daily or monthly usage alerts, and to identify usage anomalies resulting from leaks as some of the features below depict.



As of the most recent study by Sensus and Aqua-Metric, the new AMI system will require three base stations for guaranteed communication coverage with 100% of the meters. The proposal includes base station installation on the PGBT and Cheisa water towers. The study also includes the construction of an 85' tower at Community Park in the existing fenced in area as noted in the diagram below.

<u>Funding Source</u>	
Insurance Proceeds - Water Tower	\$ 941,000.00
Project Surplus	<u>1,458,153.21</u>
Total Funding	\$ 2,399,153.21

RECOMMENDED ACTION

Discussion only. This item is on Council’s consent agenda for approval tonight.

ATTACHMENTS

- Attachment 1 – FlexNet System Information
- Attachment 2 – Aqua-Metrics Quote – AMI System Upgrade
- Attachment 3 – Aqua-Metrics Quote – Meter Contingency
- Exhibit 1 (Draft) – Aqua-Metric Agreement
- Exhibit 2 (Draft) – Sensus Lease of FCC Frequency
- Exhibit 3 (Draft) – Pedal Valve, Inc Laredo Contract & Rowlett Amendment

AGENDA DATE: July 19, 2016

AGENDA ITEM: 3C

TITLE

Update City Council on Employee Benefits Strategy for Fiscal Year 2017 to include Plan Performance Updates and the Wellness Plan. (30 minutes)

STAFF REPRESENTATIVE

Richard Jones, Director of Human Resources

SUMMARY

Each year as part of the fiscal year budget review and approval process, Staff proposes the required funding levels necessary to support the City's comprehensive medical plans (medical, prescription, dental, vision, etc.) for inclusion in the following year's budget.

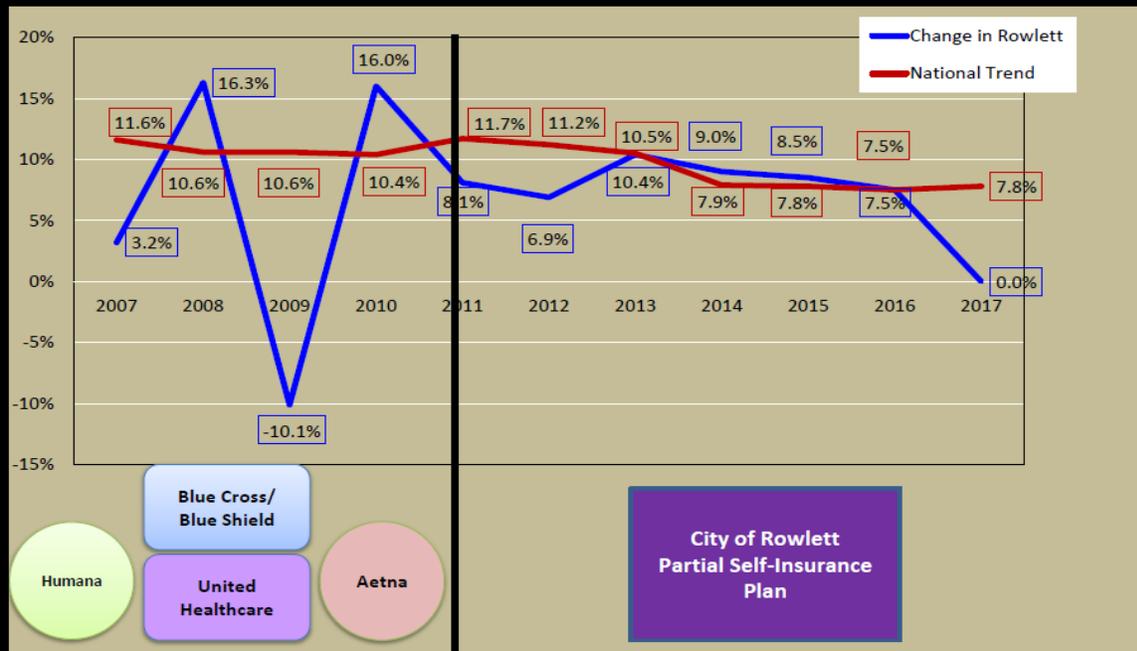
BACKGROUND INFORMATION

Beginning with fiscal year 2011, the City transitioned the medical and prescription plan to a partially self-funded plan. Since that transition, the cost of the City's health care plans have smoothed out making the projections and budgeting for each year more reliable and in line with industry trends.

DISCUSSION

The City of Rowlett has one more year left in its three year agreement with our current health care benefits provider Aetna. At this point, we are projecting no increase in funding for healthcare for Fiscal Year 2017 (FY2017). This is very good news resulting in no premium increases for employees and their families and is believed to be a reflection on the City's wellness initiatives.

Rowlett History of Employee Medical Insurance Cost Changes



The City of Rowlett is concluding its sixth year since transitioning to a partial self-funded insurance approach. The transition to partial self-funding has resulted in overall cost of healthcare at or below the national trends.

We are confident this success is a direct result of a combination of factors, not the least of which include:

- ✓ Emphasis on employees being “educated consumers of healthcare”
- ✓ Increased employee education on fiscally responsible healthcare choices and pharmacy options (i.e. generic versus name brand)
- ✓ Guidance and direction from our consultants Insurance Partners Southwest (IPS)
- ✓ Use of Compass which provides knowledgeable advice to employees and their families with respect to medical procedures, hospital facilities and billing disputes
- ✓ Building a “culture of wellness” through an active, effective and versatile wellness program

The City continues to realize outstanding results in terms of both employee support and tangible cost savings through its partnership with Compass. Compass is an employee benefit advocacy firm that assists our employees and their dependents in understanding their benefits as well as assisting them in becoming educated consumers of healthcare. Since forging this partnership in October, 2012, the City and its employees have collectively saved over \$524,000 – a number that continues to rise each month!

January 1, 2016 – March 31, 2016

Utilizers	Solutions	Claim Cost Savings	Productivity Cost Savings	Total Savings
38	53	\$64,787	\$3,370	\$68,157

October 1, 2012 – March 31, 2016 (Total since we partnered)

Employees	Solutions	Claim Cost Savings	Productivity Cost Savings	Total Savings
212	1012	\$524,796	\$100,136	\$624,932

Compass works as a liaison between our employees and the medical community by advocating for the best and most cost effective services. The services provided by Compass range from providing:

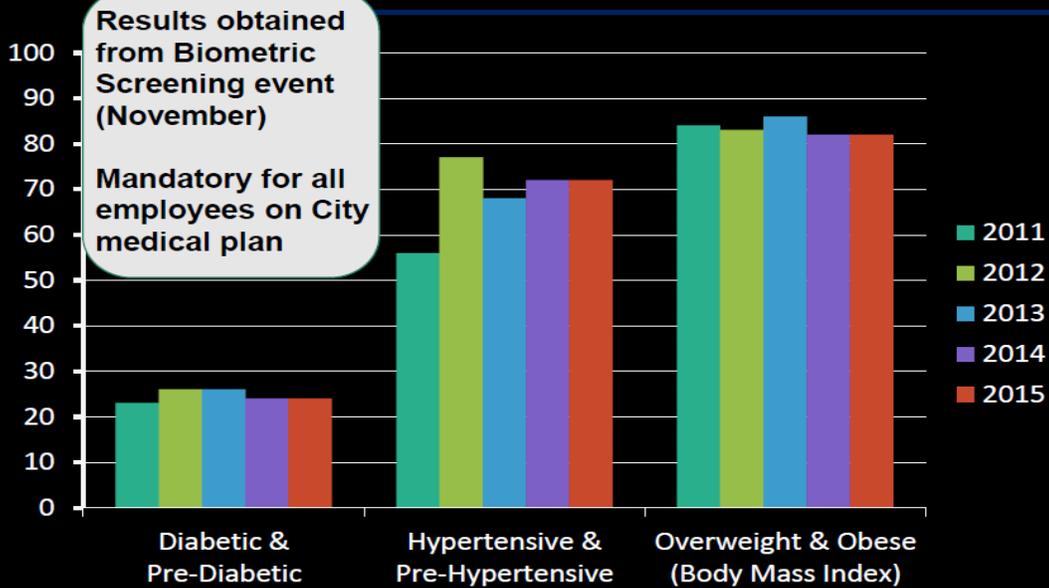
- Unbiased doctor recommendations based on employee’s needs
- Hospital cost and quality information
- Medical bill review and reconciliation
- Cost information for various medical procedures
- Scheduling services for doctor’s appointments; and
- Pharmaceutical substitutions and cost reduction information

Strategy for Fiscal Year 2017

Our Mission is *Building a Culture of Wellness and Creating Educated Consumers of Healthcare*. For FY2017, this means continuing to evolve strategies around our wellness and plan performance objectives. This includes offering Biometric Screenings and annual physicals, and providing education and fitness classes, such as the *CORE Fit* and *Step Into Summer* programs. These programs continue to pay off as we continue to seek more effective ways to generate results.

The chart below illustrates the measurements we track in these categories. Note that we were able to maintain or slightly decrease risk in the categories we track “Overweight & Obese”, “Diabetic & Pre-Diabetic” and “Hypertensive & Pre-hypertensive” of our employees. While we do make completing Biometric Screening mandatory for all employees on the City’s medical plan, we do not receive individual scores, only the aggregate results. Regardless, these results lead to many of the decisions regarding our healthcare and wellness plans.

Biometric Screening

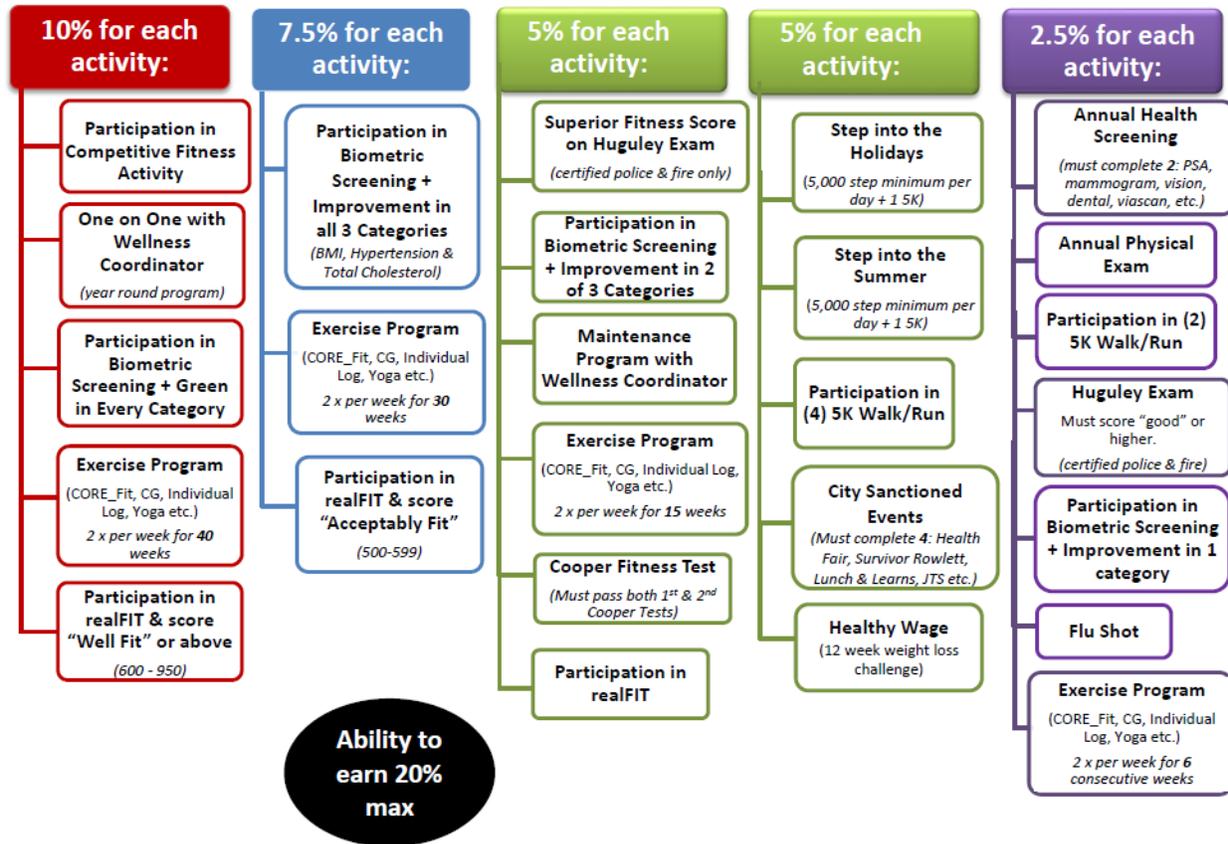


We can help detect...but only YOU can take the right action!

Based on a combination of Biometric Screening results (cumulative health and wellness data), the inputs of employees through their Department's wellness representatives (employee desires), and as verified through participation levels in each event, the Wellness Committee designed and implemented a dynamic program geared towards improving health and wellness, and facilitating lifestyle changes.

The City implemented its wellness plan at the beginning of FY2013. The plan has been modified annually to allow more flexibility in choice of activities and to add/change programs throughout the year. Employees on the City's medical plan are required to actively participate in wellness in order to maximize premium credits. Those who do not fulfill the requirement incur higher medical premium costs (proportional to the amount of percentage points they did earn). The chart below illustrates the type and percent values of those programs.

Eligible Wellness Activities & Screenings 2016-2017



Changes to the FY2017 program will be presented to our employees via a series of Employee Stakeholder Meetings at the end of July 2016. We will continue to offer maximum flexibility to employees, which, incidentally, are "Low Cost/No Cost" events.

Open Enrollment for the wellness plan will coincide with Open Enrollment for our medical package elections. We will conduct Open Enrollment in mid-August.

FINANCIAL/BUDGET IMPLICATIONS

There are just a few minor medical insurance program changes for FY2017. Those changes are part of the internal plan design primarily related to how prescriptions are filled. The FY2017 health care fund budget will be the same as it was for fiscal year 2016 at approximately \$4,967,764. This number will be affected by two things, 1) any new positions added to the FY2017 budget and 2) individual plan choices made by the employees (i.e. switching from the PPO plan to the HRA plan or vice-versa). As a result, the final FY2017 Budget Proposal may be slightly different.

As we have done for the past five years, the City will share the renewal information with employees at the stakeholder meetings in July. Based on the expected claims cost and final actuarial premiums from the City's benefits advisor, IPS, the City's and employee medical insurance rates will not increase. Great news for the City and employees!

RECOMMENDED ACTION

For informational purposes only



City of Rowlett
Staff Report

4000 Main Street
P.O. Box 99
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AGENDA DATE: 07/19/16

AGENDA ITEM: 5A

TITLE

Presentation of proclamation by Councilmember Martha Brown to Pastors Michael and Vicki Hankins of Church in the City, recognizing 20 years of service to their church and their leadership in the Rowlett community.

STAFF REPRESENTATIVE

Brian Funderburk, City Manager

SUMMARY

Pastors of Church in the City, Michael and Vicki Hankins, have been an integral part of the Rowlett Community and recently celebrated their 20th anniversary with Church in the City. They have helped to shape many lives of all ages over those years and will continue to do so well into the future. With the Hankins leadership, Church in the City was a central point of connection for many citizens who were devastated by the December 2015 tornado and a place for volunteers to gather. We thank them for their leadership and congratulate them on their 20th anniversary.

Michael & Vicki Hankins

WHEREAS, Michael & Vickie Hankins have served as Senior Pastors of Church in the City located at 6005 Dalrock Rd., Rowlett, Texas for 20 years; and,

WHEREAS, the Hankins have fostered and encouraged healing between all races and ethnicities by holding numerous events throughout the year; and,

WHEREAS, Church in the City serves the youth of Rowlett by providing many activities and celebrations that offers a fun, safe environment for families and children of all ages in the community; and,

WHEREAS, Church in the City continues to operate a Disaster Relief Center for tornado survivors, providing the basic necessities, and provided free medical services along with triage counseling sessions and dog-play therapy for those affected by the tornado; and,

WHEREAS, Volunteers managed by Church in the City have contributed over 30,000 volunteer hours to Rowlett's rebuilding efforts, valued at \$706,800, and continue housing volunteer crews who have performed services valued at close to \$1,000,000 for debris removal at more than 200 worksites, including the complete demolition of 43 homes and provided 13,536 meals to those volunteers and citizens affected by the tornado; and,

WHEREAS Michael & Vicki Hankins have shaped and touched many lives of all ages over the past 20 years serving as Senior Pastors of Church in the City, and their impact on the Rowlett community is still enjoyed today.

NOW, THEREFORE, I, Todd W. Gottel, Mayor of the City of Rowlett, Texas, and on behalf of the City Council, do hereby extend our thanks, gratitude, appreciation and congratulations to Michael & Vicki Hankins for their 20 years of dedicated and faithful service to the Rowlett community and their service during the rebuilding of our City after the December tornado.



City of Rowlett
Staff Report

4000 Main Street
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AGENDA DATE: 07/19/16

AGENDA ITEM: 5B

TITLE

Presentation of \$2,000 donation from Looter Booters to Rebuild Rowlett Fund.

STAFF REPRESENTATIVE

Brian Funderburk, City Manager

SUMMARY

On December 26, 2015, the City of Rowlett was hit by an EF4 tornado. The path of destruction was three and a half miles long and one half mile wide. The tornado totally destroyed hundreds of homes and damaged hundreds more homes leaving many Rowlett Citizens homeless.

As a result of unwanted activity in the neighborhoods hit so hard and in order to prevent any looting of property, Looter Booters was formed. They are a civilian patrol established to serve the community and protect the property of friends and neighbors. As a result, Looter Booters has developed a mutually beneficial working relationship with Rowlett Police Department and has evolved into a community awareness initiative.

This group wanted to do something to give back to the community they love and helped to protect and decided to host a social event in June, titled "Pub Crawl", where ticket holders could visit different establishments around Rowlett. About 140 people participated and the event showcased five local businesses that many didn't know were in Rowlett. As a result of that event, Looter Booters will present the the Rebuild Rowlett Fund with a check for \$2,000.00.

Looter Booters also hosts monthly events in the disaster zones that function as a meet and greet for old and new neighbors, which also gives residents an opportunity to meet the members of Looter Booters.

Another Pub Crawl will be planned for the fall. For more information on the one held in June, go to [starlocalmedia](http://starlocalmedia.com).



City of Rowlett

Staff Report

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AGENDA DATE: 07/19/2016

AGENDA ITEM: 5C

TITLE

Hear presentation of the Monthly Financial report for the period ending May 31, 2016.

STAFF REPRESENTATIVE

Kim Wilson, Director of Financial Services

SUMMARY

Attached is the Comprehensive Monthly Financial Report for May 2016, in accordance with the City Council's financial strategy to provide timely and accurate reporting. The fiscal year for the City of Rowlett is October 1 through September 30. Eight months of FY2016, or 66.7% of the fiscal year is complete.

BACKGROUND INFORMATION

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

DISCUSSION

Attached is the Comprehensive Monthly Financial report for May 2016. Eight months of FY2016, or 66.7% of the fiscal year is complete.

Revenues: Overall, the City has earned or received \$67.0 million for FY2016. This amount is 74.7% of the approved operating budget of \$89.7 million and is 4.4% more than forecast through the month of May.

- General Fund revenues are \$0.2 million or 0.6% higher than expected
- Utility Fund revenues are \$0.5 million or 2.8% higher than expected.

Expenses: Expenses totaled \$60.1 million year-to-date for FY2016. This amount is 69.0% of the approved operating budget of \$87.1 million and is 2.1% lower than forecast through the month of May.

- General Fund expenses are \$0.7 million or 2.6% lower than expected.
- Utility Fund expenses are \$0.9 million or 5.5% higher than expected.

Surplus: The net surplus from operations through May is \$6.9 million, which is \$1.6 million better than expected at this point in the year. The adopted operating budget for the fiscal year anticipates a total increase of \$2.7 million.

**2016 Budget amounts reflect pending budget amendments*

FINANCIAL/BUDGET IMPLICATIONS

N/A

RECOMMENDED ACTION

Information only. The Comprehensive Monthly Financial Report – May 31, 2016 is attached to this agenda item as Attachment 1.

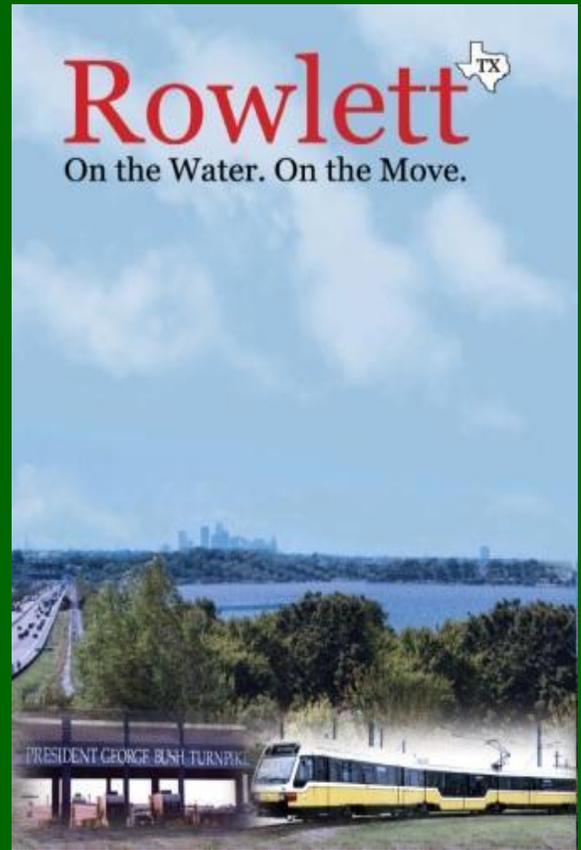
ATTACHMENTS

Attachment 1 – Comprehensive Monthly Financial Report – May 31, 2016



**Comprehensive
Monthly
Financial Report**

May 2016





MONTHLY FINANCIAL REPORT

PERFORMANCE AT A GLANCE

May 2016

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

PERFORMANCE INDICATORS

POSITIVE

= Positive variance or negative variance < 1% compared to seasonal trends.

WARNING

= Negative variance of 1-5% compared to seasonal trends

NEGATIVE

= Negative variance of >5% compared to seasonal trends.

ECONOMIC INDICATORS

May31, 2016 – NEWS FOR YOU

ECONOMY

National GDP:  GDP - the output of goods and services produced by labor and property located in the US – increased at a rate of 1.1% in the 1st quarter of 2016 after increasing 1.4% in the 4th quarter of 2015 as reported by the Bureau of Economic Analysis. The first-quarter increase was a result of increased spending on household services net decreases in business investment and private inventory investment.

Texas Retail Sales:  Texas retail sales totaled \$41.3 billion for the month of April, a decrease of \$0.8 billion (1.9%) over April 2015.

Texas Leading Index:  The Texas Leading Index is a single summary statistic that sheds light on the future of the state's economy. The index is a composite of eight leading indicators—those that tend to change direction before the overall economy. The index increased 1.4% between the months of March and April.

Attached is the Comprehensive Monthly Financial report for May 2016. Eight months of FY2016, or 66.7% of the fiscal year is complete.

Revenues: Overall, the City has earned or received \$67.0 million for FY2016. This amount is 74.7% of the approved operating budget of \$89.7 million and is 4.4% more than forecast through the month of May.

- General Fund revenues are \$0.2 million or 0.6% higher than expected
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Expenditures: Expenses totaled \$60.1 million year-to-date for FY2016. This amount is 69.0% of the approved operating budget of \$87.1 million and is 2.1% lower than forecast through the month of May.

- General Fund expenditures are \$0.7 million or 2.6% lower than expected.
- Utility Fund expenditures are \$0.9 million or 5.5% higher than expected.

Surplus: The net surplus from operations through May is \$6.9 million which is \$1.6 million better than expected at this point in the year. The adopted operating budget for the fiscal year anticipates a total increase of \$2.7 million.

**2016 Budget amounts reflect pending budget amendments.*

UNEMPLOYMENT

NOTEWORTHY

National Unemployment:  The national unemployment rate decreased from 5.0% to 4.7% between April and May.

State-Wide: The Texas unemployment rate remained flat at 4.4% between April and May.

Rowlett: The City of Rowlett unemployment rate remained flat at 3.3% between April and May. Note – city unemployment rates are not seasonally adjusted.

CIP BOND PROJECTS Although some projects have experienced inevitable tornado-related delays, the \$25.8 million bond projects, voter-approved in May, 2015 to fund street, park and public safety projects, are underway. Kids Kingdom, the state of the art, 22,000 square foot, community-inspired playground located in Pecan Grove Park (5300 Main Street) held a grand opening on July 9, 2016.



**CITY OF ROWLETT, TEXAS
FINANCIAL STATUS DASHBOARD
May 31, 2016**

BUDGET SUMMARY OF ALL FUNDS FY2016

	2016 <u>Budget</u>	2016 <u>Forecast</u>	2016 <u>Year-to-Date</u>	<u>Variance</u>
Beginning Reserves	\$ 14,113,838	\$ 13,111,690	\$ 13,111,690	0.0%
Revenues:				
General	39,989,346	31,846,169	32,042,688	0.6%
Water & sewer	28,901,031	16,673,773	17,134,418	2.8%
Debt service	7,997,408	7,612,934	7,536,789	-1.0%
Drainage	1,360,397	906,935	890,629	-1.8%
Refuse	4,827,003	3,218,004	3,300,131	2.6%
Employee health benefits	5,010,230	2,933,342	3,243,492	10.6%
Police seizure	100,550	67,033	72,263	7.8%
Economic development	316,694	211,129	161,712	-23.4%
Hotel/motel tax	47,752	28,794	55,712	93.5%
P.E.G.	85,893	42,946	91,635	113.4%
Grants	356,634	219,734	341,019	55.2%
Community Development Block Grant	179,247	119,498	133,737	11.9%
Inspection Fees Fund	225,000	150,000	234,976	56.7%
Juvenile diversion	33,281	22,184	18,610	-16.1%
Court technology	26,936	17,960	15,554	-13.4%
Court security	20,035	13,360	11,680	-12.6%
Golf course	257,005	128,234	127,342	-0.7%
Disaster	-	-	1,605,295	0.0%
Total Revenues	\$ 89,734,442	\$ 64,212,031	\$ 67,017,682	4.4%
Expenses:				
General	40,781,726	26,170,372	25,478,966	-2.6%
Water & sewer	24,714,594	16,768,618	17,686,950	5.5%
Debt service	8,552,017	7,345,225	7,437,219	1.3%
Drainage	1,401,835	941,781	813,510	-13.6%
Refuse	4,774,880	3,183,253	3,212,534	0.9%
Employee health benefits	4,967,764	3,310,796	3,045,521	-8.0%
Police seizure	187,097	124,731	200,765	61.0%
Economic development	443,023	292,373	298,618	2.1%
Hotel/motel tax	48,749	24,000	22,620	-5.8%
P.E.G.	90,543	60,362	85,356	41.4%
Grants	359,565	219,734	341,019	55.2%
Community Development Block Grant	179,247	119,498	133,737	11.9%
Inspection Fees Fund	218,760	143,035	96,337	-32.6%
Juvenile diversion	38,738	25,329	19,935	-21.3%
Court technology	43,874	29,249	3,026	-89.7%
Court security	23,672	15,781	18,963	20.2%
Golf course	254,990	127,280	142,958	12.3%
Disaster	-	-	1,072,578	100.0%
Total Expenses	\$ 87,081,074	\$ 58,901,419	\$ 60,110,612	2.1%
Current Year Surplus/(Shortfall)	\$ 2,653,368	\$ 5,310,612	\$ 6,907,069	30.1%
Ending Reserves	\$ 16,517,207	\$ 18,422,302	\$ 20,018,760	8.7%

Positive
Warning
Negative

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

OVERALL FUND PERFORMANCE

GENERAL FUND REVENUES VS EXPENSES FY2016

<u>Month</u>	<u>2016 Revenue</u>	<u>2016 Expenses</u>	<u>Monthly Variance</u>
Oct	\$ 1,803,893	\$ 3,689,831	\$ (1,885,938)
Nov	1,857,665	3,060,768	(1,203,103)
Dec	13,210,437	3,373,494	9,836,943
Jan	6,131,916	2,801,063	3,330,853
Feb	4,140,663	2,670,152	1,470,511
Mar	1,812,124	3,709,750	(1,897,626)
Apr	1,619,532	2,825,972	(1,206,440)
May	1,466,459	3,347,937	(1,881,478)
Jun			
Jul			
Aug			
Sep			
Total	\$ 32,042,689	\$ 25,478,967	\$ 6,563,723
Cumulative Forecast	\$ 31,846,169	\$ 26,170,372	\$ 5,675,797
Actual to Forecast \$	\$ 196,521	\$ (691,405)	\$ 887,926
Actual to Forecast %	0.6%	-2.6%	



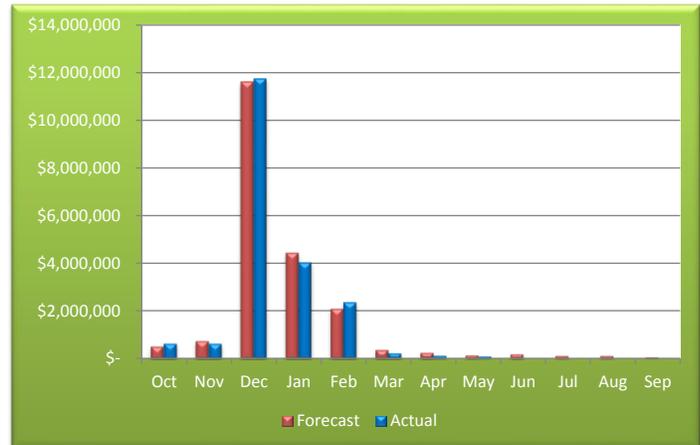
Positive

Cumulatively overall, the General Fund is better than expected for this time of the year. Revenues are 0.6% lower due to lower than expected property tax revenue and franchise fees, and expenses 2.6% lower than forecasted due to vacancies and the timing of supply purchases.

REVENUE ANALYSIS

PROPERTY TAXES FY2016

<u>Month</u>	<u>2016 Forecast</u>	<u>2016 Actual</u>	<u>Monthly Variance</u>
Oct	\$ 518,315	635,883	\$ 117,568
Nov	746,373	642,668	(103,705)
Dec	11,610,248	11,750,304	140,057
Jan	4,478,238	4,068,982	(409,257)
Feb	2,114,724	2,394,128	279,404
Mar	373,187	235,787	(137,399)
Apr	248,791	134,165	(114,626)
May	145,128	93,102	(52,026)
Jun	186,593		
Jul	124,396		
Aug	124,396		
Sep	62,198		
Total	\$ 20,732,585	\$ 19,955,019	\$ (279,984)
Actual to Forecast			-1.4%



Warning

Property taxes represents nearly 50% of the total General Fund revenue budget and serves as the primary funding source for the general government. They are generally collected in December and January of each year. Cumulatively overall, property tax revenues are 1.4% lower than forecasted for this time of the year.

REVENUE ANALYSIS

SALES TAXES FY2016

<u>Month</u>	<u>2016 Forecast</u>	<u>2016 Actual</u>	<u>Monthly Variance</u>
Oct	\$ 487,626	\$ 497,364	\$ 9,738
Nov	481,375	507,859	26,484
Dec	631,413	665,451	34,038
Jan	418,858	439,620	20,762
Feb	431,362	496,445	65,083
Mar	631,413	649,840	18,427
Apr	493,878	536,056	42,178
May	487,626	487,626	-
Jun	600,155		
Jul	525,136		
Aug	481,375		
Sep	581,400		
Total	\$ 6,251,617	\$ 4,280,261	\$ 216,710
<i>Actual to Forecast</i>			5.3%



Positive

Sales tax is an important indicator of financial health for the Rowlett community. Sales taxes are collected by the State Comptroller and are recorded two months later. Overall, sales tax revenues are 5.3% higher than budgeted for this fiscal year. The sales taxes reported here for May represent an estimate.

REVENUE ANALYSIS

FRANCHISE FEES FY2016

<u>Month</u>	<u>2016 Forecast</u>	<u>2016 Actual</u>	<u>Monthly Variance</u>
Oct	\$ -	\$ -	\$ -
Nov	-	-	-
Dec	-	9	9
Jan	684,373	412,265	(272,108)
Feb	449,247	692,114	242,867
Mar	-	-	-
Apr	597,132	293,626	(303,506)
May	-	271,398	271,398
Jun	-		
Jul	575,539		
Aug	-		
Sep	787,599		
Total	\$ 3,093,891	\$ 1,669,412	\$ (61,340)
<i>Actual to Forecast</i>			-3.5%



Warning

Franchise fees represents nearly 10% of the total General Fund budget and include electric, gas, cable and telecommunications. Most fees are paid quarterly with natural gas being paid yearly in February. The natural gas franchise fee was \$40,666 or 9.0% below budget for this fiscal year. Cumulatively overall, franchise fees are 3.5% lower than forecasted for this time of the year.

OVERALL FUND PERFORMANCE

UTILITY FUND REVENUES VS EXPENSES FY2016

<u>Month</u>	<u>2016 Revenue</u>	<u>2016 Expenses</u>	<u>Monthly Variance</u>
Oct	\$ 2,682,717	\$ 1,591,358	\$ 1,091,359
Nov	2,473,831	1,552,229	921,602
Dec	2,016,697	2,049,374	(32,677)
Jan	2,021,574	1,736,059	285,514
Feb	1,882,458	5,490,651	(3,608,193)
Mar	1,960,561	1,896,682	63,879
Apr	2,091,813	1,623,947	467,866
May	2,004,766	1,746,650	258,116
Jun			
Jul			
Aug			
Sep			
Total	\$ 17,134,418	\$ 17,686,950	\$ (552,533)
Cumulative Forecast	\$ 16,673,773	\$ 16,768,618	\$ (94,845)
Actual to Forecast \$	\$ 460,645	\$ 918,333	\$ (457,688)
Actual to Forecast	2.8%	5.5%	



Positive

Utility fund revenues are 2.8% higher than forecast as a result of higher than expected water revenues. Expenses are 1.0% higher than forecast due to the timing of supply purchases. The fund makes semi-annual debt payments in February and September.

REVENUE ANALYSIS

SEWER REVENUES FY2016

<u>Month</u>	<u>2016 Forecast</u>	<u>2016 Actual</u>	<u>Monthly Variance</u>
Oct	\$ 909,883	\$ 959,040	\$ 49,157
Nov	873,354	937,249	63,895
Dec	842,927	794,871	(48,056)
Jan	830,971	766,081	(64,890)
Feb	822,173	743,564	(78,609)
Mar	810,975	762,127	(48,848)
Apr	846,813	823,416	(23,397)
May	899,217	782,299	(116,917)
Jun	967,756		
Jul	1,044,105		
Aug	1,056,180		
Sep	1,017,048		
Total	\$ 10,921,401	\$ 6,568,647	\$ (267,666)
Actual to Forecast			-3.9%



Warning

Sewer sales represent over 40% of the Utility Fund budget and cover the cost of sewer treatment paid to City of Garland. Cumulatively overall, sewer revenues are 3.9% lower than forecasted for this time of year.

REVENUE ANALYSIS

WATER REVENUES FY2016

<u>Month</u>	<u>2016 Forecast</u>	<u>2016 Actual</u>	<u>Monthly Variance</u>
Oct	\$ 1,403,401	\$ 1,621,805	\$ 218,404
Nov	1,266,499	1,446,969	180,470
Dec	1,132,796	1,145,412	12,617
Jan	1,069,153	1,187,109	117,956
Feb	1,039,399	1,065,031	25,632
Mar	1,018,224	1,117,106	98,881
Apr	1,121,145	1,188,397	67,252
May	1,248,648	1,141,028	(107,620)
Jun	1,585,123		
Jul	2,033,999		
Aug	2,158,983		
Sep	1,950,603		
Total	\$ 17,027,975	\$ 9,912,857	\$ 613,591
<i>Actual to Forecast</i>			6.6%



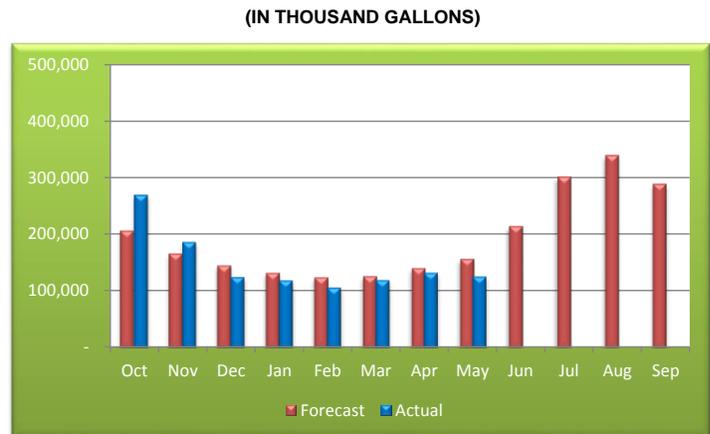
Positive

Water sales represent just over 50% of the total Utility Fund budget and cover the cost of water acquisition from the North Texas Municipal Water District. Cumulatively, water revenues are 6.6% higher than the forecast for this time of year.

REVENUE ANALYSIS

WATER USAGE FY2016

<u>Month</u>	<u>2016 Forecast</u>	<u>2016 Actual</u>	<u>Monthly Variance</u>
Oct	205,688	268,258	62,570
Nov	165,430	185,897	20,467
Dec	144,647	124,951	(19,696)
Jan	131,535	119,045	(12,490)
Feb	123,505	106,152	(17,353)
Mar	125,372	119,261	(6,111)
Apr	139,784	132,105	(7,679)
May	155,805	125,700	(30,105)
Jun	213,519		
Jul	300,529		
Aug	338,135		
Sep	287,959		
Total	2,331,906	1,181,369	(10,395)
<i>Actual to Forecast</i>			-0.9%



Positive

The City purchases its water from the North Texas Municipal Water District. Customer usage in May is 19.3% lower than forecast, but cumulatively customer usage is 0.9% lower than forecast. The contract with NTMWD requires the City to pay for a minimum of 3.2 billion gallons of water per year.

OVERALL FUND PERFORMANCE

REFUSE FUND REVENUES VS EXPENSES FY2016

<u>Month</u>	<u>2016 Revenue</u>	<u>2016 Expenses</u>	<u>Monthly Variance</u>
Oct	\$ 391,264	\$ 388,769	\$ 2,495
Nov	421,039	398,249	22,790
Dec	416,530	412,957	3,574
Jan	414,551	399,248	15,304
Feb	410,311	406,265	4,045
Mar	412,556	409,631	2,925
Apr	424,338	394,913	29,426
May	409,541	402,503	7,037
Jun			
Jul			
Aug			
Sep			
Total	\$ 3,300,131	\$ 3,212,535	\$ 87,595
Cumulative Forecast	\$ 3,218,004	\$ 3,183,253	\$ 34,751
Actual to Forecast \$	\$ 82,127	\$ 29,282	\$ 52,845
Actual to Forecast	2.6%	0.9%	



Positive

The Refuse Fund accounts for monies collected from customers on their utility bills and remitted to our solid waste provider. Revenues are currently 2.6% higher than forecasted, and expenses are 0.9% higher than forecasted.

OVERALL FUND PERFORMANCE

DRAINAGE FUND REVENUES VS EXPENSES FY2016

<u>Month</u>	<u>2016 Revenue</u>	<u>2016 Expenses</u>	<u>Monthly Variance</u>
Oct	\$ 107,637	\$ 67,427	\$ 40,210
Nov	113,549	73,163	40,386
Dec	112,214	73,269	38,945
Jan	112,904	66,819	46,085
Feb	109,356	338,156	(228,800)
Mar	111,234	75,175	36,059
Apr	113,054	59,373	53,681
May	110,681	60,128	50,553
Jun			
Jul			
Aug			
Sep			
Total	\$ 890,630	\$ 813,510	\$ 77,120
Cumulative Forecast	\$ 906,935	\$ 941,781	\$ (34,846)
Actual to Forecast \$	\$ (16,306)	\$ (128,271)	\$ 111,965
Actual to Forecast	-1.8%	-13.6%	



Positive

The Drainage Fund accounts for monies collected from customers on their utility bills for the municipal drainage system. Cumulatively overall, the fund is better than forecasted for this time of the year, with revenues 1.8% lower than forecasted but expenses 13.6% lower than forecasted.

OVERALL FUND PERFORMANCE

DEBT SERVICE FUND REVENUES VS EXPENSES FY2016

<u>Month</u>	<u>2016 Revenue</u>	<u>2016 Expenses</u>	<u>Monthly Variance</u>
Oct	\$ 256,615	\$ 3,910	\$ 252,705
Nov	253,679	898	252,781
Dec	4,274,836	127,318	4,147,518
Jan	1,501,932	14,247	1,487,685
Feb	1,016,301	7,269,552	(6,253,251)
Mar	107,207	10,035	97,172
Apr	70,761	3,702	67,059
May	55,460	7,558	47,901
Jun			
Jul			
Aug			
Sep			
Total	\$ 7,536,789	\$ 7,437,220	\$ 99,570
Cumulative Forecast	\$ 7,612,934	\$ 7,345,225	\$ 267,709
Actual to Forecast \$	\$ (76,144)	\$ 91,995	\$ (168,139)
Actual to Forecast	-1.0%	1.3%	



Warning

General Debt Service Fund is used to pay principal and interest on tax-supported debt. Revenues are 1.0% lower than projected, and expenses 1.3% higher than expected. The fund pays conduit debt in December and makes other semi-annual debt payments in February and August.

OVERALL FUND PERFORMANCE

EMPLOYEE HEALTH BENEFITS FUND REVENUES VS EXPENSES FY2016

<u>Month</u>	<u>2016 Revenue</u>	<u>2016 Expenses</u>	<u>Monthly Variance</u>
Oct	\$ 307,170	\$ 370,713	\$ (63,543)
Nov	387,817	323,391	64,426
Dec	283,162	340,261	(57,099)
Jan	610,908	233,094	377,815
Feb	190,704	347,350	(156,646)
Mar	532,069	510,261	21,809
Apr	253,148	555,584	(302,436)
May	678,513	364,868	313,645
Jun			
Jul			
Aug			
Sep			
Total	\$ 3,243,493	\$ 3,045,522	\$ 197,971
Cumulative Forecast	\$ 2,933,342	\$ 3,310,796	\$ (377,454)
Actual to Forecast \$	\$ 310,151	\$ (265,274)	\$ 575,425
Actual to Forecast	10.6%	-8.0%	



Positive

Employee Health Benefits Fund accounts for all health related claims paid from the City's partial self-insured fund. Overall, revenues are 10.6% lower than forecasted and expenses are 8.0% lower than forecasted. Revenues reflect lower than expected premium payments due to vacancies, plan choices and timing, and expenses are lower than forecasted due to lower than expected claims.



City of Rowlett
Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75080-0099
www.rowlett.com

AGENDA DATE: 07/19/16

AGENDA ITEM: 5D

TITLE

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

STAFF REPRESENTATIVE

Brian Funderburk, City Manager



City of Rowlett
Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75080-0099
www.rowlett.com

AGENDA DATE: 07/19/16

AGENDA ITEM: 7A

TITLE

Consider action to approve minutes from the July 5, 2016 City Council Regular Meeting, the July 8-9, 2016 City Council Planning and Strategy Session, and the July 12, 2016 City Council and Arts and Humanities Commission Joint Work Session.

STAFF REPRESENTATIVE

Laura Hallmark, City Secretary

SUMMARY

Section 551.021 of the Government Code provides as follows:

- (a) A governmental body shall prepare and keep minutes or make a tape recording of each open meeting of the body.
- (b) The minutes must:
 - (1) state the subject of each deliberation; and
 - (2) indicate each vote, order, decisions or other action taken.

RECOMMENDED ACTION

Move to approve, amend or correct the minutes for the July 5, 2016 City Council Regular Meeting, the July 8-9, 2016 City Council Planning and Strategy Session, and the July 12, 2016 City Council and Arts and Humanities Commission Joint Work Session.

ATTACHMENT

7/5/2016 City Council Minutes

7/8-9/2016 City Council Planning and Strategy Session Minutes

7/12/2016 City Council and Arts and Humanities Commission Joint Work Session Minutes



City of Rowlett

Meeting Minutes

City Council

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

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

Tuesday, July 5, 2016

5:30 P.M.

Municipal Building – 4000 Main Street

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

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

Present: Mayor Gottel, Mayor Pro Tem Dana-Bashian, Deputy Mayor Pro Tem Sheffield, Councilmember van Bloemendaal, Councilmember Bobbitt, Councilmember Brown, and Councilmember Hargrave.

1. CALL TO ORDER

Mayor Gottel called the meeting to order at 5:32 p.m.

2. EXECUTIVE SESSION

- 2A.** The City Council shall convene into Executive Session pursuant to the Texas Government Code, §551.074 (Personnel) to deliberate the employment, evaluation, and duties of, and compensation for, the City Manager. (THIS ITEM WILL BE DISCUSSED FOLLOWING THE REGULAR PORTION OF THE MEETING) (45 minutes)

In at 10:16 p.m. Out at 11:15 p.m.

3. WORK SESSION (5:30 P.M.) * Times listed are approximate.

- 3A.** Joint meeting of Parks Advisory Board and Council. (45 minutes)

Chair Wayne Baxter called the Board to order at 5:35 p.m. Members present were Ken Romaine, Dolores Henning, Lonnie Cornwell, Mike DeLatte, E.C. Umberger, Zabrina Martinson, and Rhetta Bowers. Mr. Baxter reviewed the primary functions of the Board and their duties, accomplishments for the past year – focusing on the Kids Kingdom rebuild, and future concerns.

Discussion regarding current field inventory and future needs and master planning for current active parks as well as current park land and future amenities.

The Parks and Recreation Advisory Board was adjourned at 5:50 p.m.

3B. Discuss Senior Tax Freeze and Exemption. (20 minutes)

Brian Funderburk, City Manager, explained the tax freeze changes that were made in 2016 and the results that had not been anticipated. Council discussion regarding possible options. This discussion will be continued at a later date.

3C. Presentation by NuRock Companies regarding consideration for 4% TDHCA tax credits. (30 minutes)

Len Vilicic of NuRock presented background on the company, provided examples of current properties, income and resident requirements and proposed locations. Discussion regarding a possible Senior housing option that NuRock will investigate and possibly bring back for future discussion.

3D. Discuss plans to issue \$4.75 million General Obligation Bonds at part two of three year bond plan. (20 minutes)

Kim Wilson, Director of Financial Services, along with Boyd London of First Southwest, reviewed bond issuance including the schedule and amounts issued and ratings.

4. DISCUSS CONSENT AGENDA ITEMS

Mayor Pro Tem Dana-Bashian asked for clarification of Item 7B.

Council adjourned the Work Session at 7:22 p.m.

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

Council reconvened in the Regular Session at 7:33 p.m.

INVOCATION – Randy Tahyi, The Anchor Church

PLEDGE OF ALLEGIANCE – Led by the City Council

TEXAS PLEDGE OF ALLEGIANCE

5. PRESENTATIONS AND PROCLAMATIONS

5A. Proclamation recognizing July as National Parks and Recreation Month.

Councilmember Bobbitt presented the Proclamation to Angie Smith, Director of Parks and Recreation along with several Parks employees and members of the Parks and Recreation Advisory Board.

5B. Presentation of a \$5000 fundraiser check from “Scavenge Rowlett” to the Rebuild Rowlett Foundation.

Mayor Pro Tem Dana-Bashian, along with Councilmember van Bloemendaal, introduced Steve Walker, who presented a check in the amount of \$5,000 for Rebuild Rowlett.

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

Mayor Gottel announced the following:

COUNCIL MEETINGS

- NEXT REGULAR COUNCIL MEETINGS WILL BE HELD ON TUESDAY, JULY 19 AND TUESDAY, AUGUST 2

P & Z MEETINGS

- MEETING WILL BE HELD ON TUESDAY, JULY 12 IN THE ANNEX CONFERENCE ROOM AT 6:30PM
- JULY MEETINGS: 12TH AND 26TH

KIDS KINGDOM GRAND OPENING

- SATURDAY, JULY 9 AT 10:00 A.M.
- SPECIAL “GOLDEN TICKET” PARTY FOR THOSE WHO VOLUNTEERED DURING THE BUILD WEEK LAST DECEMBER AT 9:00 A.M.

ARTS AND HUMANITIES COMMISSION SPECIAL NEEDS ARTIST EXHIBIT

- NEW ART EXHIBIT FOCUSING SOLELY ON THE ARTISTIC TALENTS AND ABILITIES OF THOSE IN OUR COMMUNITY LIVING WITH SPECIAL NEEDS.
- ART ON DISPLAY IN THE CITY’S ANNEX BUILDING, LOCATED BEHIND CITY HALL, THROUGHOUT JULY
- AWARDS WILL BE PRESENTED DURING THE CITY COUNCIL MEETING ON TUESDAY, AUGUST 2

REBUILD ROWLETT “GO FUND ME” AND “PAYPAL” ACCOUNTS

- THE ROWLETT CHAMBER FOUNDATION, A NON-PROFIT ORGANIZATION, STARTED REBUILD ROWLETT GO FUND ME AND PAYPAL ACCOUNTS
- MAKE A TAX-DEDUCTIBLE DONATION TO HELP ROWLETT RESIDENTS REBUILD THEIR LIVES AND HOMES
- WWW.GOFUNDME.COM/REBUILDRWLETT
- PAYPAL – WWW.REBUILDRWLETT.ORG

ROWLETT LIBRARY

- SUMMER READING PROGRAM RUNS THROUGH JULY 30
 - THEME IS “ON YOUR MARK, GET SET, READ!”
 - PROGRAMS FOR ALL AGES – 5-12, 13-18 AND ADULTS! MAGIC SHOW, ZOOINIVERSITY, AGILITY DOGS, HARRY POTTER AND MORE!!
 - CHECK ALL THE DETAILS AT THE LIBRARY’S WEBSITE @WWW.ROWLETT.COM/LIBRARY OR FACEBOOK PAGE @ WWW.FACEBOOK.COM/ROWLETTPUBLICLIBRARY

PARKS AND RECREATION

- WET ZONE OPEN DAILY EXCEPT TUESDAYs
 - CHECK WEBSITE FOR OPERATING HOURS; www.rowlett.com/wetzone
 - ENJOY WATCHING THE MOVIE “PIXELS” FROM THE COMFORT OF LAWN CHAIRS OR RAFTS AT FLICK ‘N FLOAT – 8:30PM SATURDAY, JULY 16.

- SUMMER CONCERT SERIES – 7:00 P.M. FRIDAY NIGHTS IN AUGUST AT PECAN GROVE PARK
 - FREE ADMISSION
 - FEATURES A VARIETY OF FOOD TRUCKS
 - FRIDAY, AUGUST 5 – WALKIN THE LINE (JOHNNY CASH TRIBUTE BAND)
 - FRIDAY, AUGUST 12 – ESCAPE (JOURNEY TRIBUTE BAND)
 - FRIDAY, AUGUST 19 – TIME TRAIN (VARIETY BAND)
 - FRIDAY, SUGUST 26 – ME AND MY MONKEY (BEATLES TRIBUTE BAND)
 - MORE INFO AT WWW.ROWLETT.COM/SUMMERCONCERTSERIES

SENIOR EVENTS

- TOUR OF FORT WORTH
 - \$20
 - FRIDAY, JULY 8, BUS DEPARTS AT 8AM AND RETURNS AT 5PM

ANIMAL SHELTER

- LOW COST VACCINE CLINIC AT ANIMAL SHELTER –
 - SATURDAY, JULY 16, 1 – 3PM
 - LOCATED AT 4402 INDUSTRIAL ST.
 - SHELTER IS OPEN MONDAY – SATURDAY, 10AM – 5PM

Shelter staff brought Hunter, a Basset Hound mix, who is one of the animals available for adoption at the Shelter.

Jerry Nichols, on behalf of Representative Angie Chen Button, announced Senior Awareness Day, July 29th from 9 a.m. – noon at The Atrium at the Granville Arts Center.

6. CITIZENS' INPUT

Perry Abney, 9958 Merritt Road, Rowlett; spoke regarding a drainage issue on his property.

7. CONSENT AGENDA

- 7A. Consider action to approve minutes from the June 21, 2016 City Council Regular Meeting.

This item was approved on the Consent Agenda.

- 7B. Consider action to approve a resolution allowing the City Manager to negotiate and execute an amendment to the Financial Advisory Services agreement with FirstSouthwest Asset Management, Inc. for arbitrage rebate compliance services.

This item was approved as RES-081-16 on the Consent Agenda.

- 7C. Consider action to approve a resolution authorizing the City Manager to submit an individual safe room rebate program application under the Hazard Mitigation Grant Program (HMGP).

This item was pulled for Individual Consideration.

Fire Chief Neil Howard and Ed Balderas, Emergency Management Specialist, presented the information for this item.

A motion was made by Mayor Pro Tem Dana-Bashian, seconded by Councilmember Brown, to approve the item as presented. The motion carried with a unanimous vote of those members present. This item was approved as RES-082-16.

Passed the Consent Agenda

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

8. ITEMS FOR INDIVIDUAL CONSIDERATION

- 8A.** Conduct a public hearing and consider an ordinance to rezone from General Commercial/Retail (C-2) Zoning District to a Planned Development District with an underlying C-2 base zoning district to allow an assisted living/memory care facility. The subject property is located at 4906 Miller Road further described as being 3.639 +/- acres in the Oliver V Ledbetter Survey, Abstract No. 790, City of Rowlett, Dallas County, Texas.

Garrett Langford, Principal Planner, provided the information for this item. David Krukiel, spoke on behalf of the applicant. The public hearing opened and closed with the following speakers:

1. Sue Rabinowitz, 3110 Harborview Blvd, Rowlett; spoke in opposition.
2. Rick Rabinowitz, 3110 Harborview Blvd, Rowlett; spoke in opposition.

A motion was made by Mayor Pro Tem Dana-Bashian, seconded by Councilmember Hargrave, to approve the item as presented with a revision of 75/25% masonry exterior. The motion carried with a unanimous vote of those members present. This item was approved as ORD-026-16.

- 8B.** Conduct a public hearing and consider an ordinance to rezone from Single Family-10 and Single Family-8 Zoning District to a Planned Development District with an underlying zoning of Single Family 5 (SF-5) for the purpose of constructing a single family neighborhood. The subject property is located at 7900 Chiesa Road further described as being 22.06 +/- acres consisting of all of Tract I in the James Saunders Survey, Abstract No. 1424, and a portion of Lot 1, Block 1, Crossroads Church Addition, City of Rowlett, Dallas County, Texas.

Garrett Langford, Principal Planner, provided the information for this item. Adam Buczek, on behalf of the applicant, provided additional information. The public hearing opened/closed with the following speakers:

1. Jeff Butler, 8014 Straits, Rowlett; spoke in favor.
2. Mikey Hattenbuehler, 7414 Silverthorn, Rowlett; spoke in favor.
3. Jason Collins, 4510 Rosewood Lane, Sachse; spoke in favor.
4. Bobby Mier, 7818 Salzburg, Rowlett; spoke in favor.
5. Mary Ann Wilkerson, 2900 Chiesa, Rowlett; spoke in favor.
6. Kelby Mullins, 7906 Straits, Rowlett; spoke in favor.
7. Kimberly Spears, 4202 Skyline, Rowlett; spoke in favor.

A motion was made by Deputy Mayor Pro Tem Sheffield, seconded by Councilmember Bobbitt, to approve the item as presented. The motion carried with a unanimous vote of those members present. This item was approved as ORD-027-16.

- 8C.** Conduct a public hearing and consider an ordinance approving a Special Use Permit to allow an accessory building that does not meet the requirements in Section 77-303 of the Rowlett Development Code. The subject property is located at 7714 Princeton Road further described as being a 6.89 +/- acre parcel located in Tract 53.1 of the Hanse Hamilton Survey, Abstract 548, Page 595, City of Rowlett, Dallas County, Texas. (SUP126-2016)

Garrett Langford, Principal Planner, provided the information for this item. Mickey Halstrom, the applicant clarified additional information for the Council. The public hearing opened and closed with no speakers.

A motion was made by Deputy Mayor Pro Tem Dana-Bashian, seconded by Councilmember Bobbitt, to approve the item as presented. The motion carried with a unanimous vote of those members present. This item was approved as ORD-028-16.

After a short break at 10:10 p.m., Council reconvened for the Executive Session at 10:16 p.m.

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

There was no action taken.

9. ADJOURNMENT

Mayor Gottel adjourned the meeting at 11:16 p.m.



**CITY COUNCIL
PLANNING AND STRATEGY SESSION
MINUTES**

JULY 8-9, 2016

**DAY ONE
FRIDAY, JULY 8, 2016**

PRESENT: Mayor Gottel, Mayor Pro Tem Dana-Bashian, Deputy Mayor Pro Tem Sheffield, Councilmember Bobbitt, Councilmember van Bloemendaal, Councilmember Brown, Councilmember Hargrave

Mayor Gottel called the meeting to order at 8:15 a.m.

Opening remarks and review of retreat goals

Mayor Gottel took a moment to reflect on the shootings of Dallas and DART officers the previous evening. Brian Funderburk, City Manager, reviewed the agenda for the next two days and the rules of engagement.

A healthy and sustainable water & sewer system

Kim Wilson, Director of Financial Services, reviewed the Utility Fund, including requirements, financial strength, management, goals and strategies, and the impact of those goals and strategies. She reviewed the meter reading system, its history, system update and associated costs, and customer benefits. Mr. Funderburk reviewed the water/wastewater rates and stated that funds for a rate study would be included in the proposed budget for FY17.

Break at 10:33 a.m. Reconvene at 10:50 a.m.

Future bond program strategies

Jim Proce, Assistant City Manager, reviewed the 2015 bond program and timeline, accelerated projects, public safety training center, fiber optic network, review of the street projects, Kids Kingdom, the Rowlett Community Centre renovation, Katy Railroad Park soccer fields, and next steps for the CIP program.

Break at 12:09 p.m. Reconvene at 12:26 p.m.

Impacts of the tornado (working lunch)

Mr. Funderburk reviewed what the City has been through as a result of the tornado, including debris removal and associated costs for the recovery after the tornado. He reviewed options for re-allocation of funds that had been earmarked for the tornado.

Break at 1:17 p.m. Reconvene at 1:35 p.m.

Tax values, priorities & strategies

Mr. Funderburk and Ms. Wilson reviewed the current development underway, the economic and development impact of Bayside, the cumulative change in taxable value, the projected taxable value, property tax value estimates, allocation of property taxes in proposed budget, the timing of a possible tax rate decrease, future facilities, and infrastructure needs.

Break at 2:55 p.m. Reconvene at 3:10 p.m.

Building better neighborhoods

Marc Kurbansade, Director of Development Services, reviewed options for the Community Development Block Grant (CDBG) 2016 plan year and the consensus of Council to continue with the 65% for Public Facilities, 15% for Public Services, and 20% Administration. He touched on Realize Rowlett 2020 and reviewing the areas that had been identified as “opportunity” areas. Mr. Kurbansade stated there would be a survey of developers and their thoughts on Form-based code and the processes thus far. Upon completion of that survey, there will be another joint meeting between City Council and the Planning and Zoning Commission.

There was further discussion regarding a possible residential habitation and rental standards program being established. Staff will research other cities as comparison.

Wrap-up & closing remarks

Adjourn at 5:00 p.m.

DAY 2 **SATURDAY, JULY 9, 2016**

PRESENT: Mayor Gottel, Mayor Pro Tem Dana-Bashian, Deputy Mayor Pro Tem Sheffield, Councilmember Bobbitt, Councilmember van Bloemendaal, Councilmember Brown, Councilmember Hargrave

Mayor Gottel called the meeting to order at 11:06 a.m.

On Your Radar – budget planning topics & strategies

Mr. Funderburk reviewed some of the requests for the upcoming budget that were submitted from the Senior Advisory Board and the Golf Advisory Board, the upcoming renewal option for the Waste Management contract, the status of the employee medical insurance plan, and topics of discussion for the 2017 budget.

Break at 12:00 p.m. Reconvene at 12:10 p.m.

Council governance topics (working lunch)

Laura Hallmark, City Secretary, reviewed proposed changes to the City Council's Rules of Procedure and the City of Rowlett's Boards and Commissions Handbook. Council discussed proposed changes and will consider adoption at an upcoming Council meeting.

Break at 1:55 p.m. Reconvene at 2:09 p.m.

Review status of FY2016 Work Plan

Mr. Proce reviewed the status of the current Work Plan.

Discuss topics and strategies for FY2017 Work Plan

Councilmembers submitted topics for the next year's Council Work Plan and ranked their order of preference. The results will be compiled and returned to Council for further discussion at a future meeting.

Wrap-up & closing remarks

Mr. Funderburk and Mayor Gottel thanked everyone for their time and participation.

Adjourn at 4:48 p.m.



City of Rowlett
Joint Work Session Minutes
City Council
Arts and Humanities Commission

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

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

Tuesday, July 12, 2016

6:30 P.M.

Annex Conference Room –
4004 Main Street

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

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

**Present: Mayor Gottel, Mayor Pro Tem Dana-Bashian, Deputy Mayor Pro Tem Sheffield, Councilmember Brown, Councilmember van Bloemendaal, Councilmember Bobbitt, and Councilmember Hargrave
Commissioners Katzenberger, Hokanson, Alexander, and Crosby**

1. CALL TO ORDER

Mayor Pro Tem Dana-Bashian called the meeting to order at 6:30 p.m. Mr. Katzenberger called the Commission to order at 6:31 p.m. and introduced the members present. Mayor Gottel arrived at 6:33 p.m.

2. WORK SESSION

2A. Arts and Humanities Commission presentation of proposed Tornado memorial sculptures. (90 minutes)

Mr. Katzenberger reviewed the timeline and background of the proposed memorial art program, including locations and site selection considerations, and location evaluation criteria. There was discussion regarding both proposed locations and both pieces of art.

There was consensus of Council to select the Schrade Bluebonnet Park location with the stipulation that a master plan be drawn up prior to the installation of the phoenix themed sculpture.

There was consensus of Council to obtain the Noblique piece, but the location of placement is to be determined.

It was the consensus of Council to proceed with the initial improvements to the Schrade Bluebonnet Park location including parking, sidewalk, and foundation infrastructure.

3A. ADJOURNMENT

Mayor Gottel announced that PrayRowlett will be hosting a prayer event in remembrance of the Dallas and DART officers, Thursday, July 14th from 8-9 p.m. at the Main Street lawn. Attendees can park at the DART station.

The meeting adjourned at 7:58 p.m.



City of Rowlett
Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75080-0099
www.rowlett.com

AGENDA DATE: 07/19/16

AGENDA ITEM: 7B

TITLE

Consider all matters incident and related to the issuance and sale of “City of Rowlett, Texas General Obligation Improvement Bonds, Series 2016,” including the adoption of an ordinance authorizing the issuance of such bonds and approving all other matters incident thereto.

STAFF REPRESENTATIVE

Kim Wilson, Chief Financial Officer

SUMMARY

The City of Rowlett desires to issue \$4.75 million in general obligation improvement debt for the second phase of the 2015 Bond Election Capital Plan.

BACKGROUND INFORMATION

On May 9, 2015, Rowlett voters approved a \$25.8 million capital improvements plan bond election. On July 21, 2015, the City issued the first \$10.1 million toward this three year plan. Year two of this plan includes \$4.75 million for reconstruction of infrastructure, park improvements and the Public Safety improvements. The entire list is provided below.

Prop #	Project	Total Project Cost Estimate
1	Primrose Lane Street Reconstruction	\$1,550,000
1	Phase 1 Dalrock Estates Street Reconstruction	\$3,400,000
1	Phase 1 Highland Meadows Street Reconstruction	\$3,030,000
1	Phase 1 Lake Country Estates Street Reconstruction	\$3,650,000
1	Main St. Reconstruction from Roundabout to PGBT	\$1,870,000
1	Right Turn Lane on Main & PGBT	\$260,000
1	Merritt Road Interconnector Phase 2	\$1,500,000
1	Traffic Signal at Chiesa & Liberty Grove	\$225,000
1	Alley Reconstruction Program	\$2,000,000
1	Advanced Traffic Mgmt System	\$800,000
1	Sidewalk Connections	\$280,000
2	Pecan Grove	\$75,000
2	Wet Zone Waterpark	\$660,000
2	New Kids Kingdom	\$557,500
2	Rowlett Community Centre Renovation	\$350,000
2	Lakeside Park	\$185,000
2	Paddle Point Park	\$165,000
2	"Hike & Bike" Trail Plan	\$300,000
2	Katy Railroad Park Soccer	\$100,000
2	Katy Railroad Park Phase 2	\$310,000
2	Springfield Park	\$600,000
2	Community Park	\$665,000
2	Nature Trail	\$94,000
2	Veterans Park	\$33,000
2	Shorewood Park	\$30,000

3 Public Safety Dept Training Center & Close Fiber Ring		
	Site Plan	\$550,000
	Fiber Optic	\$330,000
	Site Preparation	\$300,000
	Flatwork Parking	\$200,000
	Confined Space	\$150,000
	Trench Rescue	\$150,000
	Training Tower	\$700,000
	Driving Course	\$200,000
All Projects Total:		\$25,269,500
TOTAL PROJECT EXPENSE (ESTIMATED)		
APPROXIMATE PROJECT FUNDS AVAILABLE (TARGET)		

APPROXIMATE COST OF ISSUANCE (adjusted on June 10, 2015)

DISCUSSION

This will be the second issuance of the approved three year bond issue and capital improvement plan. This issuance will be for \$4.75 million and will include projects from all three of the propositions.

The Preliminary Offering Statement and Draft Ordinances are substantially complete. Final numbers and details will not be available until final pricing, a routine practice for municipal bond sales. Final pricing will be determined by market conditions at time of sale and may result in a variance in issuance costs and par amount.

FINANCIAL/BUDGET IMPLICATIONS

The following debt plan assumes a 9% increase in ad valorem valuations for the 2017 fiscal year. This plan includes a debt service increase in the Interest & Sinking fund rate of \$0.0112 that was expected and is due to a decrease in scheduled debt service net of a planned reduction in the debt service fund balance in fiscal year 2016. See the financing plan provided by the City's Financial Advisors, FirstSouthwest.

See following page:

City of Rowlett, Texas
Capital Improvement Plan
Preliminary- May 26, 2016- Version 2

FYE 30-Sep	Taxable Assessed Value ⁽¹⁾	Assessed Value Growth	Total Outstanding Debt Service	LESS: Self Supporting Debt Service			Total Net Debt Service	Proposed Capital Plan		Total Net Debt Service	Calculated I&S Tax Rate ⁽¹⁾
				GOLF	W&S	DRAINAGE		\$4,750,000	\$10,934,500		
								Series 2016 ⁽²⁾ 2.35% TIC	Series 2017 ⁽²⁾ 5.00% TIC		
2016	\$3,587,455,377	9.57%	\$10,607,213	\$ (244,990)	\$ (1,638,991)	\$ (364,582)	\$ 8,358,649			\$ 8,358,649	\$ 0.2093
2017	3,910,326,361	9.00%	10,593,615	(241,990)	(1,639,958)	(362,100)	8,349,567	\$ 99,107		8,448,674	0.2205
2018	4,105,842,679	5.00%	10,235,325	(243,990)	(1,645,392)	(366,375)	7,979,568	99,940	\$ 567,987	8,647,494	0.2149
2019	4,105,842,679	0.00%	9,454,605	(245,840)	(1,465,256)	(363,875)	7,379,634	323,534	891,388	8,594,555	0.2196
2020	4,105,842,679	0.00%	9,094,627	(242,540)	(1,458,538)	(365,750)	7,027,799	325,575	891,263	8,244,636	0.2049
2021	4,105,842,679	0.00%	8,755,203	(244,240)	(1,456,047)	(337,625)	6,717,291	322,355	891,213	7,930,858	0.1971
2022	4,105,842,679	0.00%	8,266,599	(245,790)	(1,309,821)	(344,375)	6,366,612	323,808	891,188	7,581,607	0.1884
2023	4,105,842,679	0.00%	7,299,243	(242,190)	(1,310,852)	(345,250)	5,400,950	324,888	891,625	6,617,463	0.1645
2024	4,105,842,679	0.00%	6,523,240	(242,990)	(1,315,055)	(340,500)	4,624,695	320,688	891,475	5,836,857	0.1451
2025	4,105,842,679	0.00%	4,461,951	(242,990)	(10,805)	(345,000)	3,863,156	321,200	891,200	5,075,556	0.1261
2026	4,105,842,679	0.00%	2,921,459	(242,790)	(10,496)	(348,500)	2,319,673	321,310	891,238	3,532,220	0.0878
2027	4,105,842,679	0.00%	1,393,784	(242,053)	(10,187)		1,141,544	321,070	891,513	2,354,127	0.0585
2028	4,105,842,679	0.00%	1,389,928	(241,103)	(6,757)		1,142,068	320,533	891,463	2,354,063	0.0585
2029	4,105,842,679	0.00%	1,394,634	(244,940)	(9,671)		1,140,022	324,635	891,525	2,356,182	0.0586
2030	4,105,842,679	0.00%	1,379,128	(243,353)			1,135,775	323,435	891,625	2,350,835	0.0584
2031	4,105,842,679	0.00%	1,136,928	(241,553)			895,375	321,983	891,200	2,108,558	0.0524
2032	4,105,842,679	0.00%	916,915	(244,540)				325,213	891,663	1,216,875	0.0302
2033	4,105,842,679	0.00%	910,603	(242,103)				323,119	891,425	1,214,544	0.0302
2034	4,105,842,679	0.00%	912,703	(244,453)				320,680	891,413	1,212,093	0.0301
2035	4,105,842,679	0.00%	912,753	(241,378)				322,748	891,525	1,214,273	0.0302
2036	4,105,842,679	0.00%	243,090	(243,090)				324,320	891,663	1,215,983	0.0302
2037	4,105,842,679	0.00%	244,378	(244,378)					891,238	891,238	0.0221
2038	4,105,842,679	0.00%	245,240	(245,240)					-	-	-
2039	4,105,842,679	0.00%	245,340	(245,340)					-	-	-
			\$99,538,499	\$ (5,843,860)	\$ (13,287,828)	\$ (3,883,932)	\$73,842,378	\$ 6,010,137	\$17,504,824	\$ 97,357,340	

Assumptions:

- (1) Assumes Collection Rate of 98%. FY 2016 AV as reported by the City; Subject to change during the ensuing year
- (2) Assumes 8/18/16 Delivery; Total estimated COI of \$115,000; Deposit to Construction Fund - \$4,635,000
- (3) Assumes 8/1/17 Delivery; Total estimated COI of \$176,500; Deposit to Construction Fund - \$10,758,000

Current Tax Rate	\$ 0.2093
Maximum Tax Rate	0.2205
Impact	\$ 0.0112

RECOMMENDED ACTION

City staff recommends adoption of an ordinance authorizing the issuance and sale of City of Rowlett, Texas, General Obligation Improvement Bonds, Series 2016; providing for the payment of said bonds; approving the official statement; providing an effective date; and enacting other provisions relating to the subject.

Suggested Motion: "I move to adopt an ordinance authorizing the issuance and sale of City of Rowlett, Texas, General Obligation Bonds, Series 2016" and approving all other matters related thereto".

ORDINANCE

See Exhibit A – Proposed Ordinance

The final ordinance will be available after pricing on July 19, 2016, and will be provided by bond counsel.

ATTACHMENT

Exhibit A – Proposed Ordinance

Exhibit B – Preliminary Official Statement (The Final Official Statement will be available after pricing on July 19, 2016, and will be provided by the financial advisor.)

ORDINANCE NO. ORD-___-16

AUTHORIZING THE ISSUANCE AND SALE OF CITY OF ROWLETT, TEXAS GENERAL OBLIGATION BONDS, SERIES 2016; PROVIDING FOR THE PAYMENT OF SAID BONDS; APPROVING THE OFFICIAL STATEMENT; PROVIDING AN EFFECTIVE DATE; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

THE STATE OF TEXAS §
 COUNTIES OF DALLAS AND ROCKWALL §
 CITY OF ROWLETT §

WHEREAS, it is deemed advisable and to be in the best interest of the City of Rowlett, Texas (the "City" or "Issuer") that certain bonds authorized at an election previously held in the City be combined in a single issue and sold at this time, the date of election, amount of bonds authorized, purpose, amount of bonds previously sold, and the amount now to be sold being as follows:

<u>DATE OF ELECTION</u>	<u>AMOUNT AUTHORIZED</u>	<u>PURPOSE</u>	<u>AMOUNT PREVIOUSLY SOLD</u>	<u>AMOUNT BEING ISSUED⁽¹⁾</u>	<u>AMOUNT REMAINING</u>
May 9, 2015	\$18,932,340	Street improvements	\$7,015,000	\$3,550,000	\$8,367,340
May 9, 2015	\$4,206,110	Park & recreation improvements	\$1,957,500	\$435,000	\$1,813,610
May 9, 2015	\$2,631,050	public safety facilities and improvements	\$985,000	\$650,000	\$996,050
Total	\$25,769,500		\$9,957,500	\$4,635,000	\$11,177,000

(1) Includes premium deposited into the Construction Fund and applied against voted authorization.

WHEREAS, this City Council finds and determines that it is necessary and proper to order the issuance, sale and delivery of such voted bonds; and

WHEREAS, the bonds hereinafter authorized to be issued are to be issued, sold and delivered pursuant to the general laws of the State of Texas, including Texas Government Code, Chapter 1331, as amended, and the City's Home Rule Charter; and

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

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

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The bonds of the City of Rowlett, Texas (the "Issuer") are hereby authorized to be issued and delivered in the aggregate principal amount of \$_____ for the public purpose of (i) constructing, improving, extending, expanding, upgrading and developing streets and roads, including utility relocation, landscaping, sidewalks, traffic safety and operational improvements, drainage, the purchase of any necessary right-of-way and other costs related to such street and road projects; (ii) constructing, improving and equipping municipal parks and recreational facilities and the acquisition of land and interests in land necessary therefor, such projects to include trails, sports fields, Community Centre and aquatic facilities; (iii) constructing, improving and equipping public safety facilities for the fire and police departments, consisting of a training facility and

communications equipment and transmission lines; and (iv) paying the costs incurred in connection with the issuance of the Bonds (collectively, the "Projects").

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES AND INTEREST RATES OF BONDS. Each bond issued pursuant to this Ordinance shall be designated: "CITY OF ROWLETT, TEXAS, GENERAL OBLIGATION BOND, SERIES 2016," and initially there shall be issued, sold, and delivered hereunder one fully registered bond, without interest coupons, dated July 15, 2016, in the principal amount stated above and in the denominations hereinafter stated, numbered T-1, with bonds issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-1 upward, payable to the respective Registered Owners thereof (with the initial bond being made payable to the initial purchaser as described in Section 10 hereof), or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the "Registered Owner"), and said bonds shall mature and be payable serially on February 15 in each of the years and in the principal amounts, respectively, and shall bear interest from the date set forth in the FORM OF BOND set forth in Section 4 of this Ordinance to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in the following schedule:

<u>Years</u>	<u>Principal Amount</u>	<u>Interest Rates</u>	<u>Years</u>	<u>Principal Amount</u>	<u>Interest Rates</u>
2019			2028		
2020			2029		
2021			2030		
2022			2031		
2023			2032		
2024			2033		
2025			2034		
2026			2035		
2027			2036		

The Bonds shall be subject to redemption prior to maturity as set forth in the FORM OF BOND included in Section 4 hereof.

Section 3. CHARACTERISTICS OF THE BONDS.

(a) Appointment of Paying Agent/Registrar. The Issuer hereby appoints U.S. Bank National Association, Dallas, Texas, to serve as paying agent and registrar for the Bonds (the "Paying Agent/Registrar"). The Mayor or City Manager is authorized and directed to execute and deliver in the name and under the corporate seal and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar in substantially the form presented at this meeting.

(b) Registration, Transfer, Conversion and Exchange. The Issuer shall keep or cause to be kept at the corporate trust office of the Paying Agent/Registrar books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three days of presentation in due and proper form. The

Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

(c) Authentication. Except as provided in subsection (i) of this section, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(d) Payment of Principal and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

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

evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Ordinance.

(f) Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

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

(g) Book-Entry Only System. The Bonds issued in exchange for the Bonds initially issued to the purchaser or purchasers specified herein shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof and the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC"), and except as provided in subsections (i) and (j) of this Section, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

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

(i) Bonds Registered in the Name of Cede & Co. With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Upon delivery

by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

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

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

(l) General Characteristics of the Bonds. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered Owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Ordinance. The Bonds initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Ordinance the Paying Agent/Registrar shall execute the Paying Agent/registrar's Authentication Bond, in the FORM OF BOND set forth in this Ordinance.

(m) Cancellation of Initial Bond. On the closing date, one initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the order of the initial purchaser of the Bonds or its designee, executed by manual or facsimile signature of the Mayor and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such purchaser or its designee. Upon payment for the initial Bond, the Paying Agent/Registrar shall insert the Delivery Date on Bond No. T-1, cancel the initial Bond and deliver to The Depository Trust Company ("DTC") on behalf of such purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC. To the extent that the Paying Agent/Registrar is eligible to participate in DTC's FAST System, pursuant to an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

(n) Conditional Notice of Redemption. With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by this Ordinance have been met and money sufficient to

pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption may, at the option of the Issuer, be conditional upon the satisfaction of such prerequisites and receipt of such money 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 fulfilled, such notice will be of no force and effect, the Issuer will not redeem such Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds have not been redeemed.

Section 4. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

(a) Form of Bond.

NO. R-__	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF ROWLETT, TEXAS GENERAL OBLIGATION BOND SERIES 2016	PRINCIPAL AMOUNT \$ _____
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Interest Rate	Delivery Date	Maturity Date	CUSIP No.
_____%	August 18, 2016	February 15, 20__	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, the City of Rowlett, in Dallas and Rockwall Counties, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above. The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date specified above at the Interest Rate per annum specified above. Interest is payable on February 15, 2017 and semiannually on each August 15 and February 15 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United

States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity, or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of U.S. Bank National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Bond (the "Bond Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the last business day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

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

IF THE DATE for the 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 principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of Bonds dated July 15, 2016, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$_____ for the public purposes of (i) constructing, improving, extending, expanding, upgrading and developing streets and roads, including utility relocation, landscaping, sidewalks, traffic safety and operational improvements, drainage, the purchase of any necessary right-of-way and other costs related to such street and road projects; (ii) constructing, improving and equipping municipal parks and recreational facilities and the acquisition of land and interests in land necessary therefor, such projects to include trails, sports fields, Community Centre and aquatic facilities; (iii) constructing, improving and equipping public safety facilities for the fire and police departments, consisting of a training facility and communications equipment and transmission lines; and (iv) paying the costs incurred in connection with the issuance of the Bonds (collectively, the "Projects").

ON FEBRUARY 15, 2026, or on any date thereafter, the outstanding Bonds of this series may be

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

THE BONDS scheduled to mature on February 15 in the years 20__, 20__ and 20__ (the "Term Bonds") are subject to scheduled mandatory redemption by the Paying Agent/Registrar by lot, or by any other customary method that results in a random selection, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund for the Bonds, on the dates and in the respective principal amounts, set forth in the following schedule:

Term Bond Maturity: February 15, 20__		Term Bond Maturity: February 15, 20__	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
February 15, 20__		February 15, 20__	
February 15, 20__*		February 15, 20__*	

Term Bond Maturity: February 15, 20__	
Mandatory Redemption Date	Principal Amount
February 15, 20__	
February 15, 20__*	

* Stated maturity.

The principal amount of Term Bonds of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of any Term Bonds of the same maturity which, at least 50 days prior to a mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid to the registered owner of each Bond to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof that are to be so redeemed. If such written notice of

redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Ordinance.

WITH RESPECT TO ANY OPTIONAL REDEMPTION OF THE BONDS, unless certain prerequisites to such redemption required by the Bond Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption may, at the option of the Issuer, be conditional upon the satisfaction of such prerequisites and receipt of such money 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 fulfilled, such notice will be of no force and effect, the Issuer will not redeem such Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds have not been redeemed

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

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Ordinance that it promptly will appoint

a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed and been done in accordance with law; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limit prescribed by law.

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

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Mayor of the Issuer (or in the Mayor's absence, by the Mayor Pro-Tem) and countersigned with the manual or facsimile signature of the City Secretary of said Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

 (signature)
 City Secretary

 (signature)
 Mayor

(SEAL)

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

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

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

Dated: _____.

U.S. BANK NATIONAL ASSOCIATION
 Dallas, Texas
 Paying Agent/Registrar

By: _____
 Authorized Representative

(c) Form of Assignment.

ASSIGNMENT
(Please print or type clearly)

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

Transferee's Social Security or Taxpayer Identification Number: _____

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

_____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____.

Signature Guaranteed:

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

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

(d) Form of Registration Certificate of the Comptroller of Public Accounts.

COMPTROLLER'S REGISTRATION CERTIFICATE: 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 that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this _____.

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(e) Initial Bond Insertions.

(i) The initial Bond shall be in the form set forth in paragraph (a) of this Section, except that:

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

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

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

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
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(Information from Section 2 to be inserted)

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date specified above at the respective Interest Rate per annum specified above. Interest is payable on February 15, 2017, and semiannually on each August 15 and February 15 thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

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

Section 5. INTEREST AND SINKING FUND.

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

year, then the amount of taxes that otherwise would have been required to be levied pursuant to this Section may be reduced to the extent and by the amount of the lawfully available funds then on deposit in the Interest and Sinking Fund.

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

Section 6. DEFEASANCE OF BONDS.

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

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

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

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

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

Section 7. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

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

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

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred that is then continuing in the payment of the principal of or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

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

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

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

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

(b) The obligation of the initial purchaser to accept delivery of the Bonds is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of initial delivery of the Bonds to the initial purchaser. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Bonds is hereby approved and confirmed. The execution and delivery of an engagement letter between the Issuer and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the Mayor or the City Manager, and the Mayor or the City Manager is hereby authorized to execute such engagement letter.

Section 9. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.

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

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

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

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

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

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

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

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a current refunding bond, for a period of 90 days or less or, in the case of an advance refunding, for a period of 30 days or less, until such proceeds are needed for the purpose for which the bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148 1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(vii) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

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

(ix) to assure that the Bonds are used for solely for new money construction projects.

(b) Rebate Fund. In order to facilitate compliance with subsection 11(a)(viii), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the Registered Owners. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of refunded obligations expended prior to the date of issuance of the Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which

are applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Mayor, Mayor Pro Tem, City Manager, Assistant City Manager, Chief Financial Officer and City Secretary, individually or jointly, to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

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

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

Section 10. SALE OF BONDS AND APPROVAL OF OFFICIAL STATEMENT; FURTHER PROCEDURES.

(a) The Bonds are hereby sold and shall be delivered to _____ (the "Purchaser") for the purchase price of \$_____ (representing the aggregate principal amount of the Bonds, plus an aggregate reoffering premium of \$_____, less the Purchaser's discount of \$_____). The Bonds shall initially be registered in the name of the Purchaser or its designee. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable.

(b) It is hereby officially found, determined and declared that the Bonds have been sold at public sale to the bidder offering the lowest interest cost, after receiving sealed bids pursuant to an Official Notice of such and Bidding Instructions. It is further officially found, determined and declared that the Bonds have been offered pursuant to a Preliminary Official Statement prepared and distributed in connection with the sale of the Bonds. Said Preliminary Official Statement, the Official Statement, and any addenda, supplement or amendment thereto, have been and are hereby approved by the governing body of the Issuer, and its use in the offer and sale of the Bonds is hereby approved. It is further officially found, determined and declared that the statements and representations contained in said Official Statement are true and correct in all material respects, to the best knowledge and belief of the Council.

(c) The Mayor and Mayor Pro Tem, the City Manager, Assistant City Manager, Chief Financial Officer and City Secretary, individually or jointly, shall be and they are hereby expressly authorized,

empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer such documents, certificates and instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Letter of Representations, the Bonds, the sale of the Bonds and the Official Statement. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 11. DEFAULT AND REMEDIES.

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

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

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

(b) Remedies for Default.

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

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

(c) Remedies Not Exclusive.

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

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

(iii) By accepting the delivery of a Bond authorized under this Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or

charge against the officers, employees or trustees of the City or the City Council.

Section 12. COMPLIANCE WITH RULE 15c2-12.

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

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(b) Annual Reports.

(i) The Issuer shall provide annually to the MSRB, in the electronic format prescribed by the MSRB certain updated financial information and operating data pertaining to the Issuer, being the following: (i) the Issuer's annual financial audit report; and (ii) the information found in tables 1 through 6 and 8 through 15 in the Official Statement for the Bonds. The Issuer will update and provide the information in the numbered tables within six months after the end of each fiscal year ending in and after 2016. The Issuer will additionally provide its annual financial audit report when and if available and, in any event, within 12 months after the end of each fiscal year ending in or after 2016. If the annual financial audit report is not complete within 12 months after any such fiscal year end, then the Issuer will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

(ii) Any financial information so to be provided shall be (i) prepared in accordance with the accounting principles described in the financial statements of the Issuer appended to the Official Statement, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

(iii) If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any documents available to the public on the MSRB's internet website or filed with the SEC. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(c) Event Notices.

(i) The Issuer shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of Bondholders; (3) Bond calls; (4) release, substitution, or sale of property securing repayment of the Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of

business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and (6) appointment of a successor or additional trustee or the change of name of a trustee.

(ii) The Issuer shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, without regard to whether such event is considered material within the meaning of the federal securities laws: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or 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; (6) tender offers; (7) defeasances; (8) rating changes; and (9) bankruptcy, insolvency, receivership or similar event of an obligated person.

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

(d) Limitations, Disclaimers, and Amendments.

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

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the 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 Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER 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 ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Issuer in observing or performing its obligations under this Section

shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

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

Section 13. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

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

(b) Except as provided in paragraph (a) above, the holders of Bonds aggregating in principal amount 51% of the aggregate principal amount of then outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Bonds, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Bonds so as to: (i) make any change in the maturity of any of the outstanding Bonds; (ii) reduce the rate of interest borne by any of the outstanding Bonds; (iii) reduce the amount of the principal payable on any outstanding Bonds; (iv) modify the terms of payment of principal or of interest on outstanding Bonds or any of them or impose

any condition with respect to such payment; or (v) change the minimum percentage of the principal amount of any series of Bonds necessary for consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail to each registered owner of the affected Bonds a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The City of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the Issuer for inspection by all holders of such Bonds.

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

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

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

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

Section 14. RESERVED.

Section 15. RESERVED.

Section 16. CONSTRUCTION FUND; PROCEEDS OF SALE; USE OF PREMIUM.

(a) The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2016 Bond Construction Fund" (the "Construction Fund") for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Project as hereinbefore provided and to pay the costs of issuance of the Bonds. Upon payment of all such costs, any moneys remaining on deposit in the Construction Fund shall be transferred to the Interest and Sinking Fund.

(b) The proceeds of sale of the Bonds in the amount of (i) \$_____ shall be deposited into the Construction Fund, (ii) \$_____ shall be deposited into the Interest and Sinking Fund and (iii) \$_____ shall be used to pay costs of issuance. With respect to the premium on the Bonds in the amount of \$_____, \$_____ shall be deposited into the Construction Fund, \$_____ shall be used to pay costs of issuance (including Purchaser's discount in the amount of \$_____) and \$_____ shall be deposited into the Interest and Sinking Fund.

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

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

Section 17. APPROPRIATION. To pay the debt service coming due on the Bonds, if any, prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

Section 18. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Ordinance, despite such invalidity, which remaining portions shall remain in full force and effect.

Section 19. EFFECTIVE DATE. In accordance with the provisions of Texas Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

PRELIMINARY OFFICIAL STATEMENT

FSC Continuing Disclosure Services 
A Division of Hilltop Securities.

(See "Continuing Disclosure of Information" herein)

_____, 2016

Ratings:
Moody's: Applied for
S&P: Applied for
See "OTHER INFORMATION – Ratings" herein

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations.

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

\$4,750,000*
CITY OF ROWLETT, TEXAS
(Dallas and Rockwall Counties)
GENERAL OBLIGATION BONDS, SERIES 2016

Dated Date: July 15, 2016

Due: February 15, as shown on page 2

Interest to accrue from Date of Delivery

PAYMENT TERMS. . . Interest on the \$4,750,000* City of Rowlett Texas, General Obligation Bonds, Series 2016 (the "Bonds"), will accrue from the Date of Delivery (defined below), will be payable February 15 and August 15 of each year, commencing February 15, 2017, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE. . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, Chapter 1331 of the Texas Government Code, as amended, and an election held in the City on May 9, 2015. The Bonds constitute direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (see "THE BONDS - Authority for Issuance").

PURPOSE. . . Proceeds from the sale of the Bonds will be used to (i) finance the construction and improvement of City streets, (ii) finance the construction, improvement and equipment of municipal park and recreation facilities, (iii) finance the construction, improvement and equipment of public safety facilities and (iv) pay legal, fiscal, engineering and architectural fees in connection with these projects and to pay costs of issuance of the Bonds.

CUSIP PREFIX: 779699
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY. . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser of the Bonds and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas (see Appendix C, "Form of Bond Counsel's Opinion").

DELIVERY. . . It is expected that the Bonds will be available for delivery through DTC on August 18, 2016 (the "Date of Delivery").

BIDS DUE JULY 19, 2016, AT 10:00 A.M., CDT

* Preliminary, subject to change. The City reserves the right to adjust the principal amounts of the Bonds shown on the Maturity Schedule on page 2.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

CUSIP Prefix: 779699⁽¹⁾**MATURITY SCHEDULE***

<u>15-Feb Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix</u>
2019	\$ 225,000			
2020	230,000			
2021	230,000			
2022	235,000			
2023	240,000			
2024	240,000			
2025	245,000			
2026	250,000			
2027	255,000			
2028	260,000			
2029	270,000			
2030	275,000			
2031	280,000			
2032	290,000			
2033	295,000			
2034	300,000			
2035	310,000			
2036	320,000			

(Interest to accrue from the Date of Delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the City nor the Financial Advisor shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2027, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption").

MANDATORY SINKING FUND REDEMPTION . . . In the event any of the Bonds are structured as "term" Bonds at the option of the Initial Purchaser, such term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance, which provisions will be included in the final Official Statement.

* Preliminary, subject to change. The City reserves the right to adjust the principal amounts of the Bonds shown on the Maturity Schedule above.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes a Preliminary Official Statement of the City with respect to the Bonds that has been “deemed final” by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Preliminary Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Preliminary Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Preliminary Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NEITHER THE CITY, ITS FINANCIAL ADVISOR, NOR THE INITIAL PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS PRELIMINARY OFFICIAL STATEMENT REGARDING DTC OR ITS BOOK-ENTRY-ONLY SYSTEM.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS PRELIMINARY OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR OTHER MATTERS DESCRIBED HEREIN. SEE “CONTINUING DISCLOSURE OF INFORMATION” FOR A DESCRIPTION OF THE CITY’S UNDERTAKING TO PROVIDE CERTAIN INFORMATION ON A CONTINUING BASIS.

THIS PRELIMINARY OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING” STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

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The cover page hereof, this page, the Appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

- THE CITY**..... The City of Rowlett, Texas (the “City”), is a political subdivision and home-rule municipal corporation of the State of Texas (the “State”), located in Dallas and Rockwall Counties, Texas. The City covers approximately 19 square miles (see “INTRODUCTION - Description of the City”).

- THE BONDS** The \$4,750,000* City of Rowlett, Texas, General Obligation Bonds, Series 2016 are issued as serial Bonds maturing on February 15 in each of the years 2019 through 2036 (see “THE BONDS - Description of the Bonds”).

- PAYMENT OF INTEREST** Interest on the Bonds accrues from the Date of Delivery, and is payable February 15, 2017, and each August 15 and February 15 thereafter until maturity or prior redemption (see “THE BONDS - Description of the Bonds”).

- AUTHORITY FOR ISSUANCE**..... The Bonds are authorized and issued pursuant to the constitution and general laws of the State, particularly Chapter 1331, Texas Government Code, as amended, an election held within the City on May 9, 2015 and an Ordinance passed by the City Council of the City (the “Ordinance”) (see “THE BONDS - Authority for Issuance”).

- SECURITY FOR THE BONDS**..... The Bonds are direct obligations of the City payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, as provided in the Ordinance authorizing the Bonds (see “THE BONDS - Security and Source of Payment”).

- NOT QUALIFIED TAX-EXEMPT OBLIGATIONS** The City **will not** designate the Bonds as “Qualified Tax-Exempt Obligations” for financial institutions.

- REDEMPTION** The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS - Optional Redemption”).

In the event any of the Bonds are structured as “term” Bonds, such term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance, which provisions will be included in the final Official Statement.

- TAX EXEMPTION**..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption “TAX MATTERS” herein, including the alternative minimum tax on corporations.

- USE OF PROCEEDS** Proceeds from the sale of the Bonds will be used to (i) finance the construction and improvement of City streets, (ii) finance the construction, improvement and equipment of municipal park and recreation facilities, (iii) finance the construction, improvement and equipment of public safety facilities and (iv) pay legal, fiscal, engineering and architectural fees in connection with these projects and to pay costs of issuance of the Bonds.

- RATINGS** The presently outstanding tax supported debt of the City is rated “Aa2” by Moody’s Investors Service, Inc. (“Moody’s”) and “AA” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”), without regard to credit enhancement (see “OTHER INFORMATION - Ratings”). Applications have been made to Moody’s and S&P for contract ratings on the Bonds.

* Preliminary, subject to change. The City reserves the right to adjust the principal amounts of the Bonds shown on the Maturity Schedule on page 2.

BOOK-ENTRY-ONLY

SYSTEM The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS - Book-Entry-Only System”).

PAYMENT RECORD The City has never defaulted in payment of its bonded indebtedness.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 30-Sep	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	General Obligation (G.O.) Tax Debt ⁽³⁾	Per Capita G. O. Tax Debt	Ratio Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2012	56,310	\$ 3,171,899,616	\$ 56,329	\$ 87,500,000	\$ 1,554	2.76%	98.75%
2013	56,310	3,124,841,950	55,494	81,585,000	1,449	2.61%	100.09%
2014	58,476	3,116,498,883	53,295	74,265,000	1,270	2.38%	100.50%
2015	58,476	3,274,028,998	55,989	75,880,000	1,298	2.32%	99.25%
2016	60,002	3,587,455,377	59,789	75,975,000 ⁽⁵⁾	1,266 ⁽⁵⁾	2.12% ⁽⁵⁾	99.16% ⁽⁴⁾

- (1) Source: North Central Texas Council of Governments.
- (2) As reported by the Dallas and Rockwall Central Appraisal Districts on the City’s annual State Property Tax Reports; subject to change during the ensuing year.
- (3) Includes self-supporting debt.
- (4) Collections as of April 30, 2016.
- (5) Projected. Includes the Bonds. Preliminary, subject to change.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended September 30,				
	2015	2014	2013	2012	2011
Beginning Fund Balance	\$ 7,777,808	\$ 7,175,829	\$ 7,482,083	\$ 8,943,944	\$ 8,059,462 ⁽¹⁾
Total Revenue	33,365,022	30,445,027	29,311,887	28,382,277	30,111,754
Total Expenditures	37,354,412	32,512,353	30,942,025	30,849,243	31,035,702
Net Transfers	3,359,464	2,669,305	1,323,884	1,005,105	1,808,430
Net Funds Available	(629,926)	601,979	(306,254)	(1,461,861)	884,482
Ending Fund Balance	<u>\$ 7,147,882</u>	<u>\$ 7,777,808</u>	<u>\$ 7,175,829</u>	<u>\$ 7,482,083</u>	<u>\$ 8,943,944</u>

(1) Restated.

For additional information regarding the City, please contact:

Brian Funderburk City Manager City of Rowlett, Texas 4000 Main Street Rowlett, Texas 75088 (972) 412-6100	or	W. Boyd London, Jr. Marti Shew FirstSouthwest, a Division of Hilltop Securities Inc. 1201 Elm Street, Suite 3500 Dallas, Texas 75270 (214) 953-4000
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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Todd W. Gottel Mayor	8 Years	May 2019	Sales
Robbert van Bloemendaal Councilmember Place 1	2 Years	May 2017	Business Development Manager
Tammy Dana-Bashian Mayor Pro Tem Councilmember Place 2	3 Years	May 2019	Certified Public Accountant
Bruce Hargrave Councilmember Place 3	Newly Elected	May 2017	Retired
Debby Bobbitt Councilmember Place 4	3 Years	May 2019	Disaster Services Supervisor
Rick Sheffield Councilmember Place 5	2 Years	May 2017	Realtor
Martha Brown Councilmember Place 6	Newly Elected	May 2019	Executive Director/KRB

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service With City</u>	<u>Total Governmental Service</u>
Brian Funderburk	City Manager	12 Years	30 Years
Kim Wilson	Chief Financial Officer	7 Months	13 Years
Wendy Badgett	Assistant Director of Finance	4 Years	13 Years
Laura Hallmark	City Secretary	3 Years	10 Years
Stacey Chadwick	Deputy City Secretary	12 Years	12 Years

CONSULTANTS AND ADVISORS

Auditors Weaver and Tidwell LLP
 Dallas, Texas

Bond Counsel McCall, Parkhurst & Horton L.L.P.
 Dallas, Texas

Financial Advisor..... FirstSouthwest, a Division of Hilltop Securities Inc.
 Dallas, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

\$4,750,000*

CITY OF ROWLETT, TEXAS

GENERAL OBLIGATION BONDS, SERIES 2016

INTRODUCTION

This Preliminary Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$4,750,000* City of Rowlett, Texas, General Obligation Bonds, Series 2016 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance (defined herein) except as otherwise indicated herein.

There follows in this Preliminary Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, FirstSouthwest, a Division of Hilltop Securities Inc., Dallas, Texas.

DESCRIPTION OF THE CITY. . . The City is a political subdivision and home-rule municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated on September 4, 1952, and first adopted its Home Rule Charter on December 6, 1979, and last amended it on May 7, 2016. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. The term of office is three years with the terms of the Mayor and three of the Council members' terms expiring in odd-numbered years and the other terms of the three Council members expiring in even-numbered years. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the City was 56,199, while the estimated projected 2016 population is 60,002. The City covers approximately 19 square miles. For additional information relating to the City, see "Appendix A - General Information Regarding the City."

THE BONDS

DESCRIPTION OF THE BONDS. . . The Bonds are dated July 15, 2016 (the "Dated Date"). The Bonds mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Bonds will accrue from the Date of Delivery, will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on February 15 and August 15 of each year, commencing February 15, 2017, until maturity or prior redemption. The definitive Bonds will be issued only in fully-registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE. . . The Bonds are being authorized and issued pursuant to the Constitution and general laws of the State, particularly Chapter 1331, Texas Government Code, as amended, and the ordinance passed by the City Council of the City (the "Ordinance").

SECURITY AND SOURCE OF PAYMENT. . . All taxable property within the City is subject to a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, sufficient to provide for the payment of principal of and interest on the Bonds.

TAX RATE LIMITATION. . . All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 taxable assessed valuation for all City purposes. The Home Rule Charter of the City adopts a maximum tax rate of \$1.25 per \$100 taxable assessed valuation.

* Preliminary, subject to change. The City reserves the right to adjust the principal amounts of the Bonds shown on the Maturity Schedule on page 2.

OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY SINKING FUND REDEMPTION . . . In the event any of the Bonds are structured as “term” Bonds, such term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance, which provisions will be included in the final Official Statement.

NOTICE OF REDEMPTION. . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE, PROVIDED THAT MONIES 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.

With respect to any optional redemption of the Bonds, unless 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 receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City 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.

DEFEASANCE. . . The Ordinance provides for the defeasance of the Bonds when the payment of the principal and premium, if any, on the Bonds, plus interest on the Bonds to the due date thereof is provided by irrevocably depositing with the Paying Agent/Registrar or another authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. The Ordinance provides that “Defeasance Securities” means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) 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 the governing body of the City adopts or approves the proceedings authorizing the financial arrangements, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

AMENDMENTS. . . In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any holder of the Bonds for the purpose of amending or supplementing the Ordinance to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the holders, (iv) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interests of the holders.

The Ordinance further provides that the holders of the Bonds aggregating in principal amount a majority of the outstanding Bonds will have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Bonds, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Bonds; (ii) reducing the rate of interest borne by any of the outstanding Bonds; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Bonds, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

BOOK-ENTRY-ONLY SYSTEM. . . *This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered security certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) with respect to the Bonds. In that event, the Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement. . . . In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor or the Initial Purchaser.

Effect of Termination of Book-Entry-Only System. . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City with respect to the Bonds, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under “THE BONDS - Transfer, Exchange and Registration” below.

PAYING AGENT/REGISTRAR. . . The initial Paying Agent/Registrar for the Bonds is U.S. Bank National Association, Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds affected by the changes by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION. . . In the event the Book-Entry-Only System should be discontinued with respect to the Bonds, printed Bonds will be issued to the registered owners of the Bonds and thereafter such printed Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See “Book-Entry-Only System” herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar will be required to make any transfer, conversion, or exchange of a Bond (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

PAYMENT PROVISIONS. . . Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent by United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at the stated maturity or earlier redemption of a Bond upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under “Book-Entry-Only System” herein. 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 when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

RECORD DATE FOR INTEREST PAYMENT. . . The record date (“Record Date”) for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 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 City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (“Special Payment Date”, which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

REPLACEMENT BONDS. . . If any Bond is mutilated, destroyed, stolen or lost, a new Bond in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond. In the case of any Bond issued in lieu of and substitution for a Bond which has been destroyed, stolen or lost, such new Bond will be delivered only (a) upon filing with the Paying Agent/Registrar a certificate to the effect that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and (b) upon furnishing the Paying Agent/Registrar with indemnity satisfactory to hold the City and the Paying Agent/Registrar harmless. The person requesting the authentication and delivery of a new Bond must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

BONDHOLDERS’ REMEDIES. . . The Ordinance establishes specific events of default with respect to the Bonds. If the City defaults in the payment of the principal of or interest on the Bonds when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Bonds, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus is controlled by equitable principles, and thus rests within the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition, and, accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3rd 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the City for breach of the Bonds or Ordinance covenants. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City’s property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including principles of governmental immunity, and by general principles of equity which permit the exercise of judicial discretion.

SOURCES AND USES OF BOND PROCEEDS. . . Proceeds from the sale of the Bonds are expected to be expended approximately as follows:

Sources:	
Par Amount	\$ -
TOTAL SOURCES	\$ -
Uses:	
Deposit to Project Fund	\$ -
Costs of Issuance	
Underwriters' Discount	
TOTAL USES	\$ -

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TAX INFORMATION

AD VALOREM TAX LAW. . . The appraisal of property within the City is the responsibility of the Dallas and Rockwall Central Appraisal Districts (jointly, the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under Title I of the Texas Tax Code (the "the Property Tax Code") to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed the lesser of (1) the property's market value in the most recent tax year in which the market value was determined by the Appraisal District or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within Appraisal District is subject to review by an Appraisal Review Board, consisting of members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to the Property Tax Code, for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than \$3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of \$5,000. Senate Joint Resolution 1 ("Senate Joint Resolution 1"), passed during the 84th Texas Legislature, proposed a constitutional amendment increasing the mandatory homestead exemption for school districts from \$15,000 to \$25,000 and requiring that the tax limitation for taxpayers who are age 65 and older or disabled be reduced to reflect the additional exemption. While Senate Joint Resolution 1 is not directly applicable to municipalities and counties, Senate Bill 1, which was also passed by the 84th Legislature, provides that if Senate Joint Resolution 1 is approved by the voters on November 3, 2015, then the governing body of a school district, municipality, or county is prohibited from reducing the amount of or repealing an optional homestead exemption that was in place for the 2014 tax year (fiscal year 2015) for a period running through December 31, 2019. Senate Joint Resolution 1 was approved by voters on November 3, 2015, and, therefore, such prohibition is in effect.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse (for so long as the spouse remains unmarried) or children (under 18 years of age) of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 to a maximum of \$12,000; provided, however, that a disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100% disability compensation due to a service-connected disability and a rating of 100% disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised

value of the veteran's residence homestead. In addition, effective January 1, 2012, and subject to certain conditions, surviving spouses of a deceased veteran who had received a disability rating of 100% will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual's spouse. If improvements (other than repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit," which are defined as (i) personal property acquired or imported into the State and transported to another location inside or outside the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods, and (iii) transported to another location inside or outside the State within 175 days of the date the property was acquired or imported into the State. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory.

Pursuant to changes enacted during the 2011 Texas Legislative Special Session, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 1, 2011, to provide for the taxation of the goods-in-transit. After holding a public hearing, a taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking such official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body of the taxing unit rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt, taxes may continue to be imposed on goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.

A city may utilize tax increment financing ("TIF"), pursuant to the Tax Increment Financing Act, Texas Tax Code, Chapter 311, as amended, to encourage development and redevelopment within a designated reinvestment zone. Taxes collected from increases in valuation above the base value (the "captured appraised value") by each taxing unit that levies ad valorem taxes on real property in the reinvestment zone may be used to pay costs of infrastructure or other public improvements in the reinvestment zone and to supplement or act as a catalyst for private development in the defined area of the reinvestment zone. The tax increment base value for a taxing unit is the total appraised value of all real property taxable by the taxing unit and located in the reinvestment zone as of January 1 of the year in which the city created the reinvestment zone. Each taxing unit can choose to dedicate all, any portion or none of its taxes collected from the captured appraised value to the costs of improvements in the reinvestment zone. The amount of a taxing unit's tax increment for a year is the amount of property taxes levied by the taxing unit for that year on the captured appraised value of real property taxable by the taxing unit and located in the reinvestment zone, multiplied by the taxing unit's percentage level of participation. The City also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

Cities are also authorized, pursuant to Chapter 380, Texas Local Government Code, as amended (“Chapter 380”), to establish programs to promote State or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes, however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE. . . By each September 1 or as soon thereafter as practicable, the City Council adopts a tax rate per \$100 taxable value for the current year. The City Council is required to adopt the annual tax rate for the City before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the City. If the City Council does not adopt a tax rate by such required date the tax rate for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the City for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its “effective tax rate” and “rollback tax rate”. Under current law, a tax rate cannot be adopted by the City Council that exceeds the lower of the rollback tax rate or of the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the City’s website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

“Effective tax rate” means the rate that will produce last year’s total tax levy (adjusted) from this year’s total taxable values (adjusted). “Adjusted” means lost values are not included in the calculation of last year’s taxes and new values are not included in this year’s taxable values.

“Rollback tax rate” means the rate that will produce last year’s maintenance and operation tax levy (adjusted) from this year’s values (adjusted) multiplied by 1.08 plus a rate that will produce this year’s debt service from this year’s values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT. . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST. . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, the penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment of the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney’s collection fee of up to 20% may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City’s lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal

bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE. . . The City currently grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$30,000; the disabled are also granted an exemption of \$50,000. These exemptions were revised for the 2015 Ad Valorem Tax Roll.

The City has granted an additional exemption of 1% of the market value of residence homesteads; minimum exemption of \$5,000. The City is prohibited from reducing the amount of or repealing this optional homestead exemption prior to December 31, 2019.

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are levied by the City against the value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property.

Dallas County collects taxes for the City.

The City does not permit split payments, and discounts are not allowed.

The City does not tax freeport property.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has established a freeze on the taxes on residence homesteads of persons 65 years of age or who are disabled, as may be done on a local option basis.

The City has adopted a tax abatement policy, which provides for abatements of 10-100%, depending upon a number of criteria, including economic impact to the City and total value of the project. The City currently has four tax abatement agreements as listed:

Primo's: 50% of the increase in property taxes attributable to improvements, not to exceed \$5,604 per year for a duration of 4 years upon completion of construction.

Realty Advisors Corp/Terra Lago Project: 57% of property taxes, not to exceed \$2,129,450 over the 10 year duration to commence once Realty Advisors has incurred initial costs of forty million dollars, which is anticipated to occur by December 31, 2017.

Integral Development, LLC and Catalyst Urban Development, LLC: 100% of property taxes for a duration of 15 years commencing in 2017.

Bayside Land Partners, LLC: This project is included in the Tax Increment Reinvestment Zone Number Two, and as such, 50% of the property tax increment generated from this project is abated over the next 20 years as outlined in the adopted project and financing plan.

The City will, on a case-by-case basis, give consideration to providing incentives as stimulation for economic development in the City.

ECONOMIC DEVELOPMENT INITIATIVES

TAX INCREMENT FINANCING . . . A city may utilize tax increment financing, pursuant to the Tax Increment Financing Act, Texas Tax Code, Chapter 311, as amended, to encourage development and redevelopment within a designated reinvestment zone. Taxes collected from increases in valuation above the base value (the "captured appraised value") by each taxing unit that levies ad valorem taxes on real property in the reinvestment zone may be used to pay costs of infrastructure or other public improvements in the reinvestment zone and to supplement or act as a catalyst for private development in the defined area of the reinvestment zone. The tax increment base value for a taxing unit is the total appraised value of all real property taxable by the taxing unit and located in the reinvestment zone as of January 1 of the year in which the city created the reinvestment zone. Each taxing unit can choose to dedicate all, any portion or none of its taxes collected from the captured appraised value to the costs of improvements in the reinvestment zone. The amount of a taxing unit's tax increment for a year is the amount of property taxes levied by the taxing unit for that year on the captured appraised value of real property taxable by the taxing unit and located in the reinvestment zone, multiplied by the taxing unit's percentage level of participation.

Pursuant to an ordinance adopted December 17, 2002, as amended April 15, 2003, the City established Tax Increment Financing Reinvestment Zone Number One, City of Rowlett, Texas (the "Zone"). The Zone contains approximately 317 acres of land, comprised of a predominately undeveloped area in the northeastern portion of the City adjacent to a planned extension of IH 190 (the "Technology Research Sub Area"), then extending south along the planned route of IH 190 and encompassing the central and downtown area of the City (the "Downtown Sub Area") and areas adjacent to Lake Ray Hubbard (the "Entertainment Waterfront Sub Area"). The preliminary project plan for the Zone includes infrastructure improvements consisting of water and sewer improvements, street improvements, parks and emergency services facilities, with a potential cost of \$71 million over twenty years. Such projects are expected to be undertaken as development occurs and the captured appraised value in the Zone increases. On July 5, 2005, the final project and financing plans for the Zone were adopted, and once adopted may be amended from time to time. The City cannot predict or make any representation as to the growth in taxable values in the Zone or the amount of project costs, and related debt financing, that will be undertaken. The City's tax increment base value for the Zone is \$28,131,036. As development in the Zone has not begun, the increases of the taxable value of property in the Zone have been minimal. The City expects to contribute 0% of the tax increments collected by the City into the Zone fund to be used for Zone projects. On July 7, 2015, the City Council adopted an ordinance dissolving and terminating the Zone effective July 7, 2015.

Pursuant to an ordinance adopted April 7, 2015, the City established Tax Increment Reinvestment Zone Number Two, City of Rowlett, Texas ("Zone #2"). Zone #2 contains approximately 317 acres of land, comprised of a predominately undeveloped area in the southeastern portion of the City adjacent to Interstate 30 (the former "Elgin B. Robertson property"). The final project and financing plan for Zone #2 includes infrastructure improvements consisting of water and sewer improvements, street improvements, parks and public realm improvements, with a potential cost of \$56 million over twenty years. Such projects are expected to be undertaken as development occurs and the captured appraised value in Zone #2 increases. The City cannot predict or make any representation as to the growth in taxable values in Zone #2 or the amount of project costs, and related debt financing, that will be undertaken. The City's tax increment base value for Zone #2 is \$0. As development in Zone #2 has not begun, the increases of the taxable value of property in Zone #2 have been minimal. The City expects to contribute 50% of the tax increments collected by the City into Zone #2 fund to be used for Zone #2 projects. Such tax revenues will be available to reimburse the developer for project costs.

ECONOMIC DEVELOPMENT PROGRAMS. . . . The City is authorized, pursuant to Chapter 380, Texas Local Government Code, as amended ("Chapter 380"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City. The City may contract with the federal government, the State of Texas, another political subdivision, a nonprofit organization or any other entity, including private entities, for the administration of such a program.

PUBLIC IMPROVEMENT DISTRICTS . . . The City created the Bayside Public Improvement district effective September 15, 2015. The District contains approximately 317 acres of land, comprised of a predominately undeveloped area in the southeastern portion of the City adjacent to Interstate 30 (the former "Elgin B. Robertson property"). The Service and Assessment Plan for the District includes infrastructure improvements consisting of water and sewer improvements, street improvements, parks and public realm improvements, with a cost of \$15 million over thirty years for the initial project area. It is anticipated that future project areas may be included within the District.

MUNICIPAL MANAGEMENT DISTRICTS . . . The City created three municipal management districts effective June 17, 2011. The three separate management districts are: Pecan Grove, Downtown and Waterfront Entertainment.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2015/16 Market Valuation Established by the Appraisal District		\$	3,906,778,447
Less Exemptions/Reductions at 100% Market Value			
Residence Homestead Exemptions	\$	71,194,873	
Freeport		1,780,967	
Over 65 and Disabled		123,865,749	
Productivity Loss		32,499,792	
Capped Value Loss		57,170,677	
Disabled Veterans		18,038,808	
Pollution Control		21,345	
Prorated Exempt Property		946,983	
		<u>305,519,194</u>	
Adjustments			(13,803,876)
2015/16 Net Taxable Assessed Valuation			<u>\$ 3,587,455,377</u>
City Funded Debt Payable From Ad Valorem Taxes (as of 5/1/16)			
Outstanding General Obligation Debt	\$	71,325,000	
The Bonds ⁽¹⁾		<u>4,750,000</u>	<u>\$ 76,075,000</u>
Less: Self-Supporting Debt ⁽²⁾ (as of 5/1/16)			
Golf Course General Obligation Debt	\$	3,655,000	
Drainage General Obligation Debt		2,780,000	
Water and Sewer General Obligation Debt		<u>9,913,048</u>	<u>\$ 16,348,048</u>
Net General Obligation Debt Payable from Ad Valorem Taxes			\$ 59,726,952
General Obligation Interest and Sinking Fund Balance (as of 5/1/16)			\$ 1,043,782
Ratio Net Funded Debt Payable from Ad Valorem Taxes to Taxable Assessed Valuation			1.66%

2016 Estimated Population - 60,002
 Per Capita Taxable Assessed Valuation - \$59,789
 Per Capita Funded Debt Payable from Ad Valorem Taxes - \$1,268
 Per Capita Net Funded Debt Payable from Ad Valorem Taxes - \$995

- (1) Preliminary, subject to change.
- (2) General obligation debt, in the amounts shown, for which repayment is provided from revenues of the City’s municipal golf course, drainage system and waterworks and sewer system. However, if the golf course, drainage system or waterworks and sewer system revenues are not sufficient to provide for the payment of such obligations, the City will be required to levy and collect ad valorem taxes sufficient to provide for the payment of the principal and interest on such obligations. See “Table 10 – Computation of Self-Supporting Debt” and “Table 8 – Pro Forma General Obligation Debt Service Requirements.”
- (3) Unaudited.

TABLE 1(a) - ADDITIONAL DEBT LIABILITIES

See “Table 12 – Other Obligations” for a description of the City’s capital lease liabilities.

Please refer to “Pension Fund”, page 26 for a complete description of the City’s liability. Additional information with regard to the City’s pension liability is also available via the TMRS website at www.tmrs.org.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2016		2015		2014	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 3,171,966,597	81.19%	\$ 2,910,936,663	77.92%	\$ 2,776,114,428	80.81%
Real, Residential, Multi-Family	22,569,860	0.58%	22,538,920	0.60%	20,679,110	0.60%
Real, Vacant Lots/Tracts	70,411,870	1.80%	99,547,620	2.66%	63,291,730	1.84%
Real, Acreage (Land Only)	32,823,220	0.84%	25,640,680	0.69%	26,045,370	0.76%
Real, Farm and Ranch Improvements	2,473,310	0.06%	8,434,100	0.23%	6,335,170	0.18%
Real, Commercial	408,030,770	10.44%	474,877,566	12.71%	359,909,758	10.48%
Real, Industrial	2,595,070	0.07%	2,549,070	0.07%	2,306,790	0.07%
Real and Tangible Personal, Utilities	60,781,840	1.56%	63,272,730	1.69%	57,261,170	1.67%
Tangible Personal, Commercial	111,531,140	2.85%	109,418,310	2.93%	107,507,490	3.13%
Tangible Personal, Industrial	14,230,010	0.36%	14,276,100	0.38%	12,173,900	0.35%
Tangible Personal, Mobile Homes	606,610	0.02%	597,110	0.02%	604,810	0.02%
Real Property, Inventory	8,137,250	0.21%	2,922,520	0.08%	2,274,230	0.07%
Special Inventory	620,900	0.02%	704,690	0.02%	773,270	0.02%
Total Appraised Value Before Exemptions	\$ 3,906,778,447	100.00%	\$ 3,735,716,079	100.00%	\$ 3,435,277,226	100.00%
Less: Total Exemptions/Reductions	305,519,194		460,303,423		317,718,866	
Adjustments	(13,803,876)		(1,383,658)		(1,059,477)	
Taxable Assessed Value	<u>\$ 3,587,455,377</u>		<u>\$ 3,274,028,998</u>		<u>\$ 3,116,498,883</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2013		2012	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 2,784,037,976	80.38%	\$ 2,822,680,742	81.48%
Real, Residential, Multi-Family	18,719,390	0.54%	17,924,720	0.52%
Real, Vacant Lots/Tracts	91,562,910	2.64%	62,703,390	1.81%
Real, Acreage (Land Only)	27,301,450	0.79%	28,341,770	0.82%
Real, Farm and Ranch Improvements	5,496,520	0.16%	5,804,030	0.17%
Real, Commercial	355,545,651	10.27%	347,285,477	10.03%
Real, Industrial	2,191,720	0.06%	2,187,840	0.06%
Real and Tangible Personal, Utilities	55,322,470	1.60%	56,921,770	1.64%
Tangible Personal, Commercial	109,178,900	3.15%	106,086,540	3.06%
Tangible Personal, Industrial	12,014,170	0.35%	12,242,230	0.35%
Tangible Personal, Mobile Homes	634,090	0.02%	651,730	0.02%
Real Property, Inventory	891,000	0.03%	515,400	0.01%
Special Inventory	688,790	0.02%	705,250	0.02%
Total Appraised Value Before Exemptions	\$ 3,463,585,037	100.00%	\$ 3,464,050,889	100.00%
Less: Total Exemptions/Reductions	306,039,379		291,724,383	
Adjustments	(32,703,708)		(426,890)	
Taxable Assessed Value	<u>\$ 3,124,841,950</u>		<u>\$ 3,171,899,616</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Appraisal District. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	Funded Tax Debt ⁽³⁾	Ratio Funded	
					Taxable Assessed Valuation	Funded Debt Per Capita
2012	56,310	\$ 3,171,899,616	\$ 56,329	\$ 87,500,000	2.76%	\$ 1,554
2013	56,310	3,124,841,950	55,494	81,585,000	2.61%	1,449
2014	58,476	3,116,498,883	53,295	74,265,000	2.38%	1,270
2015	58,476	3,274,028,998	55,989	75,880,000	2.32%	1,298
2016	60,002	3,587,455,377	59,789	75,975,000 ⁽⁴⁾	2.12% ⁽⁴⁾	1,266 ⁽⁴⁾

- (1) Source: North Central Texas Council of Governments.
- (2) As reported by the Appraisal District on the City's annual State Property Tax Reports; subject to change during the ensuing year.
- (3) Includes self-supporting debt.
- (4) Includes the Bonds. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rates	General Fund	Interest and Sinking Fund	Tax Levy	% of Current Collections	% of Total Collections
2012	\$ 0.747173	\$ 0.490833	\$ 0.256340	\$ 23,605,280	98.86%	98.75%
2013	0.747173	0.492673	0.254500	23,111,624	99.10%	100.09%
2014	0.747133	0.504733	0.242400	23,072,444	99.27%	100.50%
2015	0.787173	0.549770	0.237403	25,318,845	99.25%	99.25%
2016	0.787173	0.577919	0.209254	27,176,377	97.47% ⁽¹⁾	99.16% ⁽¹⁾

- (1) Collections as of April 30, 2016.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2015/16 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Lake Pointe Medical Center	Medical Center	\$ 35,982,070	1.00%
Oncor Electric Delivery	Electric Utility	27,054,640	0.75%
Wal-Mart Stores Inc	Retail	24,189,480	0.67%
Verizon	Telephone Utility	17,875,370	0.50%
Target Corporation	Retail	14,126,820	0.39%
NSHE TX Bay City LLC	Medical Office Building	10,850,000	0.30%
Gemini Rowlett Crossing LP	Recreation Building	10,769,920	0.30%
Home Depot USA Inc	Retail	10,561,720	0.29%
Safeway, Inc	Grocery Store	10,437,420	0.29%
Horton D R Texas, LTD	Development	9,143,390	0.25%
		<u>\$ 170,990,830</u>	<u>4.77%</u>

GENERAL OBLIGATION DEBT LIMITATION. . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (however, see "THE BONDS - Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY⁽¹⁾

2016 Net Principal and Interest Requirements.....	\$ 8,358,649
\$0.2378 Tax Rate at 98% Collection Produces	\$ 8,360,350
Average Net Principal and Interest Requirements (2016-2036).....	\$ 3,438,876
\$0.0979 Tax Rate at 98% Collection Produces	\$ 3,441,876
Maximum Net Principal and Interest Requirements, 2017.....	\$ 8,448,674
\$0.2404 Tax Rate at 98% Collection Produces	\$ 8,451,758

(1) Includes the Bonds; excludes self-supporting debt. Preliminary, subject to change. See “Table 10 – Computation of Self-Supporting Debt.”

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt (“Tax Debt”) was developed from information contained in “Texas Municipal Reports” published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2015/16 Taxable Assessed Valuation	2015/16 Tax Rate	Total Tax Supported Debt As of 5/1/16	Estimated % Applicable	Overlapping Tax Supported Debt as 5/1/2016
City of Rowlett	\$ 3,587,455,377	\$ 0.7872	\$ 59,726,952 ⁽¹⁾	100.00%	\$ 59,726,952
Dallas County	181,636,043,684	0.2431	73,655,000	1.39%	1,023,805
Dallas County Community College District	197,340,193,376	0.1237	425,630,000	1.39%	5,916,257
Dallas County Hospital District	188,800,661,035	0.2860	728,005,000	1.39%	10,119,270
Dallas County Schools	188,190,199,007	0.0100	547,000	1.39%	7,603
Garland ISD	14,889,335,787	1.3533	504,017,866	18.84%	94,956,966
Rockwall County	8,490,881,201	0.3959	110,610,000	6.00%	6,636,600
Rockwall ISD	7,019,843,826	1.4400	428,976,671	7.12%	30,543,139
Total Direct and Overlapping Funded Debt.....					\$ 208,930,591
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation.....					5.82%

(1) Includes the Bonds; excludes self-supporting debt. Preliminary, subject to change.

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DEBT INFORMATION

TABLE 8 - PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended	Outstanding Debt Service ⁽¹⁾			The Bonds ⁽²⁾			Less: Self- Supporting Obligations ⁽³⁾	Net Debt Service	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total			
9/30									
2016	\$ 7,540,000	\$ 3,067,213	\$ 10,607,213	\$ -	\$ -	\$ -	\$ 2,248,563	\$ 8,358,649	
2017	7,735,000	2,858,615	10,593,615	-	99,107	99,107	2,244,048	8,448,674	
2018	7,670,000	2,565,325	10,235,325	-	99,940	99,940	2,255,757	8,079,508	
2019	7,195,000	2,259,605	9,454,605	225,000	98,534	323,534	2,074,971	7,703,168	
2020	7,130,000	1,964,627	9,094,627	230,000	95,575	325,575	2,066,828	7,353,374	45.17%
2021	7,090,000	1,665,203	8,755,203	230,000	92,355	322,355	2,037,912	7,039,646	
2022	6,915,000	1,351,599	8,266,599	235,000	88,808	323,808	1,899,986	6,690,420	
2023	6,240,000	1,059,243	7,299,243	240,000	84,888	324,888	1,898,292	5,725,838	
2024	5,720,000	803,240	6,523,240	240,000	80,688	320,688	1,898,545	4,945,382	
2025	3,860,000	601,951	4,461,951	245,000	76,200	321,200	598,795	4,184,356	82.31%
2026	2,455,000	466,459	2,921,459	250,000	71,310	321,310	601,786	2,640,983	
2027	1,005,000	388,784	1,393,784	255,000	66,070	321,070	252,239	1,462,614	
2028	1,040,000	349,928	1,389,928	260,000	60,533	320,533	247,859	1,462,601	
2029	1,085,000	309,634	1,394,634	270,000	54,635	324,635	254,611	1,464,658	
2030	1,115,000	264,128	1,379,128	275,000	48,435	323,435	243,353	1,459,210	91.90%
2031	920,000	216,928	1,136,928	280,000	41,983	321,983	241,553	1,217,358	
2032	740,000	176,915	916,915	290,000	35,213	325,213	244,540	997,588	
2033	770,000	140,603	910,603	295,000	28,119	323,119	242,103	991,619	
2034	810,000	102,703	912,703	300,000	20,680	320,680	244,453	988,930	
2035	850,000	62,753	912,753	310,000	12,748	322,748	241,378	994,123	98.56%
2036	205,000	38,090	243,090	320,000	4,320	324,320	243,090	324,320	
2037	215,000	29,378	244,378	-	-	-	244,378	-	
2038	225,000	20,240	245,240	-	-	-	245,240	-	
2039	235,000	10,340	245,340	-	-	-	245,340	-	100.00%
	<u>\$ 78,765,000</u>	<u>\$ 20,773,499</u>	<u>\$ 99,538,499</u>	<u>\$ 4,750,000</u>	<u>\$ 1,260,137</u>	<u>\$ 6,010,137</u>	<u>\$ 23,015,620</u>	<u>\$ 82,533,015</u>	

(1) "Outstanding Debt" does not include lease/purchase obligations.

(2) Average life of the Bonds: 11.553 years. Interest is calculated at an average rate for purposes of illustration. Preliminary, subject to change.

(3) General obligation debt for which repayment is provided from revenues of the City's municipal golf course, drainage system and waterworks and sewer system. However, if the golf course, drainage system or waterworks and sewer system revenues are not sufficient to provide for the payment of such obligations, the City will be required to levy and collect ad valorem taxes sufficient to provide for the payment of the principal and interest on such obligations. See "Table 10 – Computation of Self-Supporting Debt."

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION⁽¹⁾

Estimated Net General Purpose Debt Service Requirements, Fiscal Year Ending 9/30/16		\$ 8,358,649
Debt Service Fund Balance, 9/30/15	\$ 992,113	
2015/16 Budgeted Interest and Sinking Fund Tax Revenues	7,506,895	
Budgeted Interest Income	<u>5,130</u>	<u>\$ 8,504,138</u>
Estimated Ending Fund Balance, 9/30/16		<u><u>\$ 145,489</u></u>

(1) Includes the Bonds; preliminary, subject to change. Excludes “self-supporting debt.” See “Table 10-Computation of Self-Supporting Debt” and “Table 8 – Pro Forma General Obligation Debt Service Requirements.”

TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT

Revenue Available for Debt Service from Golf Course System, Fiscal Year Ended 9/30/15 ⁽¹⁾	\$ (305,885)
Less: Revenue Bond Requirements for period	<u>-</u>
Balance Available for Other Purposes	\$ (305,885)
Golf System General Obligation Bond Requirements for period ending 9/30/16	<u>244,990</u>
Balance	\$ (550,875)
Percentage of Golf System General Obligation Bonds Self-Supporting	100.00%
Revenue Available for Debt Service from Water and Sewer System, Fiscal Year Ended 9/30/15	\$ 9,548,894
Less: Revenue Bond Requirements for period	<u>2,969,905</u>
Balance Available for Other Purposes	\$ 6,578,989
Water and Sewer System General Obligation Bond Requirements for period ending 9/30/16	<u>1,638,991</u>
Balance	\$ 4,939,998
Percentage of Water and Sewer System General Obligation Bonds Self-Supporting	100.00%
Revenue Available for Debt Service from Drainage System, Fiscal Year Ended 9/30/15	\$ 526,031
Less: Drainage Bond Requirements for period	<u>-</u>
Balance Available for Other Purposes	\$ 526,031
Drainage System General Obligation Bond Requirements for period ending 9/30/16	<u>364,583</u>
Balance	\$ 161,448
Percentage of Drainage System General Obligation Bonds Self-Supporting	100.00%

(1) Includes one-time capital outlay expenditures. Bond debt service supported by golf revenue in Fiscal Year 2016 will be paid from annual contracted lease/rent payment of \$255,000 from American Golf Corporation.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Date Authorized	Purpose	Amount Authorized	Amount Heretofore Issued	Amount Being Issued ⁽¹⁾	Unissued Balance
05/09/15	Streets	\$ 18,932,340	\$ 7,015,000	\$ 3,550,000	\$ 8,367,340
05/09/15	Parks & Recreation	4,206,110	1,957,500	435,900	1,812,710
05/09/15	Public Safety	2,631,050	985,000	645,000	1,001,050
	Total	<u>\$ 25,769,500</u>	<u>\$ 9,957,500</u>	<u>\$ 4,630,900</u>	<u>\$ 11,181,100</u>

(1) Preliminary, subject to change.

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT. . . . The City anticipates issuing approximately \$10,934,500 of additional general obligation debt in the next 12 months.

The City is in discussion with a developer on the possibility of creating a public improvement district (“PID”) to finance public improvements within the PID. If bonds are issued, they will not be general obligations of the City. The bonds will be backed solely by an assessment on real property located within the district, subordinate to any levy and collection of property taxes within the PID.

TABLE 12 – OTHER OBLIGATIONS

Conduit Debt

On August 1, 2006, the City, along with three other cities and Rockwall County, approved an agreement with the Rockwall County Emergency Services Corporation (RESC) to construct a firearms training facility in an aggregate principal amount not to exceed \$2,925,000. Under the terms of the agreement, each jurisdiction’s debt service liability, as well as an operations component, would be based proportionately upon the number of Authorized Personnel (i.e. active certified peace officers) as of April 1st of the preceding fiscal year. On August 23, 2006, the RESC issued \$2,700,000 in contract revenue bonds with a ten year maturity. Based on Rowlett’s Authorized Personnel count as of April 1, 2006, the City’s initial anticipated annual payments under the agreement ranges from \$104,676 to \$106,272 but may vary from year to year under the terms of the agreement. On June 28, 2011, the RESC refunded the original 2006 bonds and issued additional contract revenue bonds totaling \$415,000 for necessary structural improvements.

During the current year the City paid \$120,744 as its annual obligation under this agreement. The City will continue to share in the debt service and operating expenses of the facility based on the City’s authorized personnel count. As of September 30, 2015, the outstanding balance was \$400,000. The City has no obligation for this debt beyond the resources provided by this agreement.

Capital Lease

In April of 2015, the City entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase fire trucks. The agreement is for ten annual payments and expires on November 1, 2024. Payments are \$198,831 annually and carry an effective interest rate of 2.01%.

In May of 2015, the City entered into an agreement with Clayton Holdings, L.L.C. to purchase fire protective clothing and bunker gear. The agreement is for five annual payments and expires on July 10, 2019. Payments are \$49,706 annually and carry an effective interest rate of 1.57%.

In May of 2015, the City entered into an agreement with Clayton Holdings, L.L.C. to purchase a fuel management system. The agreement is for seven annual payments and expires on July 10, 2021. Payments are \$15,339 annually and carry an effective interest rate of 1.79%.

In May of 2015, the City entered into an agreement with Clayton Holdings, L.L.C. to purchase water meters. The agreement is for five annual payments and expires on July 10, 2019. Payments are \$54,670 annually and carry an effective interest rate of 1.56%.

In June of 2015, the City entered into an agreement with Whitney Bank to purchase three maintenance trucks. The agreement is for seven annual payments and expires on August 22, 2021. Payments are \$110,546 annually and carry an effective interest rate of 1.632%.

On April 25, 2014, the City entered into an agreement with SunTrust Leasing Corporation to purchase an enterprise resource planning system. The agreement is for an approximate 75 month term based on delivery of the equipment and expires on August 15, 2020. Payments are \$126,327 annually and carry an effective interest rate of 1.82%.

On September 26, 2014, the City entered into an agreement with Pinnacle Public Finance Inc. to purchase a self-contained breathing apparatus. The agreement is for an approximate 108 month term based on delivery of the equipment and expires on October 31, 2023. Payments are \$44,683 annually and carry an effective interest rate of 2.63%.

On September 26, 2014, the City entered into an agreement with Pinnacle Public Finance Inc. to purchase two ambulances and a payroll system. Both agreements are for approximate 48 month terms based on delivery of the equipment and both expire on October 31, 2018. Payments are \$75,430 and \$76,350, respectively, annually and carry an effective interest rate of 2.00%.

On July 31, 2014, the City entered into an agreement with SunTrust Leasing Corporation to purchase water meters. The agreement is for an approximate 50 month term based on delivery of the equipment and expires on October 15, 2018. Payments are \$89,035 annually and carry an effective interest rate of 1.38%.

On December 17, 2012, the City entered into an agreement with Clayton Holdings to purchase a diesel chassis with crane. The agreement is for an approximate 72 month term based on delivery of the equipment and expires on December 17, 2018. Payments are \$22,824 annually and carry an effective interest rate of 1.61%.

On March 22, 2013, the City entered into an agreement with US Bancorp to purchase pipe bursting equipment. The agreement is for an approximate 48 month term based on delivery of the equipment and expires on August 22, 2017. Payments are \$52,893 annually and carry an effective interest rate of 1.51%.

On June 1, 2013, the City entered into an agreement with Key Government Finance to purchase IT equipment. The agreement is for an approximate 48 month term based on delivery of the equipment and expires on July 1, 2017. Payments are \$127,039 annually and carry an effective interest rate of 0%.

On August 9, 2013, the City entered into an agreement with BB&T to purchase servers, software, and equipment. The agreement is for an approximate 48 month term based on delivery of the equipment and expires on September 15, 2017. Payments are \$102,124 annually and carry an effective interest rate of 1.46%.

The City previously entered into an agreement with BB&T to purchase a diesel chassis. The agreement is for an approximate 57 month term based on delivery of the equipment and expires on October 15, 2016. Payments are \$28,602 annually and carry an effective interest rate of 1.75%.

The City previously entered into an agreement with Capital One to purchase police and fire software. The agreement is for a nine year term based on delivery of the equipment and expires on September 30, 2020. Payments are \$80,085 annually and carry an effective interest rate of 2.58%.

The City previously entered into an agreement with BB&T to purchase a jet truck. The agreement is for a six year term based on delivery of the equipment and expires on November 30, 2016. Payments are \$38,227 annually and carry an effective interest rate of 2.34%.

The City previously entered into an agreement with BB&T to purchase 911 police equipment. The agreement is for a six and a half year term based on delivery of the equipment and expires on August 31, 2017. Payments are \$29,952 annually and carry an effective interest rate of 2.93%.

The City previously entered into an agreement with BB&T to purchase roller, loader, dump trucks. The agreement is for a six year term based on delivery of the equipment and expires on November 30, 2016. Payments are \$43,009 annually and carry an effective interest rate of 2.34%.

The City previously entered into an agreement with SunTrust Equipment Finance & Leasing Corp. to purchase two fire trucks. The agreement is for an approximate 110 month term based on delivery of the equipment and expires on October 31, 2019. Payments are \$99,888 annually and carry an effective interest rate of 2.77%.

The City previously entered into an agreement with SunTrust Equipment Finance & Leasing Corp. totaling \$494,515 to purchase a fire rescue engine. The agreement is for a nine year term based on delivery of the equipment and expires on October 15, 2015. Payments are \$60,671 annually and carry an effective interest rate of 4.17%.

The City previously entered into an agreement with SunTrust Equipment Finance & Leasing Corp. in 2005 totaling \$5,183,559 to replace its water meter system and for various facility improvements. The agreement is for a fifteen year term expiring on July 10, 2020. Payments are made quarterly, ranging from \$108,000 to \$128,000 and carries an effective interest rate of 3.99%. Responsibility for repaying the debt is split between the General Fund and Water and Sewer Fund at 9.5% and 90.5% respectively.

The assets acquired through capital leases are as follows:

Asset:	Water & Sewer	Governmental Activities	Total
Motor vehicles	\$ 598,427	\$ 1,874,435	\$ 2,472,862
Machinery & equipment	5,918,421	1,945,199	7,863,620
Less: Accumulated Depreciation	(3,467,376)	(1,988,520)	(5,455,896)
Total	\$ 3,049,472	\$ 1,831,114	\$ 4,880,586

Pursuant to the terms of the capital lease agreements, the following schedule represents the net present value of these minimum lease payments as of September 30:

Year Ending September 30	Water & Sewer	Governmental Activities	Total
2016	\$ 818,531	\$ 1,181,755	\$ 2,000,286
2017	818,531	1,121,085	1,939,616
2018	705,907	811,863	1,517,770
2019	705,907	811,079	1,516,986
2020	539,377	610,377	1,149,754
2021-2025	110,546	1,188,227	1,298,773
Total minimum lease payments	\$ 3,698,799	\$ 5,724,386	\$ 9,423,185
Less: amount representing interest	(279,522)	(425,172)	(704,694)
Present Value of minimum lease payments	<u>\$ 3,419,277</u>	<u>\$ 5,299,214</u>	<u>\$ 8,718,491</u>

PENSION FUND

Plan Description

The City participates as one of 860 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.

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 actuarially equivalent 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.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to 100% of what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions.

The City can grant, as often as annually, another type of monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, the City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7.0%
Matching ration (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	50% of CPI repeating

The city does not participate in Social Security.

Employees Covered by Benefit Terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	158
Inactive employees entitled to but not yet receiving benefits	217
Active employees	<u>354</u>
Total	729

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 consulting 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 were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.43% and 13.06% in calendar years 2014 and 2015, respectively. The City’s contributions to TMRS for fiscal year 2015 were \$2,852,497, and were equal to the required contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions – The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

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 Table, with male rates multiplied by 109% and female rates multiplied by 103%. 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. This experience study was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. 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. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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.

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% 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 plan members. 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.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/13	\$ 94,388,644	\$ 86,881,077	\$ 7,507,567
Changes for the year:			
Service Cost	3,106,700	-	3,106,700
Interest	6,620,134	-	6,620,134
Difference between expected and actual experience	(1,127,265)	-	(1,127,265)
Contributions-employer	-	2,683,946	(2,683,946)
Contributions-employee	-	1,398,930	(1,398,930)
Net investment income	-	4,970,464	(4,970,464)
Benefit payments, including refunds of emp. Contributions	(2,737,302)	(2,737,302)	-
Administrative expense	-	(51,890)	51,890
Other changes	-	(4,266)	4,266
Net changes	5,862,267	6,259,882	(397,615)
Balance at 12/31/14	\$ 100,250,911	\$ 93,140,959	\$ 7,109,952

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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$ 22,742,853	\$ 7,109,952	\$ (5,593,270)

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.tmr.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$2,269,947.

At September 30, 2015, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ (872,585)
Difference between projected and actual investment earnings	888,969	-
Contributions subsequent to the measurement date	2,115,998	-
Total	\$ 3,004,967	\$ (872,585)

\$2,115,998 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 liability for the measurement year ending December 31, 2015 (i.e. recognized in the City’s financial statements September 30, 2016). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement	
Year ended December 31:	
2015	\$ (32,438)
2016	(32,438)
2017	(32,438)
2018	113,698
2019	-
Total	<u>\$ 16,384</u>

Other Post-Employment Benefits

POST-RETIREMENT HEALTH CARE BENEFITS

The City offers its retired employees health insurance benefits through a single-employer defined benefit OPEB plan, under City policy. The benefit plan was established by the City in 2002 and last amended in 2005. No separate pension plan report is issued. This plan is administered by the City and no separate audited financial statements are available.

Retired employees who have satisfied the retirement requirement as defined by the Texas Municipal Retirement System (TMRS) are eligible to participate. The City has elected the retirement requirement as any age with 20 years of service or 5 years of service for age 60 and above. Retirees under 65 retiring under the TMRS system are eligible to receive premium payments of individual (not dependent) health insurance benefits for a period of time equal to one month for every full year of service with the City. Employees are eligible immediately upon retirement and the eligibility only runs from the retirement date. Active employees do not contribute any of their wage toward retiree health care benefits. The City pays the employee-only premium for medical coverage, based on the City’s Core Medical Plan Option. Retired employees are required to pay 100% of any additional premium expense for health benefits purchased upon retirement.

Spouse and eligible dependents are eligible to continue to purchase health benefits per Chapter 175 provisions. The City does not pay any portion of spouse or dependent medical coverage.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The City implemented the provisions of GASB 45 for the fiscal year ending September 30, 2009, as required by GASB. The City's annual OPEB cost for the current year and the related information is listed below:

Annual Required Contribution (ARC)	\$ 414,569
Interest on Net OPEB Obligation	61,392
Adjustment to the ARC	<u>(56,879)</u>
Annual OPEB Cost	\$ 419,082
Employer contribution	<u>(219,730)</u>
Increase in Net OPEB Obligation	\$ 199,352
Net OPEB Obligation, beginning of year	<u>1,364,268</u>
Net OPEB Obligation, ending of year	<u><u>\$ 1,563,620</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the prior three years (4.5% discount rate, and level percent of pay amortization) follow:

<u>Fiscal Year Ended</u>	<u>OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contribution</u>	<u>OPEB Obligation</u>
9/30/2013	\$ 394,436	\$ 217,602	55.17%	\$ 1,123,845
9/30/2014	406,212	165,789	40.81%	1,364,268
9/30/2015	419,082	219,730	52.43%	1,563,620

Funding Status and Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Accrued Liability (AAL)</u>	<u>Unfunded (AAL) (UAAL)</u>	<u>Funded Ratio</u>	<u>Fiscal Year</u>	<u>Covered Payroll</u>
12/31/2011	\$ -	\$ 2,820,447	\$ 2,820,447	0.00%	2013	\$ 18,821,603
12/31/2013	-	3,432,848	3,432,848	0.00%	2014	19,564,830
12/31/2013	-	3,432,848	3,432,848	0.00%	2015	21,685,946

Actuarial Methods and Assumptions - Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the type of benefit provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Valuation Date	December 31, 2011	December 31, 2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	30 Years; Open	30 Years; Open
Asset Valuation Method	Market Value	Market Value
 Actuarial Assumptions:		
Investment Rate of Return	4.5%	4.5%
Payroll Growth Rate	3.0%	3.0%
Projected Salary Increases	3.0%	3.0%
General Inflation Rate	3.0%	3.0%

FINANCIAL INFORMATION

TABLE 13 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2015	2014	2013	2012	2011
Revenues:					
Ad Valorem Taxes	\$ 17,898,766	\$ 15,763,186	\$ 15,348,420	\$ 15,444,428	\$ 15,847,989
Franchise Taxes	3,169,838	3,017,032	2,895,572	3,000,282	3,211,302
Municipal Sales Taxes	6,064,718	5,717,857	5,443,952	4,942,192	5,826,069
Permits and Fees	946,609	649,638	466,153	402,062	388,258
Charge for Services	2,784,430	2,612,512	2,644,415	2,291,101	2,748,494
Municipal Court	989,676	1,097,151	963,059	882,377	1,216,533
Intergovernmental	224,099	220,129	205,579	211,918	218,950
Interest Income	33,035	28,761	20,058	24,535	51,069
Miscellaneous	1,253,851	1,338,761	1,324,679	1,183,382	603,090
Total Revenues	<u>\$ 33,365,022</u>	<u>\$ 30,445,027</u>	<u>\$ 29,311,887</u>	<u>\$ 28,382,277</u>	<u>\$ 30,111,754</u>
Expenditures:					
General Government	\$ 3,259,924	\$ 3,203,660	\$ 2,448,346	\$ 2,800,377	\$ 4,152,690
Public Works	2,624,902	2,895,087	2,874,972	2,829,349	2,652,139
Public Safety	20,231,667	18,884,392	17,902,071	18,164,372	17,939,924
Culture & Recreation	4,498,803	4,332,503	4,282,981	4,168,618	3,929,002
Development	1,584,360	1,227,382	1,128,814	840,833	672,775
Debt Service	982,925	794,354	728,888	556,947	537,575
Capital Outlay	4,171,831	1,174,975	1,575,953	1,488,747	1,151,597
Total Expenditures	<u>\$ 37,354,412</u>	<u>\$ 32,512,353</u>	<u>\$ 30,942,025</u>	<u>\$ 30,849,243</u>	<u>\$ 31,035,702</u>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (3,989,390)	\$ (2,067,326)	\$ (1,630,138)	\$ (2,466,966)	\$ (923,948)
Capital Lease	2,141,763	1,959,204	1,130,985	351,152	1,202,602
Operating Transfers In (Out)	548,101	710,101	192,899	652,453	605,828
Proceeds from Sale of Assets	669,600	-	-	1,500	-
Net Increase (Decrease)	(629,926)	601,979	(306,254)	(1,461,861)	884,482
Beginning Fund Balance	<u>7,777,808</u>	<u>7,175,829</u>	<u>7,482,083</u>	<u>8,943,944</u>	<u>8,059,462</u>
Ending Fund Balance	<u>\$ 7,147,882</u>	<u>\$ 7,777,808</u>	<u>\$ 7,175,829</u>	<u>\$ 7,482,083</u>	<u>\$ 8,943,944</u>

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TABLE 13A – CHANGE IN NET ASSETS

	Fiscal Year Ended September 30,				
	2015	2014	2013	2012	2011
<u>Revenues:</u>					
Program Revenues:					
Charges for Services	\$ 6,471,911	\$ 5,331,793	\$ 5,309,333	\$ 5,103,405	\$ 5,767,891
Operating Grants and Contributions	520,843	418,983	817,022	901,055	963,803
Capital Grants and Contributions	1,715,530	3,878,487	6,735,636	6,748,657	2,687,884
General Revenues:					
Property Taxes	25,608,764	23,307,395	23,290,763	23,805,465	23,967,737
Sales Taxes	5,995,488	5,652,848	5,386,679	4,894,006	5,767,527
Other Taxes	146,741	130,138	112,300	48,186	124,748
Other	3,344,410	3,126,943	3,010,969	3,127,383	3,214,049
Investments & Miscellaneous	2,074,613	1,639,246	1,503,007	1,325,485	337,232
Total Revenues	<u>\$ 45,878,300</u>	<u>\$ 43,485,833</u>	<u>\$ 46,165,709</u>	<u>\$ 45,953,642</u>	<u>\$ 42,830,871</u>
<u>Expenses:</u>					
General Government	\$ 3,812,283	\$ 3,743,246	\$ 3,079,438	\$ 4,274,638	\$ 5,043,354
Public Safety	21,682,963	20,994,087	19,791,298	20,456,358	20,077,172
Public Works	12,001,156	12,040,271	11,690,444	13,472,469	12,320,408
Culture and Recreation	5,210,607	5,152,775	5,100,405	4,975,355	4,796,472
Development	1,586,203	1,230,969	1,183,670	881,385	726,014
Interest on Long-Term Debt	2,731,650	3,407,157	2,848,832	2,888,071	3,445,261
Total Expenses	<u>\$ 47,024,862</u>	<u>\$ 46,568,505</u>	<u>\$ 43,694,087</u>	<u>\$ 46,948,276</u>	<u>\$ 46,408,681</u>
Increase in Net Assets Before Transfers	(1,146,562)	(3,082,672)	2,471,622	(994,634)	(3,577,810)
Transfers	4,441,008	4,366,169	4,448,300	3,916,368	4,999,142
Decrease/Increase in Net Assets	3,294,446	1,283,497	6,919,922	2,921,734	1,421,332
Net Assets, October 1	50,911,567 ⁽¹⁾	53,470,523	46,550,601	43,628,867	42,207,535
Prior Period Adjustment	-	-	-	-	-
Net Assets, September 30	<u>\$ 54,206,013</u>	<u>\$ 54,754,020</u>	<u>\$ 53,470,523</u>	<u>\$ 46,550,601</u>	<u>\$ 43,628,867</u>

(1) Restated.

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TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.S., Tax Code, Chapter 321, as amended, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; **the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds.** Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

FYE 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2012	\$ 4,894,006	20.73%	\$ 0.1543	\$ 86.91
2013	5,386,679	23.31%	0.1724	95.66
2014	5,652,848	24.50%	0.1814	96.67
2015	5,995,488	23.68%	0.1831	102.53
2016	3,256,578 ⁽¹⁾	11.98%	0.0908	54.27

(1) Collections through May 2016.

FINANCIAL POLICIES

Basis of Accounting . . . The City’s accounting records of the governmental fund revenues and expenditures are recognized on the modified accrual basis. Revenues are recognized in the accounting period in which they are available and measurable. Expenditures are recognized in the accounting period in which the fund liability occurred, if measurable, except for unmatured interest on general long-term debt.

Proprietary Fund revenues and expenses are recognized on the full accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the accounting period in which they are incurred.

Fund Balances . . . Fund balances will be maintained in an amount adequate to assure that any legal requirements are met and that adequate funds are available to meet cash flow requirements. It is the City’s intention to maintain in the General Fund 13%, and Water and Sewer Fund 20% of the next year’s budgeted expenditures. Cash balances are to be monitored yearly during budgeting preparation.

Enterprise Fund transfers to the General Fund . . . The City has adopted a financial policy whereby annual transfers are made from the enterprise funds (generally, the water and sewer departments) to the General Fund. The transfers consist of:

General and Administrative: A set fee is transferred to the General Fund for services of general overhead, such as administration, finance, personnel, data processing and legal counsel.

Franchise Payment in Lieu of Tax: A rate of 5% of gross sales is transferred to the General Fund, consistent with the rates charged to private utilities operating within the City.

Payment in Lieu of Property Tax: An amount based on book value and the existing tax rate is transferred to the General Fund to equate to property taxes lost due to municipal ownership.

Use of Bond Proceeds . . . The City’s policy is to use bond proceeds for capital expenditures only. Such revenues are never to be used to fund normal City operations.

Budgetary Procedures . . . The City’s Home Rule Charter establishes the fiscal year as the twelve-month period beginning each October 1. Each year, by the middle of June, the departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year. After review by the Finance Department and the City Manager a budget of estimated revenues and expenditures is submitted to the City Council. Subsequently, the City Council will hold work sessions to discuss and amend the budget to coincide with their direction of the City. Various public hearings may be held to comply with state statutes. The City Council will adopt a budget prior to October 1. If the Council fails to adopt a budget then the budget proposed by the City Manager is deemed to have been adopted.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law, including particularly V.T.C.A., Texas Government Code, Chapter 2256, as amended (the “PFIA”), in accordance with investment policies approved by the City Council. Both state law and the City’s investment policies are subject to change.

LEGAL INVESTMENTS. . . Under current State law, the City is authorized to invest in: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent, (6) bonds issued, assumed, or guaranteed by the State of Israel, (7) certificates of deposit meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in the State, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits, (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State, (9) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City and held in the City’s name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (10) certain bankers’ acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less that is rated at least “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-load money market mutual funds registered with the Securities and Exchange Commission that have a dollar-weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share, (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of no less than “AAA” or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than “AAA” or “AAA-m” or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act.

All City funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each funds’ investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) market ability of each investment, (5) diversification of the portfolio, and (6) yield. The City is required to designate one or more officers or employees as investment officers to be responsible for the investment of its funds. In the administration of the duties of an investment officer, the person so designated shall exercise the judgment and care, under prevailing circumstances that a prudent person would exercise in the management of the person’s own affairs. Unless authorized by law, a person may not deposit, withdraw, or manage in any other manner the funds of the City.

Under State law, City investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” At least quarterly the investment officers of the City shall submit an investment report for the period. The report must: (1) describe the investment position of the City, (2) be prepared jointly and signed by each investment officer, (3) contain a summary of each pooled fund group that states: the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) state the book value and market value of each separately listed asset at the end of the reporting period, (5) state the maturity date of each separately invested asset, (6) state the account or pooled fund group for which each individual investment was acquired, and (7) state the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. If the City invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of Bonds of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers shall be reviewed at least annually by an independent auditor, and the result of the review shall be reported to the City Council. No person may invest City funds without express written authority from the City Council.

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies and adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and record any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance, or resolution; (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City, (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment activities between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City's investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in mutual funds in the aggregate to no more than 80% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and further restrict the investment in no-load mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements (8) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer and (9) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

The City’s current investment policy is in compliance with the State law requirements described above.

TABLE 15 - CURRENT INVESTMENTS

As of April 30, 2016, the City’s investable general funds were invested in the following categories:

Description	Book Value	% of Investment	Market Value	% of Investment
Commercial Paper	\$ 1,097,062	2.55%	\$ 1,097,677	2.55%
U.S. Treasury Bond/Note	9,516,622	22.10%	9,556,708	22.17%
Federal Agency Bond/Note	4,000,586	9.29%	4,001,772	9.28%
TexPool	28,448,867	66.06%	28,448,867	66.00%
Total	<u>\$ 43,063,137</u>	<u>100.00%</u>	<u>\$ 43,105,023</u>	<u>100.00%</u>

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TAX MATTERS

OPINION . . . On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the City, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (2) the Bonds will not be treated as “specified private activity Bonds”, the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See Appendix C - Form of Bond Counsel’s Opinion.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City’s federal tax certificate, and (b) covenants of the City contained in the documents authorizing the Bonds relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed therewith. Failure of the City to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinions of Bond Counsel are rendered in reliance upon the compliance by the City with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the property financed with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Bonds”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bond should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for “adjusted current earnings” to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to or exceeds, one year from the date of issue. Such treatment applies to “market discount Bonds” to the extent such gain does not exceed the accrued market discount of such Bonds, although for this purpose, a de minimis amount of market discount is ignored. A “market discount Bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price or, in the case of a Bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the Bond bears to the number of days between the acquisition date and the final maturity date.

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law, and could affect the market price or marketability of the Bonds. Any of the foregoing could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any of the foregoing becoming effective cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

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CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the Municipal Securities Rulemaking Board (“MSRB”). This information will be publicly available on the MSRB’s Electronic Municipal Market Access System (“EMMA”) at <http://emma.msrb.org/>.

ANNUAL REPORTS. . . The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 15 and in Appendix B, which is the City’s annual audited financial report. The City will update and provide the information in the numbered tables within six months after the end of each fiscal year ending in and after 2016 and, if not submitted as part of such annual financial information, the City will provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City’s current fiscal year end is September 30. Accordingly, the City must provide updated information included in the above-referenced tables by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB’s Internet Web site or filed with the Securities and Exchange Commission (the “SEC”), as permitted by SEC Rule 15c2-12 (the “Rule”).

EVENT NOTICES . . . The City will also provide to the MSRB notices of certain events on a timely basis no later than 10 business days after the event. The City will provide notice of any of the following events with respect to the Bonds: (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 City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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; and (14) appointment of a successor or additional trustee or the change of name of any trustee, if material. (Neither the Bonds nor the Ordinance makes any provision for a bond trustee, debt service reserves or credit enhancement.)

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement 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, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein 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 (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel)

determines that the amendment will not materially impair the interests of the registered and beneficial owners of the Bonds. The City may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

The City, by way of an administrative error, failed to provide funds to U.S. Bank Corporate Trust Services (the "paying agent"), to pay the coupon due February 15, 2012 for the City of Rowlett, Texas Combination Tax and Limited Surplus Revenue Bonds of Obligation, Series 2006. The City was timely with the wiring of funds for their remaining February 15, 2012 debt service requirements.

The City wired funds to the paying agent on February 16, 2012 to satisfy the obligation. The City additionally filed a Notice of Material Event, dated February 16, 2012, with the MSRB describing the late payment. The City has examined its administrative procedures and made the necessary changes to remedy future oversights.

OTHER INFORMATION

RATINGS

The presently outstanding tax supported debt of the City is rated "Aa2" by Moody's and "AA" by S&P, without regard to credit enhancement. Application has been made to Moody's and S&P for contract ratings on the Bonds. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the view of such companies and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Texas Public Funds Investment Act requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The City will furnish to the Initial Purchaser a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Bonds and to the effect that the Bonds are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect, and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Bonds will also be furnished. Though it may represent the Financial Advisor and purchasers of bonds, such as the Initial Purchaser from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the City in the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest"), is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor has agreed, in its Financial Advisory contract, not to bid for the Bonds, either independently or as a member of a syndicate organized to submit a bid for the Bonds. FirstSouthwest, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER OF THE BONDS

After requesting competitive bids for the Bonds, the City accepted the bid of _____ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on page 2 of this Official Statement at a price of _____. The Initial Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser. The initial yields shown on page 2 of this Official Statement will be established by and are the sole responsibility of the Initial Purchaser and may subsequently be changed at the sole discretion of the Initial Purchaser. The City has no control over the determination of the initial yields and has no control over the prices at which the Bonds are sold in the secondary market.

CERTIFICATION AS TO OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the City will furnish the Initial Purchaser a certificate, executed by an authorized representative of the City, acting in such person's representative capacity, to the effect that to the best of such person's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement or amendment thereto, on the date of the Official Statement, on the date of sale of the Bonds and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b)

insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The Ordinance authorizing the issuance of the Bonds will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Initial Purchaser.

Mayor
City of Rowlett, Texas

ATTEST:

City Secretary
City of Rowlett, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

LOCATION

The City of Rowlett is a retail center located in northeast Dallas County just north of Interstate Highway 30. The City is located four miles east of Garland and 12 miles northeast of Dallas. The City is traversed by President George Bush Turnpike (Tollway), Interstate 30 and State Hwy 66 which connects Rowlett with the cities of Garland and Dallas to the west and Rockwall to the east.

The City is bordered by Lake Ray Hubbard on four sides, and is influenced by its increasing recreation and residential development. Lake Ray Hubbard, with approximately 32 miles of shoreline within Rowlett's City Limits, has become a major recreational lake due to its location in the Dallas Metropolitan Area, contributing to the City's growth.

POPULATION

The City of Rowlett's census population in 1970 was 2,243; in 1980 was 7,522; in 1990 was 23,260, and in 2000 was 44,503, increasing 48% from 1990 to 2000. The 2010 census was 56,199, a 21% increase since 2000. The current estimated 2016 population of the City is 60,002.

SERVICES

Natural gas is supplied to the citizens of Rowlett through Atmos Gas Company. Water is supplied by the North Texas Municipal Water District, with the City's primary sources of water coming from Lake Lavon and Lake Ray Hubbard. Telephone service is provided by Verizon.

The City offers the 911 emergency telephone system and employs 78 full-time sworn police officers and 12 dispatchers. The fire department employs 72 full-time firemen.

The City operates a public library, which has an arrangement with the Dallas County Public Library to further enhance materials available to the public. The library has approximately 88,774 volumes, circulating video and large print collections, newspapers, children's summer reading program and adult programming.

Rowlett offers one hospital, Lake Pointe Medical Center. The 112-bed acute care hospital provides a wide spectrum of medical services, including an emergency department with Fast Track Services, a 14-bed intensive care unit, women's services, Level II and Level III NICU, diagnostic imaging, eight operating rooms, including the da Vinci Surgical System and telemetry. With a medical staff of 450 physicians, Lake Pointe Medical Center provides a number of specialty services in conjunction with numerous other clinics and doctors located in the area.

In addition to Lake Ray Hubbard 30 parks are located within the City and two country clubs are within two miles of the City. A 50,515 square foot Rowlett Community Centre provides meeting room and banquet room accommodations as well as a fully-equipped recreational facility. The City also offers a Wet Zone Family Water Park, open through the summer months, hosting daily open swim hours, classes, programs and special events. The Golf Course, which includes a dining club, opened May 1, 2000.

TRANSPORTATION

The City has access to Interstate Highways 20, 30, 45 and 635. In addition, the President George Bush Turnpike (Tollway) opened in December, 2011. In May 2015, the City acquired Elgin B. Robertson Park from the City of Dallas. This property extends the southern border of the lake and is traversed by Interstate 30. Dallas Area Rapid Transit ("DART") serves the area with an express route system that provides non-stop service to downtown Dallas each weekday and several local routes that travel to the nearby Garland Central Transit Center for transfers to other routes in the DART system. Rail freight service is provided by the Union Pacific Railroad. All common carriers serving Dallas offer motor freight line service in the City. The City is located approximately 35 miles east of Dallas/Fort Worth International Airport.

EDUCATION

One high school, two middle schools and 10 elementary schools are located within the City. The City is generally served by Garland Independent School District, with Rockwall Independent School District providing one elementary school.

Colleges within 30 minutes of the City include Southern Methodist University, University of Dallas, University of Texas at Dallas, Amber University and Dallas County and Collin County Community Colleges.

BUILDING PERMITS

Fiscal Year Ended 9/30	Commercial		Residential	
	Number	Amount	Number	Amount
2011	3	\$ 9,944,350	22	\$ 5,279,425
2012	7	7,300,000	80	20,500,000
2013	4	3,675,000	74	20,335,000
2014	7	10,775,000	112	33,477,000
2015	13	21,502,400	170	110,324,167
2016 ⁽¹⁾	6	20,728,650	114	49,130,474

(1) As of April 30, 2016.

PRINCIPAL EMPLOYERS

Employer	Number of Employees
Garland ISD (City schools only)	1,092
Lake Pointe Medical Center	750
Wal-mart Supercenter	420
City of Rowlett	362
DR Horton	300
Target Corporation	180
Senior Care at Lake Pointe	135
Rowlett Nursing Home	119
Walmart Neighborhood Market	90
H&S Manufacturing	73
	<u>3,521</u>

Source: City of Rowlett – Economic Development Department.

EMPLOYMENT RATES

Employment statistics for Dallas and Rockwall Counties are as follows:

	2016 Annual Average ⁽¹⁾	2015 Annual Average	2014 Annual Average	2013 Annual Average	2012 Annual Average
Dallas County					
Civilian Labor Force	1,300,791	1,274,040	1,250,809	1,238,129	1,224,476
Total Employment	1,250,999	1,219,692	1,183,082	1,157,189	1,137,353
Unemployed	49,793	54,348	67,727	80,940	87,123
Percent Unemployed	3.83%	4.27%	5.41%	6.54%	7.12%
Rockwall County					
Civilian Labor Force	45,332	44,391	43,410	42,388	41,233
Total Employment	43,807	42,722	41,452	39,969	38,687
Unemployed	1,525	1,669	1,958	2,419	2,546
Percent Unemployed	3.36%	3.76%	4.51%	5.71%	6.17%

Source: Texas Employment Commission, Austin, Texas.

(1) Averages as of April 2016.

APPENDIX B

EXCERPTS FROM THE
CITY OF ROWLETT, TEXAS
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2015

The information contained in this Appendix consists of excerpts from the City of Rowlett, Texas Annual Financial Report for the Year Ended September 30, 2015, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION



City of Rowlett
Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75080-0099
www.rowlett.com

AGENDA DATE: 07/19/2016

AGENDA ITEM: 7C

TITLE

Consider action to approve a resolution allowing the City Manager to negotiate and execute a contract for MXU replacement and meter reading system upgrade with Aqua-Metrics, Sensus and Pedal Valve Inc. for an amount not to exceed \$2.4 million.

STAFF REPRESENTATIVE

Kim Wilson, Chief Financial Officer

SUMMARY

The purpose of this item is to award a contract to upgrade the Sensus Flex-Net system. Contracts include the purchase and installation of the Meter Transceiver Unit's (MXU) (i.e., antenna/booster), 3 base stations, and corresponding software. The City's use of Sensus meters requires the use of Sensus technology and hardware. This sole source purchase will be through the regional Sensus dealer, Aqua-Metric. Installation of the MXU's will be through a competitively bid contract with Pedal Valve Inc., accessible through an interlocal agreement with Laredo, Texas.

BACKGROUND INFORMATION

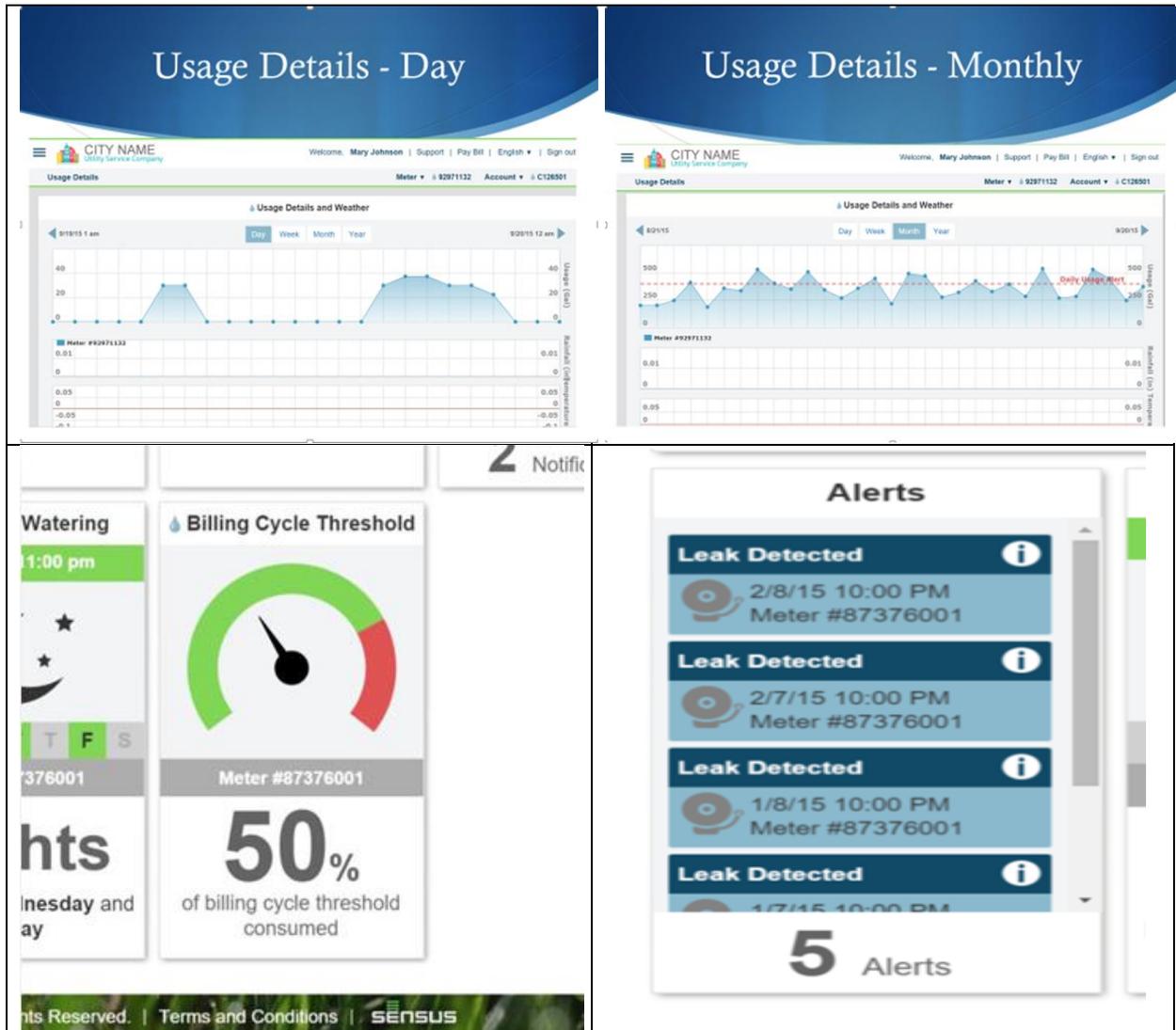
In 2005, concerned with lost revenues, read time and system efficiency, the City entered into an agreement with Sensus and Honeywell to upgrade the meter reading system to a drive by Automated Meter Reading (AMR). In 2012, Sensus informed the City that existing antenna/booster (MXU) technology was outdated. Sensus gave the City a \$30,000 reading unit at that time, and the City agreed to begin replacing nonfunctioning MXU's with the newer technology. In addition to the limitations of the old technology MXU's, the reading system is limited to a capacity of 4,000 per cycle. With the City's two cycles, this capacity is exceeded by 4,000 to 6,000 devices.

DISCUSSION

The City's meter reading system is vital to the revenue collection process in the Utility Fund. Processing utility bills in a timely manner and ensuring accurate read data for our customers is a priority. The current AMR system is now 11 years old, has reached capacity, and provides a very reactive approach to both maintenance and customer service.

The Flex-net Automated Metering Infrastructure (AMI) system would provide a fixed based solution to reading and move away from drive-by readings. It would provide proactive maintenance solutions, and immediate alerts of unit failures. It would notify maintenance crews of abnormal usage, and provide access to real-time, on demand meter readings in the office. Customer service would also improve substantially as it provides the opportunity for staff to be more proactive when we notice abnormalities.

In addition, customers would have a clear, transparent picture of their usage through the hourly read information provided by the AMI. Customers would have the option to access this real-time data from their computer or mobile device. The AMI system would provide customers the opportunity to set up daily or monthly usage alerts, and to identify usage anomalies resulting from leaks as some of the features below depict.



As of the most recent study by Sensus and Aqua-Metric, the new AMI system will require three base stations for guaranteed communication coverage with 100% of the meters. The proposal includes base station installation on the PGBT and Cheisa water towers. The study also includes the construction of an 85' tower at Community Park in the existing fenced in area as noted in the diagram below.



FINANCIAL/BUDGET IMPLICATIONS

The total cost for the update is expected to be \$2.4 million. This includes an allowance for broken meters as they are found and a 7.5% contingency. Funding for the project will come from the insurance proceeds from the Martha Lane Water Tower and residual funds from completed utility projects. To be clear, this project will not replace the water meters in the ground (except for broken meters) but will replace the automated meter devices (MXU's).

The breakdown is itemized below. A budget amendment will be added to a future agenda this summer.

	Quantity	Unit Price	Project Cost
M400 Base Station	3	\$ 23,175.00	\$ 69,525.00
Base Station Installaion	3	20,000.00	60,000.00
Communication Backhaul	3	986.56	2,959.68
85' Self Supporting Tower	1	22,000.00	22,000.00
Setup & Configuration			
RNI SaaS Setup	1	7,725.00	7,725.00
RNI Core Education - Onsite	1	7,500.00	7,500.00
Water Analytics System Setup	1	3,562.50	3,562.50
Sensus Analytics Basic Integration	1	1,781.25	1,781.25
Sensus Analytics Training (Onsite)	1	1,781.25	1,781.25
Consumer Portal System Setup	1	6,250.00	6,250.00
Consumer Portal CIS Integration Fee	1	11,875.00	11,875.00
Consumer Portal Onsite Training	1	2,137.50	2,137.50
Project Management	1	25,000.00	25,000.00
MXU Trade-In 520R for 520M Smart Point	17,637	87.50	1,543,237.50
MXU Installation & Activation of new 520 M Smart Point Meters	17,637	21.75	383,604.75
Meters	500	120.39	60,195.00
Installation of Meters	500	45.00	22,500.00
POD - Storage of MXU's 4 months	2	68.00	136.00
SubTotal (Net of Meter Replacement Contingency)			2,231,770.43
7.5% Contingency			167,382.78
Total Project Cost			\$ 2,399,153.21

<u>Funding Source</u>	
Insurance Proceeds - Water Tower	\$ 941,000.00
Project Surplus	1,458,153.21
Total Funding	<u>\$ 2,399,153.21</u>

RECOMMENDED ACTION

To ensure that the City’s meter system continues to provide data for water bills in a timely manner, it is recommended that the City update the current meter reading system from the automated meter reading (AMR) to an automated metering infrastructure (AMI) system, and award contracts to Aqua-Metrics, Sensus and Pedal Valve, Inc. in an amount not to exceed \$2.4 million.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS, AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE CONTRACTS FOR MXU REPLACEMENT AND METER READING SYSTEM UPGRADES TO AQUA-METRICS, SENSUS AND PEDAL VALVE, INC., FOR AN AMOUNT NOT TO EXCEED \$2.4 MILLION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, it is the desire of the City to provide clear, transparent access to meter reading data to the system customers through online access to real-time usage data; and

WHEREAS, it is necessary to upgrade the City’s meter reading system to continue to provide timely data for billing.

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

Section 1: That the City Council of the City of Rowlett does hereby authorize the City Manager to negotiate and execute contracts for utility system metering equipment and service upgrades to Aqua-Metrics for an amount not to exceed \$1.84 million.

Section 2: That the City Council of the City of Rowlett does hereby authorize the City Manager to negotiate and execute a contract for installation and activation of MXU’s and utility system meters and related equipment and services with Sensus and Pedal Valve, Inc., for an amount not to exceed \$560,000.

Section 3: That the City Council of the City of Rowlett does hereby authorize the City Manager to sign and issue such purchase orders as may be necessary and appropriate to acquire the equipment, goods, and services to conform to this resolution and to purchase other incidental goods and services necessary to complete the project.

Section 4: This resolution shall become effective immediately upon its passage.

ATTACHMENTS

Attachment 1 – FlexNet System Information

Attachment 2 – Aqua-Metrics Quote – AMI System Upgrade

Attachment 3 – Aqua-Metrics Quote – Meter Contingency

Exhibit 1 (Draft) – Aqua-Metric Agreement

Exhibit 2 (Draft) – Sensus Lease of FCC Frequency

Exhibit 3 (Draft) – Pedal Valve, Inc Laredo Contract & Rowlett Amendment



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Aqua Metric / Sensus FlexNet AMI System with
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Prepared:

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Sensus FlexNet Overview

Industry-leading Sensus FlexNet AMI solution stands apart from competitive offerings because it represents the only fixed radio frequency (RF) network, two-way solution that has already demonstrated the performance and resiliency throughout the world. City of Rowlett and its future Smart Grid initiative aligns perfectly with Sensus' proven technology, market leadership, and ongoing commitment to providing comprehensive conservation solutions and ensuring operation excellence.

Sensus FlexNet Fixed Network AMI system is truly the best on the market with unmatched reliability achieved by overlapping receiver coverage of metering end-points, data/message redundancy, and failover backup provisions. FlexNet is an established, fixed-base solution for dense urban to sparse rural meter densities in any terrain. It is field proven in the dense urban/suburban Birmingham, AL network and in the mountainous terrains of Hawaii, northern Georgia, and British Columbia. FlexNet was designed from the outset for electricity only, gas only, and water only applications or for any combination thereof.

Guaranteed Propagation Study

Implementing a fixed base network is a major decision that requires an investment of time, funding, human resources and customer support to ensure success. To determine optimal network coverage, a propagation study would be completed prior to system deployment. Propagation studies eliminate guesswork because they rely on scientific methodology. They maximize the City's investment in a fixed base system by defining specific information that projects the end signal strength of every meter in use. By incorporating propagation modeling as part of the analysis process, the utility can use the information to confidently employ the most efficient planning available to control costs and performance.

However, just as no two utility service areas are alike, approaches to performing propagation studies can vary dramatically as well. Off-the-shelf, "cookie cutter" methods will deliver basic data on how many collectors may be needed, but to uncover the true characteristics of a service area in the pursuit of cost-effective yet superior coverage, a more comprehensive study should be selected. Where traditional methods fall short, the Sensus propagation modeling system provides all the necessary information. It accounts for performance goals of the utility, growth expectations, and unique land use issues.

Predefining the infrastructure not only eliminates the guess work, but also guarantees the propagation study. City of League City, Texas realized this upon completion of their FlexNet project as their original propagation study estimated it would take two FlexNet BTS to successfully read 30,000 meters. Upon deployment of their FlexNet AMI infrastructure, iPERL meters and SmartPoint transmitters, a small percentage of their distribution system was not read by the anticipated BTS. Because the propagation study anticipated two BTS but a third was required to achieve guaranteed coverage, Aqua Metric and Sensus deployed an additional BTS at no charge to adequately read the remaining uncovered meters. The same promise will be made to City of Rowlett after an official propagation study is created and reviewed.

Sensus FlexNet Communication

Sensus' industry leading two-way wireless AMI communications network (the FlexNet AMI System) uses the IPv6 protocol over multiple synchronized, high-performance 900 MHz primary-use FCC-licensed bands. The FlexNet system operates on FCC-protected, extended range, and extended penetration Personal Communications Service (PCS) frequencies. Top level specifications of the wireless solution include the following:

- Inbound RF frequencies operate at 901 MHz.
- Inbound RF frequencies operate at 2 watts of power (a minimum of 2 times all competitors).
- Outbound RF frequencies operate at 940 MHz.
- Outbound RF frequencies operate at up to 30 watts of power (a minimum of 30 times all competitors).
- Greater than 95 percent of SmartPoints typically maintain redundant paths to two or more BTS. Designs with 100 percent redundancy can be accommodated.

- Typical as built ranges are a three to seven-mile radius from the BTS.
- Capacity supports up to 70,000 endpoints per BTS.
- Management and troubleshooting of network is provided by advanced industry leading status dashboards with drill-down capability to analyze BTS and endpoints.
- Alarms and alerts are sent via RF subchannels that do not compete with meter data reading, SCADA, or Distribution Automation (DA) traffic.
- The FlexNet AMI System design was developed using standards-based architecture.

The FlexNet AMI System provides utilities with the industry's best investment protection and obsolescence avoidance over a 20-year operating horizon. SmartPoints and BTS are built with software-defined radios that are field proven to permit future advancements in radio modulations and RF spectrum.

Greater Range

FlexNet SmartPoints ensure reliable, safe and virtually interference-free meter reading. Compared to conventional radio signals, primary-use licensed frequencies minimize interference from outside radio transmissions and produces very little interference of its own. The high-powered, two-way, Sensus FlexNet SmartPoint modules provide for expanded reading range, and can dependably function in difficult transmission locations such as inside buildings, under meter box lids, in basements, or from meter pits. Expanded reading range translates to greater efficiencies and safety when reading meters. The SmartPoint modules include an unobtrusive built-in antenna. Unlike narrow band modulation, primary-use licensed technology provides higher rates of data transmission plus greater range and reliability.

FlexNet Primary-Use FCC-Licensed Spectrum

Sensus FlexNet uses primary use, FCC-licensed RF spectrum that will give the City exclusive use of the RF airwaves used for AMI. The single platform, multi-application Sensus AMI technology provides complete territory RF coverage and performance for all geographies, all terrains, all meter types, and all applications. This has been proven in the field for over 500 utilities across North America. The Sensus FlexNet AMI Network boasts five key range and performance criteria:

- Use of existing communications towers and efficient high-gain antennas
- Acquisition of clear nationwide primary-use licensed radio spectrum with a low noise floor
- Design and use high power SmartPoint endpoints (2 watts) with state-of-the-art, all digital modulation techniques
- Design and use highly sensitive (-120 dBm to -130 dBm) all Digital Signal Processor (DSP)-based transceivers (BTS) for the AMI Communications Network

A key to achieving high quality performance from city to city required the acquisition of FCC primary-use radio spectrum for the best and most reliable network operation. To that end, Sensus obtained nationwide and local licenses. This spectrum is 100 percent primary use, meaning the FCC-licensed network has primary rights to the spectrum, with no other entities allowed to use the channel without permission from the licensee. Additionally, interference is regulated and prohibited by the FCC. Unlicensed 900 MHz Industrial, Scientific, and Medical (ISM) band competitors (i.e., mesh network systems) now have to compete with Progeny. Progeny was granted a primary-use MLS license in the ISM operating bands.

Another advantage to the licensed frequency band is that the limits for total RF output power are higher than those for systems using the unlicensed ISM band. The ISM band is typically limited from 100 mW to 1 watt. FCC-licensed spectrum operates at higher power levels, and power translates directly into range in a radio system, with one base station capable of covering tens of thousands of meters. This, among other advantages, means that system costs can be amortized over many more devices than is typical for conventional fixed-based mesh networks.

FCC licensing is provided by Aqua Metric and Sensus USA. As long as the City maintains its annual support contract, FCC licensing will be renewed by Sensus, alleviating any paperwork or requirements of City of Rowlett. Annual support costs will be discussed with the City upon further discussion of required system components.

Interference

One of the constant threats to RF-based AMI systems have traditionally been subject to is radio interference, either deliberate or accidental. Typical AMI systems on the market use unlicensed frequencies for their radio communications. The FCC regulates this unlicensed spectrum, and devices operating in this spectrum are required to accept any unwanted interference and to not produce any interference themselves. In other words, the band is free but manufacturers must use this band at their own risk, have no legal recourse and may not interfere with licensed users who have paid for the privilege. The ever increasingly heavy usage of these bands has the overall effect of increasing the noise level in band, which reduces the overall range of the system and causes time periods of data outages. Some AMI vendors have partitioned the FCC in the US to regulate the Part 15 band to force providers of Internet services to cease high power, legal, communications.

A separate issue from interference due to specific radio products, a city such as Chicago typically experiences RF noise floor elevation by 20 db in the 902 to 928 MHz Part 15 unlicensed spread spectrum band. Spread spectrum technology cannot reduce the effects of broadband background noise. This 20 dB noise increase would decrease the range of a competitive AMI system by 4. Range affects the needed collectors exponentially; therefore 16 times as many collectors could be needed. This is a both a short term and a long term risk. No part 15 FCC unlicensed AMI vendor can guarantee that range will not significantly decrease in the future, requiring massive deployment of additional Collectors.

Conversely, the FlexNet system uses exclusively licensed radio frequencies that are strongly protected. Detection of interfering sources and other interferers is part of the daily system check and can be reported to authorities together with the jamming signal's approximate location as determined by tower signal levels. The very strict FCC rules that govern type acceptance of devices using licensed frequencies adjacent to the ones used by FlexNet ensure clean narrow band sources that do not affect the noise floor of the FlexNet channels.

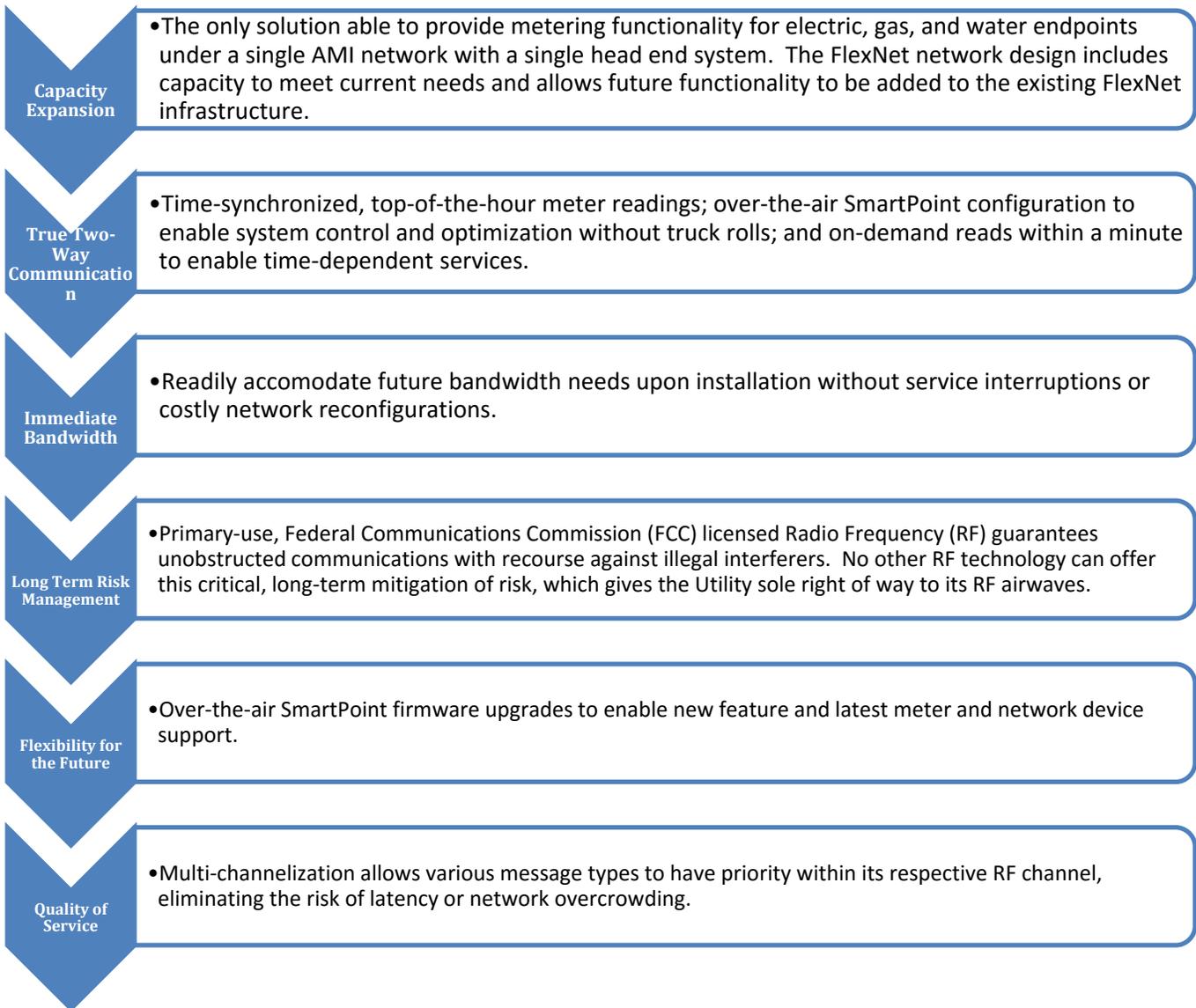
This also means that the FlexNet radio modules themselves are subject to a much higher level of scrutiny by the FCC. Each radio module model and version is subjected to strict FCC compliance testing to ensure compliance with the laws regarding out-of-band transmissions, power output, etc. The FCC is bound by law to take action against frequency interferers in the licensed FlexNet spectrum, and we stand ready to protect our valuable dedicated spectrum through a variety of legal methods.

In the multiple cities in which FlexNet systems are currently deployed, in-band interference has not been detected and noise floors are measured at near theoretical limits. In one market, a 1000 Watt paging network is operating in a band immediately adjacent to the FlexNet frequency with no impact on FlexNet system range or performance.

The FlexNet trials have demonstrated virtually 100% hourly reads to all installed meters, including areas where cell phones will not operate. No data loss has ever occurred due to RF jamming or elevated noise floor. This performance would not have been possible without the use of FCC primary use licensed spectrum. The patent pending modulation has been approved by the FCC to operate under Part 0, part 101 and part 24 which enables use of a number of primary use bands from 890 to 902 MHz and 928 MHz to 960 MHz. This modulation and approvals required 8 years of development.

Telecommunications - Interval Packet Walk Through

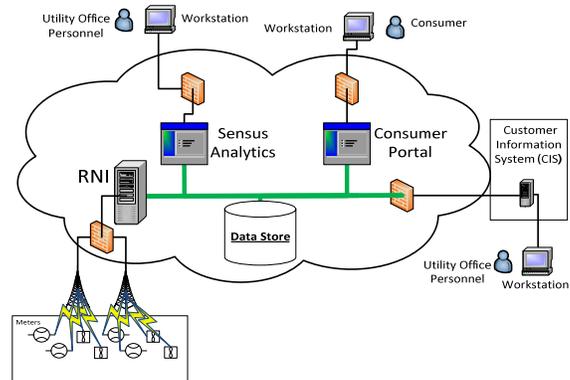
The module is programmed to autonomously deliver its data to the BTS and then to the collection RNI system. The module reads the meter register at programmed intervals and transmits the last several readings each time it transmits to allow for redundant data. Upon reception of the data at the BTS the packet is wrapped with a timestamp associated with the receive time (TOI – Time of Intercept) and forwarded to the router. At the router



FlexNet System Components

The FlexNet System is the AMI management system that sits atop the FlexNet AMI communications network, providing open, standards-based interfaces and Application Programming Interfaces (API) to the utility’s back office systems. Within the head-end system’s Regional Network Interface (RNI) resides a number of servers and databases which support the interfaces to back office systems and provide the business logic and services that comprise the AMI management system.

The data flow begins with the collection of meter reads from the SmartPoint modules. The SmartPoint modules collect the meter reads on an hourly basis and transmit the reads to the base station at scheduled intervals (e.g. every four hours). The base station is responsible for retrieving data from the endpoints and passing the data to the RNI. Using standard TCP/IP connections, the RNI connects to FlexNet BTS via a wide area network to form the AMI communications network. High powered, two-way, long-range radio



communication modules called SmartPoints connect smart water meters, smart electric meters, smart gas meters, Distribution Automation (DA) devices, street lighting, and load control devices to the AMI communications network.

The RNI provides enough network capacity for all of the BTSs in one local RF Network. The Data Concentrator (DC) is responsible for elimination of duplicate EMD messages received simultaneously by multiple BTSs. Various backhaul methods are available to connect the BTSs to the RNI. Any connection that will establish a TCP/IP connection (Wi-Fi, GPRS, Fiber, DSL, Cable, phone modem, etc.) will work to provide that link. Filtered data from the DC is sent to the UIP software, which formats the data for the Database Management System. The RNI provides billing and account management, network management functions, data warehousing and hand-off functions to the customer.

The meters communicate via an 8 kbit channel using packets that are 108 bytes in length. From there the data travels to the tower and through the backhaul channel that has been selected. It is at this point that the overall flexibility of the system shows. The BTS is capable of communicating back on a single analog modem at a rate of 33.6kb or greater or if other communication links are available the tower is also equipped with a standard 10 MHz Ethernet card. Towers are installed with both a digital line and a POTS line for out of band management and emergency communication failover. Packets are routed back through the selected backhaul to a routing system where packets are separated and routed to appropriate owner RNI's. From the routing sites to the RNI communications are through single or redundant T1 or partial T1 links depending on the data requirements. Finally, the RNI is interconnected via dedicated switches for both the customer and Sensus Metering Systems to provide monitoring.

Base Transceiver Station (BTS)

Sensus FlexNet Base Transceiver Stations (BTS) are installed in substations, on existing communication towers, on water towers, on poles, and on buildings. The BTS provides field proven, overlapping, and high-bandwidth communications to all SmartPoint Radio Transceivers. The BTS has multiple communications capabilities and may be equipped with either single or redundant back-haul to the FlexNet Head End System.

The FlexNet AMI system is recognized as being the highest performance, highest bandwidth, and most reliable and resilient AMI Communications Network on the market today, providing predictable and reliable service for dense urban, suburban, and rural application, and even in extended power outage situations. The FlexNet AMI system uses multiple wireless modulations, multiple packet sizes, multiple simultaneously operating FCC-licensed spectrum bands, multiple RF frequencies, and multiple RF sub channels to expedite low latency, full duplex, two-way communications in a wide variety of AMI and Smart Grid applications.

Regional Network Interface (RNI)

The RNI functions as the FlexNet data gathering repository and is made up of several logical sub-components and, depending on the size of the system, might include multiple physical devices. It provides billing and account management, network management functions, data warehousing, and customer hand-off functions to the utility. The RNI provides enough network capacity for all of the BTSs in one local RF network. User access is provided via a secure, "utility-branded" website. An LDAP authentication system verifies Users and allows appropriate user level access—as defined by the customer.

The database and its storage are designed to hold a minimum of 60 days and up to 2 years' worth of data in a logical format—making extracts simple. Rather than operating a closed model, FlexNet has been designed to provide for an open (and secure) database—enabling data queries, reporting and integration with other systems.

In a hosted environment, Sensus retains data in secured data centers and provides all AMI head end system functionality through a secure cloud. Sensus performs all hardware maintenance as well as software patches, updates and upgrades, enabling the City to simply focus on running the utility with high-quality data.

- Hosting conducted in world-class data centers (SAS-70 type II, SSAE16 certified).

- Annual fee includes all hardware and software licenses.
- Software and server hardware managed, maintained and monitored by Sensus IT professionals 24/7.

FlexWare

FlexWare is the software system used in conjunction with the FlexNet RNI. Take advantage of its remote firmware upgrades to support dynamic rate programs, advanced calendaring and clock functions to support time of use pricing, net metering, HAN integration, outage and restore functions and power quality monitoring. The system uses industry standard TCP/IP backhaul, network diagnostics and industry standard batch and real-time head end IT integration using a single technology platform. FlexWare has the most extensive and flexible suite of diagnostic utilities in the industry. Diagnostics including outage management programs allow an entire City to be viewed down to the individual meter, or any individual transmission over the last 60 days.

Network Controller (NC)

The basic network connectivity to the FlexNet system is managed by the Network Controller (NC). The NC performs the decryption of incoming messages and the encryption of outbound commands. The NC then connects to the network group of BTSs via secure TCP sockets to prevent listening in on the communication. The NC receives the readings from the BTSs and relays them to other servers and through the JMS server presents them for other systems to acquire. The NC stores a flat file of raw messages received from the network for the last 60 days. The utility database stores the last 60 days of processed messages in various views to allow for ease of access by the customer. The database itself uses a disk array for data storage which has multiple disks aligned in a Raid 1.0 configuration for high reliability. Should any point along the communication path fail recoverability is built such that data may be recovered from the preceding element. The servers may have a suitable maintenance agreement with the manufacturer such that they provide service in an agreeable amount of time.

Backhaul Communication

The FlexNet BaseStations are designed to be as flexible as possible when dealing with backhaul communications. Each BaseStation supports Transmission Control Protocol/Internet Protocol (TCP/IP) via a standard Register Jack 45 (RJ-45) Fast Ethernet connection permitting a virtually limitless variety of backhaul options. Common backhaul options include Ethernet, Frame Relay, Multiprotocol Label Switching (MPLS), Integrated Services Digital Network (ISDN), Digital Subscriber Line (DSL), Very Small Aperture Terminal (VSAT), 3G/4G cellular, and microwave. The majority of installations are DSL, cellular, and direct Ethernet connections. It is noted that any backhaul solution must provide less than 100ms latency for efficient system operation.

There are two Internet-connected pieces of equipment within the enclosure: the transceiver and the power system. The most straightforward method of connection is to provide two IP addresses; however, other techniques can be used, such as port-forwarding with a router, which allows only one IP address to be used. The power system is a standard web browser interface, and uses standard web browser access methods. The enclosure is not supplied with IP equipment because it varies depending on installation. Sensus equipment provides two RJ-45 standard Ethernet jacks. If the BaseStation is set up behind a private network, there must be a provision made to give Sensus remote access to the Transceiver and the Power System.

Because of the many solutions that can be used by a Utility, our preference is to work with the City to determine the best solution for each site. All sites do not need to have the same Backhaul solution; however, each site must have a Static IP Address and be available to connect from the City data center. Aqua metric will help the City discuss and develop the best backhaul option.

MXU 520M SmartPoint

Sensus SmartPoints provide two-way wireless communications capability for water, gas, and electric meters. SmartPoints transmit and receive data via the FlexNet AMI Communications Network to provide meter readings, on demand information, remote disconnect and reconnect, diagnostic data, and to receive and validate

configuration changes, new protocols and modulation, and firmware updates. The SmartPoints communicate with BTS in multiple modes including the following:

- Normal mode allowing for direct communication to the BTS
- Poll/Response mode allowing a clear channel for responses from tower commands
- Alarm mode
- Boost Mode (water and gas only) for improved communications in very difficult RF environments

Installation on the network is accomplished via a hand-held set up device or self-discovery, depending on the type of endpoint and the requirements of the utility installation. The SmartPoint uses Sensus FlexNet IP communications or native FlexNet communications to communicate with the network. These are configurable parameters. Future protocols can be supported via firmware download. Additional information on the SmartPoint transmitter includes:

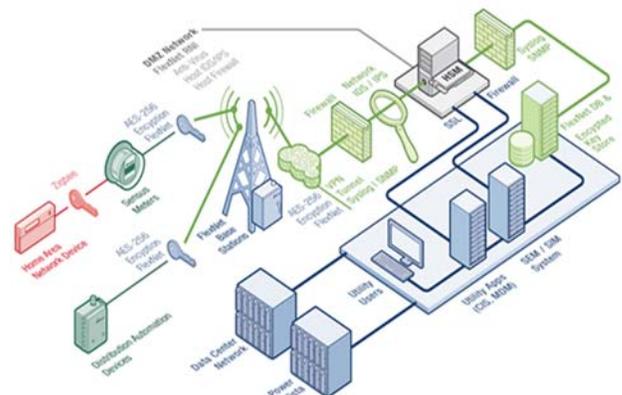
- High-power, two-way radio transmission for expanded reading range and reliability which provides for more efficient and safe meter reading
- Reliable operation from within buildings to flooded meter pits
- 20-year published warranty on SmartPoint and battery
- Migratable WalkBy/DriveBy RadioRead® and FlexNet AMI System FixedBase system capability
- MultiRead expansion capability
- The use of cycle codes, class codes and passwords to enhance system integrity and flexibility with the system

Data Security

The FlexNet system is designed with total data security in mind and meter data security is an integral part of this design. Sensus is acutely aware that meter reads, customer data, and telemetry data is highly confidential, and extends every effort to ensure the protection and integrity of that data. For the protection of customer meter read data, all meter data is encrypted at the meter and remains encrypted throughout the entire communications path until it is inserted into the utility database, safely inside the utility customer firewall.

All portions of the FlexNet Wireless network and its associated command, control, and data delivery networks are protected using industry best practices methods, including strong cryptographic functions, multiple levels of security, and role- and user-based access control.

Sensus has built a secure, end-to-end system architecture based on best practices and industry standards. In our security architecture, the various components are segmented into separate security domains, threats/risks analyzed, and the associated security controls for each component are applied. This provides a layered approach to security. Through this architecture, we have built defense in depth through a combination of Sensus and third-party security controls. These controls provide the confidentiality (encryption), integrity (authentication), and availability (redundancy and resiliency) throughout the entire FlexNet solution. The diagram below illustrates the typical security architecture for our solution.



Endpoint Security

The FlexNet radio is designed to integrate directly into the registers of the host meter. Register values are read from the meter and encoded into a message inside the radio module. Access to the meters via the RF network is controlled through the use of over-the-air encryption keys that prevent a third party from intercepting, decoding,

and then reproducing the command or data communications messages between the modules and the back-end system. Meter modules will only respond to authorized messages that are encrypted with the correct key and are delivered from a known address.

Each message is mangled in a convolution algorithm, and then encrypted with the system WEP key, 128 bit, for transmission. In addition, each RF packet is tagged with a sequence number that allows detection of attempted tampering. The proprietary Sensus Metering Systems 7 and 13-FSK modulations are not a public domain. It is not recognizable by a spectrum analyzer and no off the shelf equipment can be purchased to demodulate it.

BTS Security

The BTS microprocessors employ multiple levels of access control to ensure that only authorized users access the system. Access, Authentication, and Authorization at the BTS is controlled via a username/password that uses a centralized RADIUS server to control access to the system. Users attempting to access a BTS will submit their username and password via a standard Secure Shell login. This username and password is then passed via SSL/TLS to a RADIUS server, which will either authenticate or deny the attempt. In all cases the login attempts are logged at the RADIUS server. In case of a loss of communications with the RADIUS server, a single set of public-key SSH authentication data is maintained on each BTS, allowing an authorized (key-bearing) user to gain access to the system via a secure shell.

Once data has arrived at the BTS, additional security measures are added. Data is stored for only the period of time needed to ensure accurate transmission over the backhaul link to the RNI. Data stored in the BTS remains encrypted, and the encryption keys are never stored on the same device as the data. All communications between the BTS and the RNI occurs over encrypted channels. No data is ever sent over any network, public or private, in clear text. All backhaul network interactions are conducted over SSL tunnels using AES-256 encryption.

RNI Security

The meter data stream is terminated at the RNI, where it is received via a secure, encrypted tunnel from the BTS. The actual meter readings are decrypted at this point using the WEP keys, and inserted into the utility customer-controlled meter-read database.

Sensus Managed Services are monitored 24/7 in secure data centers so utility personnel can depend on high availability and reliability. Utility information is safe and guarded by rigorous testing procedures, quarterly third-party audits and security testing by certified cyber security partners. Additionally, Sensus data centers eliminates the City's need to maintain a separate disaster recovery environment.

LDAP Servers

Two LDAP (Lightweight Directory Access Protocol) servers are used to contain and organize all user authentication information for the system. The FlexNet system is divided cleanly into two security realms, one for utility customer data and one for network operations management. The utility data realm server will provide authentication and authorization services for access to the customer database, customer web site, and customer-side network activity (on-demand read, remote connect/disconnect). The user information kept in this server is the property and responsibility of the utility customer, and can be populated from existing corporate LDAP data or from scratch. Roles and realms can be assigned within the LDAP structure, allowing the customer to control which users have access to what data and control functions. The second LDAP server is maintained by the Sensus Metering Systems Network Operations Center and will contain similar authentication and authorization data for the network operations staff. Roles and realms established in this directory will dictate how and when network operations staff can access remote network devices such as BTSs, remote routers, and RNI equipment. Sensus Metering Systems security policy stipulates that all transactions with LDAP servers be conducted using secure channels through SSL/TLS connections.

Separation of Customer Data

Another unique feature of the FlexNet system is the separation of customer data from network telemetry. This separation, which occurs at the RNI, ensures that customer data is directed to the utility database, and network telemetry and housekeeping data is directed to the network operations database. Personal customer data, such as names and street addresses, are never mixed into the network operations database, ensuring that utilities control the access to information that can personally identify customers.

System Reliability

The design of the FlexNet system provides a system where there are few parts where data can be lost or held for extended periods of time. Since the FlexNet modules read the meter themselves the reading of the meter is never lost. From the meter, data is moved to the tower and then routed to the RNI located in a secure hosted Sensus data center or within the customer premises. The towers have data storage for 30 days' worth of readings should an extended outage occur. Should the tower be denied communication for extended periods of time a secure method of extracting the data from the tower is available using a laptop computer.

Since the flexibility of the BTS is great it is more likely that alternate communications would be enabled before having to resort to this level. The routing system is a redundant architecture using Linux computers to perform the routing. Should communication be established with the towers but not with the customer the data is held on the routers until communications are re-established at which time the routers automatically forward the packets previously held. Data storage, at the points where communication failures may occur interrupting data flows, is designed to store at a minimum of one full billing cycle of 30 days.

Disaster Recovery

FlexNet's superior disaster recovery capabilities have been proven in the field. One prime example of FlexNet's reliability was demonstrated in the New Orleans area after it was hit by Hurricane Katrina; nearly 600 square miles of service was restored after the disaster. Because of the FlexNet's unique design, this restoral did not require any field visits to the tower-based BTS equipment. Although a tidal surge washed away a BTS in Biloxi, coverage for 300 square miles was recovered after a single site visit to reattach a BTS to an undamaged tower. Just ten days after this severe natural disaster, FlexNet was able to deliver water, gas, and electricity meter reads and commands while hard-wired telephone service and cellular voice communications were nearly impossible.

A short range RF system located on poles also would have not recovered as quickly; this network lacks the strength of towers. Also beneficial to utilities, FlexNet recovery is performed by telecommunications personnel and does not place additional strain on the distribution personnel that are on the ground restoring power to customers. FlexNet's single-tier, minimal infrastructure system is located at secure locations. Built to withstand bad weather and designed with back-up power, FlexNet can meet the security and reliability requirements of the Smart Grid whether facing natural or man-made disasters.

Response to Outages

The FlexNet system facilitates disaster recovery in areas pertaining, for instance, to storms or other sources of potential damage. The design of FlexNet does not necessitate 'reconfiguring' because of its single tier and redundant construction. If damage is incurred to a Collector (BTS) station, a second station with overlapping coverage to endpoints affected will continue to collect data over the LAN.

There is no need to reconfigure or re-optimize the system due to the dynamically redundant feature accomplished by this design plan. Additionally, the stateless nature of the system, i.e., no routing tables to incorporate and follow, designates that each endpoint may utilize two different communication mechanisms to deliver the data.

At the Meters

- A FlexNet Meter Module provides data redundancy in the message, and retransmits multiple copies of the message that include a lossless compression of the past 18 to 60 readings. For example, in daily read mode, if a catastrophic event destroyed a FlexNet outfitted tower, if a new one was installed in 2 weeks, no metering

data would be lost. Even so, overlapping, redundant BTS site coverage and Buddy Mode will recover a great number of the reads from a lost tower site.

- The on-air protocol protects the data from tampering with packet sequence numbers, and 128 bit encryption.
- On-air data reliability is improved with a powerful CRC-32 error detection algorithm and Viterbi forward error correction that can repair error rates as high as 1 out of every 3 bits.
- The patent pending Sensus Metering Systems modulation is immune to errors caused by Doppler and short term frequency deviations.

At the Base Transceiver Station (BTS)

- The BTS provides battery back-up for up to 8 hours of primary power failure.
- If backhaul communications are lost an internal solid-state hard drive will store meter reads for 30 days.
- The internal Linux based computer has card slots for fallback communications, if warranted.
- The total loss of a BTS can be in part recovered by neighboring BTS's.
- If a channel processor fails a spare can be re-assigned by remote command. The frequency and filtering characteristics can even be remotely adjusted.
- The BTS is remote accessible to Sensus Metering Systems via VPN allowing for remote upgrades to 100% of the BTS software and FPGAs.
- Sensus Metering Systems Services provides 24x7x365 field maintenance dispatch and stocked spares via an agreement with the national tower provider.

Network Routing

- Redundant routing is utilized between the primary routing site and the secondary routing site. No data is held back but data is segregated by owner and routed as appropriate
- Multiple routers are utilized to allow for load balancing
- Single router outages are managed through load balancing algorithms
- Routing centers are connected and communicating to determine which routing system is performing routing tasks.

At the Regional Network Interface

- The Network Controller, NC, maintains a 60-day deep image of all raw data collected from the BTS's. This information is stored on dual redundant 160 GB hard drives.
- If the NC fails or loses communications with the BTS's then the BTS's will automatically store up to 30 days of metering data. The BTS's automatically downloads the saved data to the NC once communications are re-established.
- The Utility Information Platform, UIP, collects the raw meter data from the NC. The UIP uncompresses the information from each message and stores the most current data in its SQL database. The UIP also uses that information to fill in any missing meter reads. The SQL database is 60 days deep and is stored on dual redundant hard drives. In the unlikely case that data on both drives is lost, the UIP can rebuild 30 days of SQL database by using the raw data stored in the NC.
- The RNI is accessible to Sensus systems software engineers via VPN who provide remote support. The 24x7x365 maintenance team of the tower provider and the responsible Sensus systems software engineer are both available for onsite service if needed.

Flexibility and Scalability

FlexNet is the most flexible and scalable AMI system in the industry with field-proven modularity and configurability designed to reduce utility risk and to easily accommodate future growth. It is the only AMI solution available in the market not installed on an end-of-life communications platform. Through its unique design, FlexNet offers utilities network expansion options while alleviating common product and outdated technology concerns found with other AMI technologies. Successfully working in the field for over 9 years, network

communication devices expand functionality with the existing AMI infrastructure and accommodate network expansion needs with simple, remote configuration changes.

The software's flexibility allows utilities to customize reports for specific end users' needs. Sensus Analytics provides the ability to expand the system's reporting and analytic capability through additional modules. The option to integrate other business process will maximize overall utility operations.

The FlexNet AMI System accommodates utilities' future bandwidth needs upon installation without service interruptions or costly network reconfigurations. Its unique network design incorporates state-of-the-art, software-defined radios for the meter endpoints and base stations. This eliminates the risk of future network redesigns, extensive overhaul of the existing network equipment, and associated costs to utilities. It also provides peace of mind in knowing that the same AMI network deployed today will meet future applications for at least 20 years without adding any new infrastructure or making unnecessary field visits.

Additionally, FlexNet is the only network that can increase bandwidth in the future through the addition of spectrum. Unlicensed systems fully occupy all available bandwidth and cannot expand their spectrum beyond what is offered today. By acquiring nationwide protected spectrum, Sensus customers have access to 625 kHz of bandwidth, plus the highest RF power in the industry (twice the power of all other solutions).

Sensus Interoperable Water Metering Solution

The FlexNet AMI solution supports a broad range of industry-leading water meter solutions from Sensus, Badger, Neptune, Elster, and more. FlexNet water SmartPoint modules transmit at two watts of power for inbound transmissions from the endpoint to the network without the need for external components. Outbound transmissions from the network to SmartPoint modules are up to 30 watts (up to 30 times the power of any other system). This ensures robust and reliable two-way communications with the minimal amount of infrastructure. The FlexNet system provides two-way communications directly to stand-alone water meters without the need of supporting electric meters. This level of system performance streamlines business operations in an efficient and cost effective manner while also providing value added functionality for business operations.

FlexNet two-way SmartPoint technology for water utilities provides:

- High powered (2 watt) licensed transceivers that can establish a two-way communications network for water without requiring an electric meter backbone or a local network of additional data collectors and repeater nodes to support network communications.
- Nationally published 20-year warranty.
- Monitors for potential leaks at the customer site (both major and minor leaks) and identifies backflow conditions.
- Hourly reads transmitted six times per day.
- Dual port SmartPoint modules provide the ability to monitor two registers.
- Single SmartPoint module platform for residential, commercial, and industrial meter solutions.

The FlexNet system detects a small leak, or continuous consumption, in a number of key ways including software analytics, individually-configurable SmartPoint leak alarm flags, and individually-configurable leak flags. SmartPoints feature an individually-configurable broken pipe alarm, which can be set to default or user-defined values during installation. Additionally, the broken pipe alarm settings can be changed remotely using the FlexNet network's two-way capability. If the meter's consumption exceeds the threshold set in the SmartPoint in a single reading interval, the SmartPoint will send a broken pipe, or high consumption, alarm.

Soft Shut-Off

Sensus FlexNet and Analytics can help the City utilize soft shut-off capabilities. Instead of utility personnel creating tickets and requesting a member of City staff to manually read and shut-off services, FlexNet's real-time monitoring can "ping" an account to receive up to date consumption levels. Using this up-to-the-minute

information, City personnel can close an account with billing and activate a new account, all without leaving the office. This feature can only be provided by a true two-way system.

Sensus Analytics Overview

As Advanced Metering Infrastructures grow and produce increasing amounts of data, utilities have a growing need to efficiently turn their data into useful information. With minute-by-minute, system-wide operational views, Sensus Analytics software is the cloud based (Software-as-a-Service) answer for any utility seeking to maximize the value of the data collected from various intelligent devices on their distribution system.

Sensus Analytics organizes data acquired across water, gas and electric network communications platforms to drive revenue, improve customer service and promote better planning. Upon data collection, the system's flexible user interface presents information in detailed reports for a utility's use. Sensus Analytics enhances the capabilities of Sensus' intelligent meters and FlexNet communications network, so utilities maximize the return on infrastructure investments over time.

Sensus Water Analytics

Sensus Analytics is the overall solution name; however, the software design is broken down into customizable packets. Sensus Analytics Essentials provides the core business functionality needed to streamline a Utility's customer service and operations. Enhanced is an advancement on the core solution that provides end users access to individual meter reads, account information alarms, and billing information. Enhance modules include the following:

- **Data Storage:** A secure cloud based information warehouse that stores system and network data applications. Sensus Analytics automatically includes three years' worth of data storage.
- **Billing Access:** A billing interface tool that previews and audits billing extracts for issues, enabling the City to take corrective action to generate final billing for production.
- **Billing Adapter:** Interface to the City's CIS / Billing system allowing for importing and exporting of billing information.
- **Report Access:** Various management tools that offer a menu of reports that instantly summarize information based on priority.
- **Meter Insight:** A validation tool that provides a summary of incoming network meter data and identifies issues that should be addressed.
- **Device Access:** A customer service tool that presents detailed usage history and trends, identifies anomalies, and enables customer alert programming to track specific issues.
- **Alarm Console:** Response tool that enables faster issue resolution through real-time presentation of alarms and critical data.
- **Alarm Dashboard:** Evaluation tool that presents a historical view of alarm data for review, prompting analysis and response planning.
- **Alert Manager:** Communication tool that issues priority messaging for critical issue response.



Features and Benefits

- **Application based:** Each purpose built application accesses data from multiple systems and presents it in a user friendly dashboard.

- **Flexible:** Select a package of tools for billing and system management or single applications that help achieve key initiatives.
- **Accessible:** Our secure, cloud based delivery platform puts your information within reach no matter where you are.
- **Affordable:** There's no need to purchase, install, update or maintain special software, licenses or hardware- or set aside valuable office space to house it.
- **Fresh:** Applications are continuously updated as information enters the system, so you can make decisions based on the latest data.
- **Integratable:** Sensus Analytics draws information from many systems through the cloud, so there's little time and cost required for standard systems integration.
- **Scalable:** Our data store and three years' worth of cloud based storage enables you to add applications, or increase storage quickly.
- **Visible:** Role based access allows information sharing across the organization- from customer service and operations to accounting and rates- for improved efficiency and cross functional understanding.
- **Ease of installation:** Flexible file transfer allows for simple and easy interface to billing solutions in most cases without the need to involve the billing companies which allows the utilities to interface quickly and economically.

Sensus Analytics User Interface

Sensus designs interfaces to be intuitive, provide easy-to-navigate data in order to improve customer service response time. Interfaces are designed to empower users to effectively address consumption and billing issues. In our past experiences, we have dealt with multiple meter reading interfaces from the same as well as multiple vendors at the same site. Sensus Analytics core software platform is ideal for all water, gas and electric utilities as it incorporates all the feature sets required to efficiently collect, store and manage data. With its vast customization options, Sensus Analytics helps solve nearly any data related utility issues. Sensus Analytics is designed to meet the key functional applications such as billing and also incorporates a sophisticated platform to address more complex needs of a utility.

Fundamentals

Sensus Analytics collects, manages and organizes the increasingly large amount of data utilities receive from their AMI system into a single platform. By facilitating validation, estimation and editing based on the incoming data, Sensus Analytics helps utilities run more efficiently and better serve customers.

Intelligence

- A key feature of the software is Validation, Editing and Estimation, or VEE, which provides a series of routines to assure multiple checks and balances of the data. Incoming data is examined using various routines to verify both interval and raw data. The VEE feature allows the utility to assign the appropriate action such as editing, estimation or extrapolation to adjust any perceived discrepancies.
- Multiple applications within the system allow the end user to adjust criteria to single meters or groups of meters in order to apply the correct parameters. This results in the elimination of "one size fits all" and exceptions are quickly and efficiently identified
- Over time, as a utility works adjusts the parameters to meet specific needs, it will develop processes that are automated, which saves time and increases efficiency.

Automation

- The software has a user-friendly interface with dashboards that provide an instant snapshot of a utility's system.
- Sensus Analytics includes a scheduler to allow a utility to create specific reports, organize them according to individual needs and then push the reports to end users via email or text.

- Features such as automated editing and extrapolation eliminates manual intervention and quickly address exceptions.

Flexibility

- Sensus Analytics is designed to address varying skill sets and needs within a utility. Customized menus can incorporate many reports or address those specific to the end user.
- Report parameters can be set system-wide or targeted to specific meters or groups.
- Additional modules and service options allow the utility to expand capabilities over time.

Functionality and Customization

Sensus Analytics seamlessly integrates with Sensus FlexNet AMI communications network and features add-on modules that meet the unique needs of each utility. With Sensus Analytics' modular platform, utilities can expand core features and address advanced feature requirements with additional components such as the Consumer Portal, rules editor, advanced reporting and a CIS and GIS overlay function.

Advanced Reporting

- Offers advanced users the ability to perform deeper analysis of information that is not available in existing reports. Advanced Reports is a Customer Reporting Module based on IBM Cognos business report. Users will have the ability to create advanced reports using the data stored in Sensus Analytics to further enhance and improve operational efficiencies.

Rules Editor

- The Rules Engine is a highly configurable and flexible tool that utilities can use to automate business processes and integrate AMI with other utility systems. The Rules Engine provides the opportunity to extend the value of other enterprise systems by tying together multiple systems, exchanging data and automating workflows.

Consumer Portal

- Consumer Portal consumer facing tool provides the answer to the utilities question "How do we engage our customers?" The Consumer Portal is a sophisticated solution aimed to engage customers. The portal can be deployed as a standalone solution or as an additional module to Sensus Analytics. Consumer Portal allows the end consumer to view information such as consumption data down to hourly increments, access utility based consumer related information and compare data of previous periods.
- In addition, Consumer Portal allows utility customers to set text or email requests for high usage alerts or other pre-selected notifications

Advanced Systems Integration

- **GIS Database Integration** – Sensus Analytics provides information on endpoints and towers—this integration allows utilities to overlay GIS coordinates into Sensus Analytics, which provides a consistency within business processes. GIS integration provides the ability to exchange and store information between the two systems. This integration will provide the ability for the end user to view data such as meters, communications status, outage status and other details in the utility GIS system. CIS system integration – Sensus Analytics has the capability to integrate very efficiently with most CIS systems. CIS integration provides some or all of the following functions based on business needs: Account and meter synchronization, billing import/export automation, service order views, profile views, on demand reads and remote connect/disconnect
- **SCADA System Interface** – Integration with SCADA can help improve planning and analysis around distribution planning and outage management in addition to other activities. Applications as a result of this integration provide benefits such as: monitoring of grid conditions, analysis of peak loads and the ability to import metered water distribution data
- **Weather Interface** – The optional weather data interface provides the ability to overlay weather data onto usage reports. This functionality is available for both customer service representatives and to customers in

their online web presentment views. Weather Data interface provides the ability to incorporate: temperature, humidity, wind speeds, wind direction, weather conditions and precipitation

- **Outage Supervision** – Outage Supervision goes beyond the basic recording and reporting on outage notifications and enables automated workflows that take actions to initiate outage responses. Outage Supervision provides some of the following capabilities: ability to plot outages on maps, record and report outage and restoration events, calculate and track outage statistics (SAIDI, SAIFI, CAIDI, CAIFI)
- **Distribution Automation** – This integration platform offers distribution analysis capabilities that provide powerful insight into the way the distribution network is operating. The feature sets include analysis of transformer loading, loading patterns and peak contributor analysis. This application allows the utility to analyze actual loads instead of calculated or assumed loads, which help them make better decisions on transformer sizing or resizing.

Providing Access to Data through Consumer Portal

Utilities can use the Consumer Portal to post information on usage as well as drought conditions, water restrictions, watering schedules, conservation tips, and leak repair. Sensus Analytics Consumer Portal provides solutions to benefit both the utility and the consumer.

- The Consumer Portal can drastically reduce the number of calls to a utility's call center and improve the customer experience for calls that are made.
- Flexible settings allow utility customers to set text or email requests for high usage alerts or other pre-selected notifications.
- Greater access to usage reports allows for faster response to customer inquires
- Consumption details can be reviewed in hourly consumption intervals. This provides granular detail of when water or energy was used
- Access to this granular data allows customer service representatives to quickly address unusual consumption patterns or high bill complaints
- Multiple data views allow customer service representatives to confidently communicate specific details of a customer inquire, resulting in faster resolution, minimized manual field intervention and improved customer satisfaction
- Improvements in system-wide operational efficiency and reduction in unaccounted for water and leaks support conservation initiatives.

Conservation

Sensus Analytics reconciles unaccounted for water loss, enables customer segmentation to enforce mandated watering days and encourages end-users to self-initiate conservation programs through Consumer Portal applications. Sensus Analytics also supports the water conservation capabilities of AquaSense by organizing and validating data and quickly detecting leaks.

Sensus Analytics also enables water utilities to implement tiered rates for end users. These rates reward end users with the lowest rate provided they stay within a certain amount of usage per person, per household. Redwood City, California, for example, implemented tiered rates and saved more than 80 million gallons of water in one year alone.

For utilities looking to determine specific culprits for water use or loss, virtualization in Sensus Analytics enables aggregation of water usage data for several commercial properties such as fast food restaurant locations or real estate holdings. Utilities can also segment customers based regions or districts and can quickly react to all meters and end users affected by an issue.

Ready for the Future

Sensus Analytics applications are developed and delivered through our secure, cloud-based platform. They collect and combine data from several sources, including smart meters, SCADA systems, customer billing software, news

services and more. Applications are constantly evolving and are intuitively designed, with easy-to-use interfaces and easy-to-understand dashboards that present information clearly. So your staff can make decisions quickly and work more productively.

Sensus Analytics “On-Demand” Reporting

Sensus FlexNet and Sensus Analytics provides Utilities data on a fixed schedule, on demand, or in response to a pre-set alarm programmable daily, hourly, 15 and 5-minute data intervals. FlexNet True Two-Way communications allows the Utility to “ping” any meter in the distribution system anytime and receive up-to-date consumption data reading and meter diagnostic data such as alerts, alarms and flags. If an on-demand read is required, the utility can input a special code to specify that an additional record be created for a demand reading.

- Daily register reads from RNI to Sensus Analytics
- 15-minute and hourly interval data from RNI to Sensus Analytics
- Remote connect/disconnect requests from Sensus Analytics to RNI
- On-demand read requests from Sensus Analytics to RNI
- Meter diagnostic data such as alerts, alarms and flags (e.g. tamper flags and others) from RNI to Sensus Analytics
- On-demand power status check requests from Sensus Analytics to RNI
- Peak demand data from RNI to Sensus Analytics

Top Level Messages

Sensus Analytics is a meter data management software platform that allows water, gas, electric and combination utilities to turn data into knowledge. Utilities can maximize the value of data collected from various devices, including meters, by efficiently managing, validating and presenting the data in useful formats. By facilitating validation, estimation and editing based on the incoming data, Sensus Analytics helps utilities take a system-wide view of their operations, run more efficiently and better serve customers by turning data into intelligence.

Secondary Message

Sensus Analytics is a modular software platform that utilities can customize to meet their specific needs, from providing detailed usage reports and improving billing, to implementing a Consumer Portal that provides notifications about usage. As a utility’s needs change over time, new modules can be added that will enhance the end user’s capabilities beyond the core features.

Secondary Message - Water

Sensus Analytics supports a water utility’s commitment to conservation with high usage reports, virtualization and district segmenting. With Sensus Analytics, utilities will have the feature sets they need to intelligently and efficiently manage their data. Sensus Analytics incorporates a series of automated processes that will minimize manual intervention and provide an overall excellent end user experience. A flexible menu option allows the end user to customize the application to meet the varying needs of multiple end users within the utility operation.

For water utilities, these Sensus Analytics features improve the conservation, leak detection and notification advancements through capabilities such as the Consumer Portal option, district metering, zero consumption reports and scheduling.

Secondary Message – Electric, Gas and Combo

The identified Sensus Analytics features support important gas utility initiatives such as: Safety, Creating Do-It-Yourself customers, Theft Detection and Prevention, Billing Accuracy, and Interval Data collection.

The Sensus Sensus Analytics solution is designed to import and store all data served up by the FlexNet system, including meter tamper alarms. Operational data may include voltage, current, demand, outage/restoration notifications; blink counts, and power quality data. It includes the following information:

- Maximum/Minimum/Average Voltage – 6-hour sample periods per day (12 values per day)

- Sensus Analytics can also collect and import voltages as delivered differently by different systems, e.g. instantaneous voltage with timestamp, periodic voltage, Min-Max-Ave voltage.
- Instantaneous Voltage – As Requested
- Lo/Hi Voltage Alarms – As Occurred
- Tamper Alarms – As Occurred
- Reverse Energy Flow – As Occurred
- Outage Notification – As Occurred
- Restoration Notification – As Occurred
- Leak detection
- Backflow

With client systems, we have imported events both as part of the nightly import of batch meter data and in real-time as delivered by the AMI system. We have used MultiSpeak and file exchange interfaces. Real-time notifications are processed immediately. Events that are included with meter data in the periodic batch import are processed with the regular data import and they typically do not impact the processing time significantly.

Sensus Analytics can also dramatically reduce time wasted on investigating false positive alarms by automatically checking the status and identifying outstanding service/work orders for a meter before passing on tamper events or automatically creating service orders to investigate. Business Automation rules can be used to monitor tamper events from the AMI system in real-time. Events can be investigated automatically through interrogation of recent service orders and then aggregated and grouped for the most efficient possible perusal.

Sensus Analytics views reporting as a critical component and our approach is to provide both standard canned reports as well as the ability for utilities to create their own custom reports using either the built in capabilities of Sensus Analytics or using their own reporting tool and our data dictionary.

The reporting features within the Sensus Analytics Administrative console include both graphical and tabular reports. Both of these types of reports are highly interactive, with context-sensitive drill down capabilities. Reports can be readily printed, exported, saved or scheduled to be generated automatically.

Validation

Validation Failures can be listed and processed from a standard report within Sensus Analytics. The interval validation failures report can be generated manually or generated automatically using the Rules Engine with an email sent to selected recipients. To improve speed of handling of exceptions, validation exceptions can be sorted or filtered by date, billing cycle, commodity type, AMI system, validation routine or meter ID.

Personal review of exceptions for manual editing is made easy and efficient by Sensus Analytics. Sensus Analytics presents the user with context sensitive links to other information to allow the user to make good decisions quickly on how to handle exceptions. When processing validation exceptions manually, the reviewer may take one of several actions:

- Accept current reads, either individually or in bulk.
- Edit reads manually.
- Have Sensus Analytics estimate reads.
- Alter or override the parameters of specific validation routines.
- In all cases, Sensus Analytics records and tracks all versions of the data, with comments.

Billing

- Summary of missing meter reads
- Exception reporting of meters that have not recently communicated, filtered by upcoming billing cycle

Meter Communications and Meter Problems

Maps are used to plot the location of non-communicating meters, with troubleshooting to drill down and view communication routing, hop length and collector loading. Where meter communications are failing, dependent meter reports can help assess the impact on other meters.

- Display communication status and meter data issues
- Water usage restrictions monitoring

Event Reporting

- Summary and detail reporting for leaks, tamper, reverse flow, etc.

Distribution Optimization

- Flow and loss analysis

Revenue Protection

- Exception report showing all meters on vacant accounts that are showing consumption.
- Configurable rules to identify discrepancies between usage metered at a point in the distribution network and aggregated consumption of connected meters.
- Intelligent processing and presentment of tamper events, filtered, grouped and aggregated by assessment of open or recent service orders, geographical location, “priority” customers, etc.

Rate Analysis

- Management of rate plans and application of those plans to meters for user-configurable time periods.

AMI Performance Reports

AMI network communications are measured and presented in standard reports in the Sensus Analytics web user interface. Sensus Analytics imports all network connectivity information served up by the AMI system. This can include collector association, routing (including routing in a mesh network), hop count, etc. Sensus Analytics also calculates collector loading and hop length based on geo-coded locations of the meters, repeaters and collectors.

This monitoring of AMI network communications extends from identifying malfunctioning meters to monitoring the entire AMI/AMR network. Performance of the network is measured in terms of percentage of successful reads delivered, then intuitive map-based views allow the user to drill down and look under the covers. This helps to understand under-performing parts of the communication network as well as identifying potential shortfalls, for instance in the data for an upcoming billing cycle.

AMI Deployment Tracking

- Identifying meters that have been deployed but are not communicating.
- Identifying meters that are communicating but have not been established in the CIS.
- Visualization of interim system performance by plotting meters on a map with user-configurable layers and color coding to show successful communication, RF communication routing (if applicable), mesh hop count, hop length (all if applicable), and any other data served up by the AMI network.

AMI System Monitoring

- Tracking of read delivery performance against guaranteed target or Service Level Agreement (SLA). Aggregation of performance statistics for multiple AMR/AMI systems.
- Sensus Analytics MDM currently provides this wide range of standard reports out of the box that serve the vast majority of common requirements for utilities. No additional reporting tools are typically required. However, if needed, additional reports can be built as custom reports using the optional Cognos-based custom reporting tool for Sensus Analytics, or any other third party reporting package. By using the Cognos Business Intelligence tool, offered as an option to Sensus Analytics, the user can:
 - Create custom reports for exclusive use by the user and only visible to that user.
- Publish a report to an entire organization or subset of an organization:

- Reports can be generated by a user and then shared within his/her own organization. Links to reports can be distributed and when the recipient clicks the link, the report is generated dynamically. This way, the users are always viewing the most up to date data.
- Publish a report for use by other organizations within the overall implementation

For publishing a report for use by other organizations, the user can create a report output that includes the data and graphical representation of the data, e.g. in PDF or Microsoft Excel format, to share. If sharing a link to a dynamically generated report, without incorporating the data in the report output, the data is protected according to the access permissions of the recipient of the link. Note that security for reporting is configurable so that reports can be made available to specific individuals or groups as required.

Sensus strongly believes that it is extremely important for customers to be trained with their own data and in their own environment. It is important that users not be overwhelmed by a variety of options, and instead, be trained on how the organization has specifically decided to use the selected modules. The Cognos Custom Reporting module training will provide an orientation of embedded reports, the management of reports and an overview of the report writing tool. Training time will also be dedicated to the creation of utility-specific reports and will be conducted within the Report Studio.

Lifecycle Support: AMI Customer & Technical Services

Aqua Metric/Sensus will provide support to the City throughout the program lifecycle. The Project Management team is responsible for managing installation, commissioning, and the City's acceptance of the system. Upon acceptance, the project team transitions support to Aqua Metric and Sensus' AMI Technical Services. Mike Wood, Chief of Technology, leads this team. Mike Wood has years of technical project management experience. Project management experience and local support are keys to the success of the Utility's Automated Meter Reading or Advanced Metering Infrastructure project.

Software Updates

It is vital that these software applications are consistently operating at the highest level of efficiency. The FlexNet™ Software Maintenance Program provides remote troubleshooting and diagnosis of problems and access to software updates. Updates include patches or other maintenance releases of the software that correct processing errors, other faults, or defects found in the previous two (2) minor or major releases of the software. Utilities will have peace of mind, knowing that Sensus technical support professionals are ready to answer questions diagnose and troubleshoot any issues and help ensure the FlexNet system is up and running efficiently at all times.

Software as a Service (SaaS) - Sensus shoulders the burden of owning and managing all the hardware and software from our tier IV data center. When choosing the SaaS delivery model the FlexNet maintenance program is included in your subscription fee.

Customers will be notified of upcoming updates a week before the rollout. Included in the notification will be release notes of the issues and features to be updated and the impact on any system availability. Our experience has been that interruptions to system availability are rare and often no interruption is needed or experienced. Our solution architecture employs primary and backup redundant nodes that allow us to move user traffic to one or the other as needed. Updates typically can be rollout to the backup environment in a few minutes and then all user requests are routed to that backup environment as the old primary environment is then updated and brought back online.

Upgrade Policies

Sensus monitors your servers and network connections around the clock to ensure high availability and reliability. Sensus data center team performs all hardware maintenance as well as software patches, updates, and upgrades to ensure you have access to the latest features. In addition to standard security testing procedures, Sensus will perform quarterly third party audits and security testing by certified Cyber-Security partners to ensure your

information is safe. In addition, Sensus eliminate your need to maintain a separate disaster recovery environment using geographically separated data center locations.

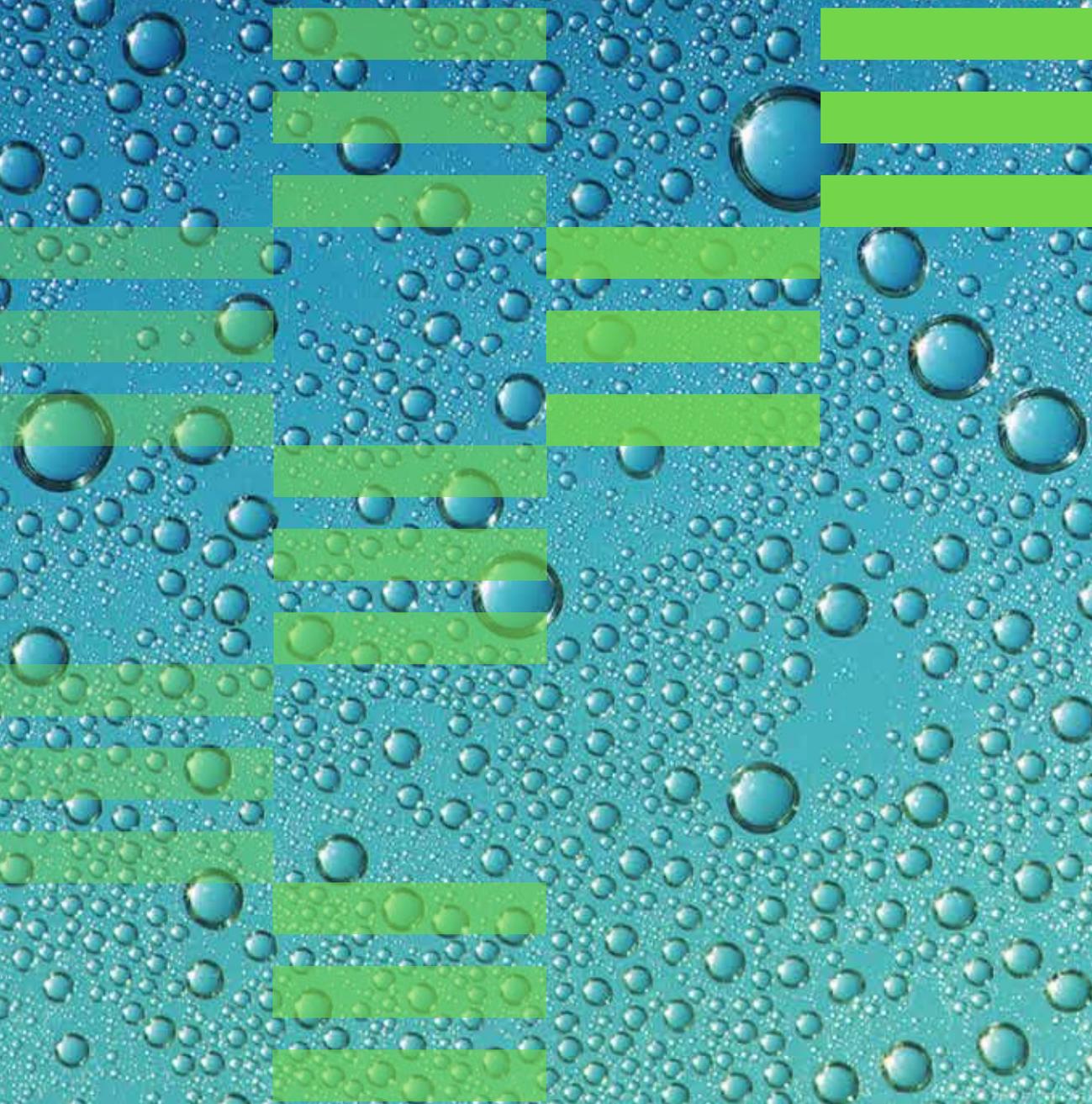
Annual Maintenance and Sensus Analytics Fee Schedule

All annual costs will be renewed on a yearly basis. Annual Maintenance services are applied per each Basestation and are included within the first year of service at no charge. Year two of Annual Maintenance support will begin precisely one year after RNI was originally commissioned in Sensus' data center. The commission date is estimated to be roughly sixty days after Basestation delivery. Sensus Analytics software service fees will be applied after the data file is complete, training performed, and accepted by the City. This is shortly after commissioning of the RNI. Renewal invoices will be provided by Aqua Metric roughly six weeks prior to the previous year's end.

Conclusion

City of Rowlett has much to look forward to while setting precedence for City development and growth for a sustainable future. Aqua Metric is pleased to partner alongside the industry's very best to deliver a comprehensive turn-key solution for the City. In addition to industry leading AMI technology and software reading the most accurate meters on the market, City of Rowlett will gain best-in-class customer service and technology support, parallel to no other, through the life of the project and decades to come.

Sensus Essential Water Analytics



Management insight as clear as the water you deliver.

Now that's refreshing.

Sensus Essential Water Analytics provides the core business functionality you need to streamline customer service and operations.

Part of our suite of intelligent infrastructure software, this bundle of applications equips you with user-friendly dashboards, so you can make informed decisions quickly and confidently. Our powerful data management tools aggregate information from your AMI, AMR and other sources. And these intuitive apps are delivered by a secure connection to the cloud right to your desktop, tablet or smart phone - just a click, tap or touch away - wherever and whenever you want.

Role-based access allows service providers to share information across the organization - from customer service and operations to accounting and rates - for improved productivity, visibility and decision-making.

Sensus Essential Water Analytics:



Data Store - a secure, cloud-based information warehouse that stores system and network data for the applications. Three years of storage is included.



Report Access - a management tool that offers a menu of reports that instantly summarize the information you need to know right away



Device Access - a customer service tool that presents detailed usage history and trends, identifies anomalies and enables custom alert programming to track specific issues



Billing Access - a billing interface tool that previews and audits billing extracts for issues, enabling the utility to take corrective action, then generates final billing files for production



Meter Insight - a validation tool that provides a summary of incoming network meter data from and identifies issues to be addressed



Big data doesn't have to be a big deal.

We believe in making data easy to work with. That's why Sensus Analytics offers you the flexibility to purchase single applications or pre-bundled packages of our most popular apps to harness the power of big data for energy and water utilities.

Our cloud-based platform aggregates data from different information systems across your company into intuitive applications that are easy to use and quick to implement. That means less reliance on IT resources and lengthy training and more customer satisfaction, service reliability, quality and operational efficiency.

Here's how we do it:

App-based

Each purpose-built application accesses data from multiple systems and presents it in user-friendly dashboards

Flexible

Select a package of tools for billing and system management or single applications that help achieve key initiatives

Accessible

Our secure, cloud-based delivery platform puts your information within reach no matter where you are

Affordable

There's no need to purchase, install, update or maintain special software, licenses or hardware - or set aside valuable office space to house it

Fresh

Applications are continuously updated as information enters the system, so you can make decisions based on the latest data

Integratable

Sensus Analytics draws information from many systems through the cloud, so there's little time and cost required for standard systems integration

Scalable

Our Data Store and three years of included cloud-based storage enables you to add applications, or increase storage, quickly – often in hours

Visible

Role-based access allows information sharing across the organization - from customer service and operations to accounting and rates - for improved efficiency and cross-functional understanding

Ready to learn more?

Visit sensus.com/analytics, click the “request a demo” button to schedule a personal demonstration with one of our analytics specialists.

Corporate Information

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About Sensus

Sensus helps a wide range of public service providers—from utilities to cities to industrial complexes and campuses—do more with their infrastructure to improve quality of life in their communities.

We enable our customers to reach farther through the application of technology and data-driven insights that deliver efficiency and responsiveness. We partner with them to anticipate and respond to evolving business needs with innovation in sensing and communications technologies, data analytics and services. Learn more at sensus.com and follow us on Facebook, LinkedIn and Twitter through [@sensusglobal](https://twitter.com/sensusglobal).



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Aqua Metric Project Management Overview

Aqua Metric provides ongoing lifecycle collaborative partnership and support to its Clients. The Project Management team is responsible for managing installation, commissioning, and the City's acceptance of the system. Upon acceptance, the project team transitions support to Sensus and Aqua Metric Technical Services. Aqua Metric has developed a technology team dedicated to provide project management and technical support after the implementation of the project. With many years of technical project management experience, Mike Wood, Chief of Technology, leads the Aqua Metric Technology Department.

The Aqua Metric in-house technology department prides itself on being very knowledgeable in all aspects of AMI system setup, implementation, configuration, and support. We are very familiar not only with the Sensus FlexNet system integration. The Aqua Metric team will work alongside Sensus personnel to perform a complete system setup and software implementation. Aqua Metric has carried out and maintained over 60 AMI systems; additionally, Sensus has participated in over 450 FlexNet deployments.

Aqua Metric is committed to supporting the City of Rowlett in the implementation, maintenance, and operation of their AMI System. This includes providing all support to Aqua Metric's direct involvement with the Project.

Aqua Metric Project Management Services

Aqua Metric will provide project management services in accordance with the legal agreement between the parties which may include coordination and support to the customer utility as outlined below.

- Pre-deployment planning and customer review meetings
- Project schedule development
- Project coordination facilitating equipment order placement and fulfillment
- Testing of the data transfer to the customer billing system
- Training sessions for installers and AMI system operators
- Facilitate customer acceptance testing of the AMI system (phased acceptance) in accordance with the mutually developed plan.

Aqua Metric Project Management Criteria

All projects will be deployed as per the agreed upon criteria outlined with the City.

- The PM team will coordinate with the City according to the criteria identified and agreed upon for each milestone of the project.
- The PM team will manage commissioning, optimization and acceptance of the project by phase or site. A phase or site is defined as a specific geographically bounded area or meter quantity by route, district, trip or area of such proportion that the advantages of the system can function properly to support good systems performance.
- As each phase/site is deployed, the City accepts that phase or site and thereby assumes all future systems optimization, maintenance, equipment replacements, etc.

Aqua Metric Project Management Phased Activity

Aqua Metric will work closely with The City to establish the installation project plan, project deliverables, accountabilities, communications planning, and project acceptance. We utilize our standard operational philosophy and approach through to Project Acceptance and Closure, combining the benefits of best practices and local management. Aqua Metric's Technology Team will utilize the following milestones when implementing the Utility's AMI System.

Aqua Metric Responsibility Overview

Administer the project

- Participate in pre-deployment planning
- Develop and maintain project schedule
- Conduct customer review meetings

- Coordinate subcontractors

Manage site preparation and component installation

- Coordinate tower site preparation
- Coordinate Base Station installation
- Coordinate Regional Network Interface (RNI)

Manage commissioning of the system

- Coordinate tower Base Station commissioning
- Coordinate RNI commissioning
- Coordinate commissioning of the Communication link between the Base Station and RNI

Facilitate System Setup and Deployment

- Support configuration of RNI user accounts and access
- Conduct field training for installers and/or utility personnel on the installation of SmartPoints and meters
- Schedule and coordinate Sensus training
- Coordinate with Billing and Sensus on Testing data transfer between the Sensus provided software and the customer billing system
- Monitor system read performance
- Coordinate system clean up
- Work with Utility and Installer if appropriate to troubleshooting of endpoints not reporting into the system

Manage final system acceptance process

- Facilitate customer acceptance testing of the Sensus FlexNet system
- Secure customer sign off of system acceptance
- Train customer to support system after system acceptance

Aqua Metric Responsibilities by Phase

The following tasks are the responsibility of Aqua Metric during a particular phase of an AMI Project sale and deployment.

Pre-Sale Phase

- Obtain area site map from utility
- Evaluate potential tower sites
- Input collected data to Sensus System to get propagation model completed
- Prepare AMI Base Terms document

Pre-Deployment Phase

- Gather project documents
- Gain understanding of project scope and deliverables
- Coordinate network infrastructure installation contractor
- Review equipment orders
- Create preliminary schedule
- Host project kick-off meeting

Network Infrastructure Deployment Phase

- Verify Base Station installation
- Perform Base Station initial configuration
- Install RNI servers and software
- Perform RNI initial configuration
- Work with customer IT organization to setup remote access

System Integration Phase

- Coordinate integration with Billing System or CIS system

Network Approval Phase

- Submit documentation for Base Station certification and network commissioning

Endpoint Deployment Phase

- Train and monitor installers
- Monitor deployment process
- Review RMA procedure
- Schedule customer training

System Performance Acceptance Phase

- Evaluate system performance
- Perform any system cleanup needed
- Close out project

System Implementation

A successful implementation begins with conducting and City participation in an integration workshop hosted by Aqua Metric for City participants. This workshop will include overviews on the system design, integration milestones, and data flow. During the workshop, the most appropriate integration methods are identified for each integration point.

The FlexNet AMI System supports a variety of methods for integrating with third-party applications, including:

- Flat file exports of CMEP, HHF, and MVRS to feed MDM, CIS, and OMS systems with registry reads, interval data, and alarm events.
- MultiSpeak web services for meter reading, customer billing, outage management, meter management, and meter lifecycle functions.
- MultiSpeak web service including the MDMClient meter reading web service. It is capable of transmitting real-time readings to the MDM as the City receives them and ensures that they are not duplicates. This real-time integration is a huge advancement over daily flat file exchanges used by many utilities today.
- CIM interfaces for on-demand reading, power status verification, interval data delivery (auto-push), meter event delivery (auto-push), and remote connect/disconnect.

FlexNet Integration Solution Examples:				
NISC	Sienna, ABBB	DataVoice	MilSoft	Pyxis
Savage ODS	SEDC	PayGo	Jomar	iVue OMS
Sensus Analytics	SmartGrid CIS	ESB	ESInitials	Itron MDM
UISOL	IBM ESB	Allegate CIS	GE OMS	MeterSense MDMS
eMeter	Oracle	Siemens	Entergate	OATI

If any custom integration is needed outside the standard APIs, we can identify requirements during our workshop. Sensus is an active and influential voting member of the MultiSpeak organization. They continually introduce and propose improvements to MultiSpeak standards. Additionally, Sensus actively participates in CIM working sessions to provide feedback and advice.

Sensus Managed Services

Sensus Analytics operates in a secured, Software as a Service (SaaS), environment. SaaS provides all AMI head end system functionality through a secure cloud. Sensus performs all hardware maintenance as well as software patches, updates and upgrades, enabling the City to simply focus on running the utility with high-quality data.

City of Rowlett will simply need to maintain an internet connection to access the SaaS environment. Aqua Metric and Sensus will provide Setup, configuration and integration services to the Sensus SaaS environment. City of Rowlett's participation will be required for user setup and permission grants.

Configuration changes, such as configuration change management control including change promotion processes between environments, requires Sensus Professional Services involvement in order to provide a quotation. We will be happy to discuss in further detail upon request.

Testing Method – Unit and System

Onsite validation testing is conducted to ensure data passes through the system as designed. Aqua Metric PM and the designated Utility PM also validates functionality prior to acknowledging system acceptance.

Approach to process changes

Any desired changes to the system must first be vetted to Sensus Professional Services team in order to provide costing information and a timeline for possible changes to the system to be in effect.

Development of forms changes and design

Any desired changes to the system forms must first be vetted to Sensus Professional Services team in order to provide costing information and a timeline for possible changes to the system to be in effect.

Development of reports

Any desired changes to the system default reports must first be vetted to Sensus Professional Services team in order to provide costing information and a timeline for possible changes to the system to be in effect.

Process for system acceptance testing

Onsite validation testing is conducted to ensure data passes through the system as designed. Aqua Metric PM and the designated Utility PM also validates functionality prior to acknowledging system acceptance.

Process for transition to full operations (cut-over)

Process for transitioning to Sensus FlexNet is a migration process and does not involve parallel processing.

Support provided through first major events (first month's full billing, first month collections, etc.); and Process for backup and recovery.

Aqua Metric PM and local Texas support staff will be available to assist with any issues which may arise. Sensus Technical Support also provides remote assistance as needed per Support Agreements. Disaster recovery environment is provided within the SaaS data center locations. Sensus eliminates your need to maintain a separate disaster recovery environment using our geographically separated data center locations.

Sensus Analytics Software Deployment

As a software as a service offering (SaaS) Sensus Analytics is accessed over the internet without any need for the City to own servers, deploy software, or buy any third party licenses to software. The City's complete solution is configured in the secure Sensus Analytics multitenant infrastructure. Sensus and Aqua Metric will provide a service level agreement of 99% uptime for the site and there is minimal responsibility put on the City for deployments. To access the SaaS environment, City of Rowlett will simply need to maintain internet connection.

Deployments are iterative and frequent. Updates are planned and delivered every three months to all SA customers at once since all subscribe to the same common platform. Patches can be delivered as needed but are made available to all customers simultaneously. This solution architecture enables our team to focus on the solution as a whole to ensure quality instead of individual implementations. All personalized customizations are implemented as configurable optional features for subscribers of the platform so that no customer has a unique code base and require specialized testing or deployment attention. Being delivered frequently the code changes are kept small and testing is able to focus on less per release in order to maintain the highest quality.

Testing is also iterative with the development of the features. Our dedicated testers work hand in hand with developer so that each fix is tested as soon as it is ready from the developer rather than waiting for the end of the development cycle. This procedure enables our solution to be near test complete when the last line of code is written. This is a much more efficient use of resources and insures far higher quality than traditional test methodologies. It is these details that keep the Sensus Analytics solutions high quality, flexible and high value.

SA Hosted Environment

Sensus Analytics is built in virtual private networks in Amazon data centers. Amazon provides secure hosting for our applications and data enabling fault tolerance and geographic diversity. Software application security is provided through SSL encryption of sessions. Secure logins of all users via passwords that are encrypted at rest. All password changes can be initiated by the users so no passwords are sent among administrators or users. All data transfers are encrypted as SFTP to a site provisioned for the utility with its own User accounts and password unique to the utility. All passwords are encrypted at rest. Optionally customer identifiable information of Name, Phone number and email may be encrypted at rest.

Aqua Metric Training Overview

The success of a FlexNet system deployment is largely dependent on the knowledge and proficiency of the project team members. From the initial installation to project closure and beyond, Aqua Metric Technology team will work with the City to provide instructor-led, field, and one-on-one training needed for optimal system operation.

As a part of Aqua Metric's initial project start-up, members of the technology team will perform on-site training for City of Rowlett as detailed below. Product documentation and handouts will also be provided at this time. Additional services and training can be provided to the City as requested. We highly suggest the City to maintain their annual support to ensure proper use of our Technology Team and their services.

Over the 6-month system start-up period, minimum 5-7 days of training are provided. Depending on project complexity and training requirements, Aqua Metric will provide additional and/or refresher training as necessary.

Training Plan

Step One – 1/2 to 1 Day: In the Field SmartPoint Module Field Training

Once the AMI infrastructure is installed, training of field personnel or installation contractor in radio installation and activation will be held.

- Handheld Operation
- Proper Documentation of Work Orders
- Safety & Security
- Quality Audits of Installations
- Residential Meter and Commercial Meter Installation
- SmartPoint Installation and Activation
- Verification of SmartPoint Activation
- Troubleshooting SmartPoint Issues

Step Two – 1/2 to 1 Day: Overview Sensus FlexNet

Once the infrastructure is installed and the system has at least 2 weeks of data for a sampling of meters, we will have overview training that is a one-hour overview and an additional two-hour session for billing personnel.

Overview (field and billing personnel – 1 hr)

- Sensus FlexNet Architecture and Components
- Field Activation - overview of field activation
- Google Earth integration – system overview
- Billing integration
- Reports

- Two-Way communications

Details (focus on billing – additional 2 hrs)

- Monitor options
- Billing setup and integration
- FlexWare overview - alternate way to show information and troubleshoot
- Diagnostic Tab

Step Three - 2 Days: Expand on System Capabilities

Additional formal training is provided on the Sensus FlexNet system including administration. These sessions provide a deeper dive into the systems' capabilities. This training will occur 2-3 months into the project to expand the knowledge and capacities of the utility personnel now that they are familiarized with the Sensus FlexNet.

Step Four – 2 to 3 Days: Additional Training Support

During the next few months of the project there will be on-site visits or web based training for groups or individuals to answer questions and provide additional support and training as needed.

Step Five – 1/2 - 1 Day: Project Closeout Training

Project close out training and transitioning the project to the support team will occur once all meters have been installed.

System Optimization

- Evaluate network performance
- Change any non-performing meters
- Re-program radios to different modes
- Run acceptance test (~5.50 days)

System Acceptance Test

- Criteria development
- System Hardware Installed
- Performance Testing

Conclusion

Aqua Metric will provide comprehensive Customer Service, Delivery, & Support program to ensure we meet the City's objectives and exceed expectations. Aqua Metric integrated AMI solution, supported by full turnkey Project Management and IT integration, will enable the City to maximize the full AMI system benefits in a shorter timeframe while also protecting the City's investment from any potential hidden costs.

Overview

Hundreds of utilities across North America have adopted the Sensus FlexNet AMI system. This technology empowers electricity, gas, water or combination utilities to conserve resources through a flexible, reliable and open system. Sensus software applications are critical components of the FlexNet system, enabling a seamless interface with the utility's billing programs and empowering the utility to make intelligent decisions.

It is vital that these software applications are consistently operating at the highest level of efficiency. The FlexNet™ Software Maintenance Program provides day-to-day assistance, remote troubleshooting and diagnosis of problems, and access to software updates. Utilities will have peace of mind, knowing that Sensus technical support professionals are ready to answer questions diagnose and troubleshoot any issues and help ensure the FlexNet system is up and running efficiently at all times.

DELIVERY MODELS

Sensus offers our customers software in two different delivery models:

1. Software as a Service (SaaS) - Sensus shoulders the burden of owning and managing all the hardware and software from our tier IV data center. When choosing the SaaS delivery model the FlexNet maintenance program is included in your subscription fee.
2. Licensed Software - The utility licenses all software applications and manages both hardware and software onsite. For this option, additional years of the FlexNet Maintenance program can be purchased to help safeguard the operations and maintenance of the software, thus maximizing the utility's return on investment.

Each delivery model has its own support level, but regardless of the option selected, support is always included the first year.

Included Services	Licensed Model	SaaS Model
Telephone Support	✓	✓
Remote Diagnostics of Software Problems	✓*	✓
Software Updates	✓	✓
AutoRead annual support (if applicable)	✓	✓
Loaner Programming Equipment	✓	✓
Discounted Remote or On-site Training	✓	✓
Daily Backup		✓
Data replication to a Disaster Recovery site		✓
Anti-Virus and Malware subscription and scanning		✓
Operating System support, troubleshooting, security patching and upgrades		✓
Linux Red Hat, Microsoft Windows Server, Microsoft SQL Server and Oracle ongoing maintenance		✓
Hardware Maintenance or Refresh		✓
Data secured in a Tier IV SSAE 16 Certified Data Center		✓

*Requires customer to provide secure Cisco or OpenVPN connection



Aqua Metric Sales Company 6700 Guada Coma Dr., Schertz, TX 78154 • Phone: (210) 967-6300 Fax: (210) 967-6305





April 12, 2016

Kristy Segarra - Manager, Bids & Proposals
 6700 Guada Coma Drive • Schertz, TX 78154
 Phone: (210) 967-6300 • Fax: (210) 967-6305
 Email: kristy.segarra@aqua-metric.com
 www.aqua-metric.com

Quote for City of Rowlett
Attention Amanda Mitchell / Gary Lester
Address 4000 Main Street
City, State, ZIP Rowlett, Texas 75088
Phone: (972) 412-6100

Quantity	Description	Unit Price	Extended
FlexNet AMI System with Sensus Analytics			
3	M400 Basestation	\$23,175.00	\$69,525.00
3	Base Station Installation	\$20,000.00	\$60,000.00
3	Communication Backhaul (Optional)	\$986.56	\$2,959.68
Recurring Annual Subscriptions			
1	Annual Hosted RNI Software-as-a-Service ⁵	\$19,403.75	\$19,403.75
1	Sensus Analytics Enhanced Water ⁵	\$21,351.25	\$21,351.25
1	Consumer Portal Core (Minimum 1500 Users) ⁵	\$5,937.50	\$5,937.50
18550	Consumer Portal (Each Additional User > 1500) ⁵	\$3.00	\$55,650.00
1	Consumer Portal Text Messages Block of 6,000 (Optional) ⁵	\$712.50	\$712.50
3	Annual Maintenance and Support (Per Basestation) ⁵	\$5,000.00	\$15,000.00
Setup and Configuration			
1	RNI SaaS Setup	\$7,725.00	\$7,725.00
1	RNI Core Education - Onsite	\$7,500.00	\$7,500.00
1	Water Analytics System Setup	\$3,562.50	\$3,562.50
1	Sensus Analytics Basic Integration	\$1,781.25	\$1,781.25
1	Sensus Analytics Training (On-Site)	\$1,781.25	\$1,781.25
1	Consumer Portal System Setup	\$6,250.00	\$6,250.00
1	Consumer Portal CIS Integration Fee ⁷	\$11,875.00	\$11,875.00
1	Consumer Portal Onsite Training	\$2,137.50	\$2,137.50
1	Project Management	\$25,000.00	\$25,000.00
17637	Trade-In 520R Radio for 520M Smart Point	\$87.50	\$1,543,237.50
17637	Installation and Activation of new 520M Smart Point	\$23.13	\$407,943.81

This quotation on the product and services named, may be subject to the conditions noted below:

Total **\$2,269,333.49**

1. Net 30 Days to Pay
2. Freight Allow on orders over \$10,000.00
3. All quotes are valid for 90 days from date of quotation
4. Return product may be subject to 25% restocking fee
5. Annual 3% price increase; Minimum 5 year term for SaaS Model
6. Pricing based on 20,050 services
7. Customer's Billing System will provide Billing System Integration pricing directly to the City
8. Pricing does not include bonding
9. Installtion does not include incidental line items such as drilling holes and cleaning out boxes. Pricing can be provided upon request



Aqua Metric Sales Company 6700 Guada Coma Dr., Schertz, TX 78154 • Phone: (210) 967-6300 Fax: (210) 967-6305



HGACBuy		CONTRACT PRICING WORKSHEET For Catalog & Price Sheet Type Purchases		Contract No.:	WM08-10	Date Prepared:	4/6/2016
This Worksheet is prepared by Contractor and given to End User. If a PO is issued, both documents <u>MUST</u> be faxed to H-GAC @ 713-993-4548. Therefore please type or print legibly.							
Buying Agency:	City of Rowlett			Contractor:	Aqua Metric Sales Company		
Contact Person:				Prepared By:	Kristy Segarra		
Phone:	(972) 412-6100			Phone:	210-967-6300		
Fax:				Fax:	210-967-6305		
Email:				Email:	kristy.segarra@aqua-metric.com		
Catalog / Price Sheet Name:	Sensus Meter Pricing October 2016						
General Description of Product:	AMI System Product and Installation						
A. Catalog / Price Sheet Items being purchased - Itemize Below - Attach Additional Sheet If Necessary							
Quan	Description				Unit Pr	Total	
3	M400 Basestation - 17D				24750	74250	
3	Basestation Installation - 25G				22500	67500	
1	Annual Hosted RNI - 25D				19403.75	19403.75	
1	SA Enhanced Water - 25D				21351.25	21351.25	
1	Consumer Portal, Minimum - 25D				5937.5	5937.5	
1	Consumer Portal, Additional - 25D				3	3	
3	Annual BTS Support - 25G				11250	33750	
1	RNI SaaS Setup - 25G				8690.63	8690.63	
1	RNI Core Education - 25G				8437.5	8437.5	
1	SA System Setup - 25D				3562.5	3562.5	
1	SA Basic Integration - 25D				1781.25	1781.25	
1	SA Onsite Training - 25D				1781.25	1781.25	
Total From Other Sheets, If Any:						2543293.3	
Subtotal A:						2789741.93	
B. Unpublished Options, Accessory or Service items - Itemize Below - Attach Additional Sheet If Necessary (Note: Unpublished Items are any which were not submitted and priced in contractor's bid.)							
Quan	Description				Unit Pr	Total	
3	Communication Backhaul				986.56	2959.68	
						0	
						0	
						0	
Total From Other Sheets, If Any:							
Subtotal B:						2959.68	
Check: Total cost of Unpublished Options (B) cannot exceed 25% of the total of the Base Unit Price plus Published Options (A+B).					For this transaction the percentage is:		0%
C. Trade-Ins / Special Discounts / Other Allowances / Freight / Installation / Miscellaneous Charges							
Installation and Activation of New 520M Smart Point						407943.81	
Subtotal C:						407943.81	
Delivery Date:				D. Total Purchase Price (A+B+C):		3200645.42	

HGACBuy		CONTRACT PRICING WORKSHEET For Catalog & Price Sheet Type Purchases		Contract No.:	WM08-10	Date Prepared:	4/6/2016
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Buying Agency:	City of Rowlett			Contractor:	Aqua Metric Sales Company		
Contact Person:				Prepared By:	Kristy Segarra		
Phone:	(972) 412-6100			Phone:	210-967-6300		
Fax:				Fax:	210-967-6305		
Email:				Email:	kristy.segarra@aqua-metric.com		
Catalog / Price Sheet Name:	Sensus Meter Pricing October 2016						
General Description of Product:	AMI System Product and Installation						
A. Catalog / Price Sheet Items being purchased - Itemize Below - Attach Additional Sheet If Necessary							
Quan	Description				Unit Pr	Total	
1	Consumer Portal System Setup - 25D				7629.69	7629.69	
1	Consumer Portal CIS Integration - 25D				11875	11875	
1	Consumer Portal Onsite Training - 25D				2137.5	2137.5	
1	Project Management - 25G				28125	28125	
1	Consumer Portal Text Message Block (Optional)				712.5	712.5	
17637	MXU 520M Single Port Smart Point				141.34	2492813.58	
						0	
						0	
						0	
						0	
						0	
						0	
						0	
Total From Other Sheets, If Any:							
Subtotal A:						2543293.27	
B. Unpublished Options, Accessory or Service Items - Itemize Below - Attach Additional Sheet If Necessary (Note: Unpublished Items are any which were not submitted and priced in contractor's bid.)							
Quan	Description				Unit Pr	Total	
						0	
						0	
						0	
						0	
Total From Other Sheets, If Any:							
Subtotal B:						0	
Check: Total cost of Unpublished Options (B) cannot exceed 25% of the total of the Base Unit Price plus Published Options (A + D).					For this transaction the percentage is:		0%
C. Trade-Ins / Special Discounts / Other Allowances / Freight / Installation / Miscellaneous Charges							



July 6, 2016

Kristy Segarra - Manager, Bids & Proposals
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Quote for City of Rowlett
Attention Gary Lester
Address 4000 Main Street
City, State, ZIP Rowlett, Texas 75088
Phone: (972) 412-6100

Quantity	Description	Unit Price	Extended
FlexNet AMI System with Sensus Analytics			
3	M400 Basestation	\$23,175.00	\$69,525.00
3	Base Station Installation	\$20,000.00	\$60,000.00
3	Communication Backhaul (Optional)	\$986.56	\$2,959.68
1	85' Self Supporting Tower Build-Out Estimate	\$22,000.00	\$22,000.00
Recurring Annual Subscriptions			
1	Annual Hosted RNI Software-as-a-Service ⁵	\$19,403.75	\$19,403.75
1	Sensus Analytics Enhanced Water ⁵	\$21,351.25	\$21,351.25
1	Consumer Portal Core (Minimum 1500 Users) ⁵	\$5,937.50	\$5,937.50
18550	Consumer Portal (Each Additional User > 1500) ⁵	\$3.00	\$55,650.00
1	Consumer Portal Text Messages Block of 6,000 (Optional) ⁵	\$712.50	\$712.50
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1	Water Analytics System Setup	\$3,562.50	\$3,562.50
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17637	Trade-In 520R Radio for 520M Smart Point	\$87.50	\$1,543,237.50

This quotation on the product and services named, may be subject to the conditions noted below:

1. Net 30 Days to Pay
2. Freight Allow on orders over \$10,000.00
3. All quotes are valid for 90 days from date of quotation
4. Return product may be subject to 25% restocking fee
5. Annual 3% price increase; Minimum 5 year term for SaaS Model
6. Pricing based on 20,050 services
7. Customer's Billing System will provide Billing System Integration pricing directly to the City
8. Pricing does not include bonding

Total **\$1,883,389.68**



Aqua Metric Sales Company
6700 Guada Coma Dr.
Schertz, Texas 78154
Phone: (210) 967-6300
Fax: (210)967-6305

3-Nov-15

Quote for: **City of Rowlett**
Attn: Amanda Mitchell / Gary Lester
amitchell@rowlett.com

Quantity	Description	Standard Price	Extended Price
500	5/8" x 3/4" SR11 TRPL USG Low Lead	\$120.39	\$60,195.00

Total: \$60,195.00

No charge for freight for orders over \$5,000
A 25% restocking fee will be applied to all return meters
Net 30 days to pay.
Quote good for 90 days

Kristy Segarra
Inside Sales, Texas Division
Aqua-Metric Sales Company
kristy.segarra@aqua-metric.com

FLEXNET AGREEMENT

This FlexNet Agreement (the “Agreement”) is made by and between Aqua Metric Sales Company, a California corporation, having its principal location at 4050 Flat Rock Drive, Riverside, CA 92505 (“Aqua Metric”), and the City of Rowlett, Texas a United States municipality having its principal location at 4004 Main Street, Rowlett, Texas 75088 (“City”) as of _____, 20__ (the “Effective Date”). The Parties agree as follows:

- A. Aqua Metric is the exclusive value added reseller of certain services and advanced metering technology manufactured by Sensus, Inc. (“Manufacturer”) used by Aqua Metric’s municipal customers to meter and measure water, electricity and gas; and
 - B. City desires, and Aqua Metric desires to provide to City, the Services and Products to facilitate the measurement and metering of City’s water utilities.
1. DEFINED TERMS. All capitalized terms used herein are defined in Section 17 or in the location used herein, but if not defined herein or in Section 17, such terms shall have the commercial meanings commonly used in the software or utility industry, as applicable.
 2. SERVICES. Aqua Metric, through itself and through Manufacturer, agrees to perform and provide to City the Services that are listed in Exhibit A, including Subscription Services. For purposes of this Agreement, Aqua Metric will be deemed to have provided Services to the extent that any Services are provided by Manufacturer or any other third party approved by City. The parties agree that certain Services, including Subscription Services, will be provided by Manufacturer pursuant to the additional terms in that certain Advanced Metering Infrastructure Agreement between City and Manufacturer effective _____, 20__ (“Manufacturer Agreement”).
 3. PRODUCTS. Aqua Metric agrees to provide to City the Products for the fees as listed in Exhibit B. During the term of this Agreement, Aqua Metric further agrees to offer new and existing products to City that are required or desirable for City to enable it to continue to provide measurement and metering of City’s utilities.
 4. LICENSES.
 - 4.1. Subscription Services. For the Subscription Service Fees paid by the City to Rowlett, Aqua Metric will ensure Manufacturer provides the Subscription Services pursuant to the Manufacturer Agreement and this Agreement.
 5. FEES AND OTHER AMOUNTS.
 - 5.1. Payments. City shall provide payment for invoices within 30 calendar days after receipt of an invoice for Subscription Services. City shall pay all other Service Fees and amounts authorized by City and invoiced by Aqua Metric within 30 calendar days of receipt of an applicable invoice. All fees shall be quoted and invoiced in US Dollars. Invoices for product and services will be provided to the City after; (i) shipment of material, (ii) completion of one-time services; or (iii) onset / renewal / extension of annual services. This includes product, material, and installation services provided under this agreement. City agrees to provide payment within 30 calendar days of receiving invoice.
 - 5.2. Expenses. Aqua Metric shall not be entitled to reimbursement of any costs or expenses except to the extent approved in advance by City and consistent with City's expense and reimbursement guidelines. Aqua Metric shall be responsible for payment of all expenses related to salaries, benefits, employment taxes, insurance, travel and per diem for its staff.
 6. OWNERSHIP.
 - 6.1. Aqua Metric Materials. Aqua Metric or its suppliers shall retain all right, title and interest (including but not limited to copyright and other proprietary or intellectual property rights) in the Aqua Metric Confidential Information, the Aqua Metric Proprietary Materials (excluding City Work Product, City Data and City Confidential Information).

- 6.2. City Materials. City shall retain all right, title and interest (including copyright and other proprietary or intellectual property rights) in the City Work Product, City Confidential Information and City Data. Aqua Metric may access City Data only to respond to Subscription Services or technical problems or at City's request, and for the purposes of hosting such City Data in connection with the provision of the Subscription Services to City. Without limiting the generality of the foregoing, Aqua Metric agrees that information and data on how the Subscription Services are used by City (such as, but not limited to, benchmarking data, usage patterns and roles) constitute City Confidential Information and may only be used by Aqua Metric during the term to improve the delivery of Subscription Services for City, and may not be used for other purposes, and may not be distributed, transferred in detail or summary form to any third party without the express written consent of City.
- 6.3. City Work Product. Aqua Metric acknowledges that City may develop its own best practices and intellectual property using the Subscription Services, which may include, but shall not be limited to, scripts, forms, applications, modules or other system elements ("City Work Product") to support City's business operations as contemplated by this Agreement. All rights of patent, copyright, trademark, trade secret and other proprietary rights to such City Work Product will be the sole and exclusive property of City (excluding the Software) upon its inception, conception, creation, development or reduction to practice. To the extent the Software is used or embodied in City Work Product, (i) Aqua Metric shall not be deemed to have assigned its intellectual property rights in the Software to City; and (ii) City's use of that City Work Product with the Software shall cease upon the expiration or termination of this Agreement.
7. CONFIDENTIAL INFORMATION. Each party shall hold the other party's Confidential Information in confidence and shall not disclose such Confidential Information to third parties other than to consultants or contractors, subject to similar terms of confidentiality, when disclosure is necessary for the purposes set forth herein, nor use the other party's Confidential Information for any purpose other than the purposes set forth under this Agreement. The foregoing restrictions on disclosure shall not apply to information which is: (i) already known by the recipient, (ii) becomes, through no act or fault of the recipient, publicly known, (iii) received by recipient from a third party without a restriction on disclosure or use, (iv) independently developed by recipient without reference to the other party's Confidential Information, or (v) is a public record under applicable laws, subject to the terms of this Section. City will maintain the confidentiality of all Aqua Metric Confidential Information, and Aqua Metric will maintain the confidentiality of all City Confidential Information, with each party taking all reasonable precautions to protect the same, at a minimum taking those precautions used to protect its own Confidential Information from unauthorized use or disclosure. All City Data shall be deemed City Confidential Information for purposes of this Agreement and the protections and requirements set forth herein.
8. OBLIGATIONS OF CITY. City acknowledges and agrees that it is solely responsible for assessing its own internal computer, Internet service provider, and/or private line needs and that Aqua Metric exercises no control whatsoever over the Internet.
9. DISPUTE RESOLUTION. This Agreement will be construed and enforced in accordance with, and governed by, the laws of the State of Texas in the United States of America without giving effect to any conflict of laws principles. The parties hereby consent to the personal jurisdiction of the state courts located in Dallas County, Texas.
10. LIMITED WARRANTIES, REPRESENTATIONS AND COVENANTS.
- 10.1. Services and System. Aqua Metric represents, warrants and covenants that it will perform all Services hereunder in a proper and workmanlike manner that the Services will perform in accordance with applicable Documentation. Aqua Metric represents, warrants and covenants to City that the Products and Services as a system ("System") shall function without critical error and in accordance with the applicable
- 10.2. Performance Standards and Documentation. If Aqua Metric breaches any of the representations, warranties or covenants stated herein, Aqua Metric at its own expense, and at City's sole option, will:

(i) re-perform the Services within a reasonable time such that they comply with the warranty; or (ii) replace the Services or Products (as applicable).

- 10.3. Products. Aqua Metric represents, warrants and covenants that Products shall operate in compliance with their Documentation and all warranties, protections and indemnifications offered by the Manufacturer shall be passed through to City; provided, however, to the extent that such warranties, protections or indemnifications cannot be passed through to City to the fullest extent as originally provided by Manufacturer, Aqua Metric represents, warrants and covenants that Aqua Metric shall provide such warranties, protections and indemnifications to the fullest possible extent, but no less than the minimum standards as offered by Manufacturer or as stated in this Agreement, whichever is greater.
- 10.4. Infringement. Aqua Metric warrants that the Aqua Metric Proprietary Materials, Services and Software do not and will not infringe upon or misappropriate any registered copyright, trademark or patent, nor the trade secrets of any third person.
- 10.5. Lost or Destroyed City Data. Aqua Metric will not delete or destroy any City Data or media on which City Data resides without prior authorization from City. In the event any City Data is lost or destroyed due to any act or omission of Aqua Metric, including any breach of the security procedures described herein, Aqua Metric shall restore such City Data using the most recent available back-up. City agrees to cooperate with Aqua Metric to provide any available information, files or raw data needed for the regeneration, reconstruction or replacement of the City Data. If Aqua Metric fails to fully regenerate, reconstruct and/or replace any lost or destroyed City Data within the time reasonably set by City, then City may, at Aqua Metric's expense, obtain data reconstruction services from a third party, and Aqua Metric shall cooperate with such third party as requested by City. If it is determined that City Data has been lost or destroyed as a result of the willful, intentional or negligent acts or omissions of Aqua Metric, City may terminate this Agreement pursuant to Section 14.2 and pursue any civil and criminal actions available to it.
- 10.6. Aqua Metric Compliance with Laws. Aqua Metric will perform its obligations under this Agreement in a manner that complies with all Laws: (i) applicable to Aqua Metric and Aqua Metric's business, activities, Aqua Metric's facilities and the provision of Services hereunder, including Laws of any country or jurisdiction from which or through which Aqua Metric provides the Services or obtains resources or personnel to do so; and (ii) applicable to City and City's affiliates. "Laws" shall include and refer to any and all federal (national), state, provincial, municipal or local laws, regulations, rules, judicial decrees, decisions and judgments, executive and government orders and ordinances, and any and all directives of regional legislative and regulatory bodies and implementing legislation, as well as rules and regulations of any self-regulatory organization by which any party may be bound, including the Laws of each and every jurisdiction applicable to City, Aqua Metric, this Agreement and the performance of the Services.
- 10.7. City Compliance with Laws. City will perform its obligations under this Agreement in a manner that complies with all Laws applicable to City's business, activities, and facilities. "Laws" shall include and refer to any and all federal (national), state, provincial, municipal or local laws, regulations, rules, judicial decrees, decisions and judgments, executive and government orders and ordinances, and any and all directives of regional legislative and regulatory bodies and implementing legislation, as well as rules and regulations of any self-regulatory organization by which any party may be bound.

11. DISCLAIMER OF WARRANTIES.

- 11.1. Disclaimer. EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, THE SERVICES AND SOFTWARE ARE PROVIDED BY AQUA METRIC ON AN "AS IS" AND "AS AVAILABLE" BASIS WITHOUT WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

- 11.2. Limitations. Unless otherwise expressly provided herein, neither Aqua Metric nor any of its service providers, licensors, employees or agents warrant that the operation of the Services will be uninterrupted or error free. Aqua Metric will not be responsible for any damages that City may suffer arising out of use, or inability to use, the Services.

12. LIMITATIONS AND DISCLAIMERS OF LIABILITY.

- 12.1. DISCLAIMER OF CERTAIN DAMAGES. EXCEPT FOR A PARTY'S LIABILITY UNDER SECTIONS 7 (CONFIDENTIALITY) AND AQUA METRIC'S LIABILITY FOR SECTION 10 (LIMITED WARRANTIES, REPRESENTATIONS AND COVENANTS) AND A PARTY'S LIABILITY UNDER SECTION 13 (INDEMNIFICATION), IN NO EVENT SHALL EITHER PARTY HAVE ANY LIABILITY TO THE OTHER PARTY FOR ANY LOST PROFITS (WHETHER DIRECT OR INDIRECT), LOSS OF USE, COSTS OF COVER, OR FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES HOWEVER CAUSED AND, WHETHER IN CONTRACT, TORT, WARRANTY OR UNDER ANY OTHER THEORY OF LIABILITY, WHETHER OR NOT THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.
- 12.2. LIMITATION ON LIABILITY. EXCEPT FOR A PARTY'S LIABILITY UNDER SECTIONS 7 (CONFIDENTIALITY) AND AQUA METRIC'S LIABILITY FOR SECTION 10 (LIMITED WARRANTIES, REPRESENTATIONS AND COVENANTS) AND A PARTY'S LIABILITY UNDER SECTION 13 (INDEMNIFICATION) EACH PARTY'S AGGREGATE LIABILITY TO THE OTHER PARTY ARISING OUT OF OR PURSUANT TO THIS AGREEMENT WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), WARRANTY OR UNDER ANY OTHER THEORY OF LIABILITY, REGARDLESS OF THE CAUSE OF ACTION, WILL NOT EXCEED AN AMOUNT EQUAL TO THE FEES PAID BY CITY TO AQUA METRIC.
- 12.3. Exclusion. Nothing in this Agreement excludes or limits the liability of a Party for (i) death or personal injury caused by that Party's negligence or willful misconduct, or (ii) fraud or fraudulent misrepresentation.

13. TERM, TERMINATION, AND SUSPENSION OF SERVICES.

- 13.1. Term. The term of this Agreement shall commence on the Effective Date and shall remain in effect during complete project implementation, subject to earlier termination as provided herein. This Agreement will automatically renew for 1-year terms unless City gives Aqua Metric notice of its non-renewal within 30 calendar days prior to end of the initial term or any renewal term.
- 13.2. Termination for Cause. Without prejudice to any other rights and remedies to which the parties may be entitled, either Party may terminate this Agreement for cause without liability to the other with thirty (30) days written notice to the other party: (i) for material breach of this Agreement, granted the breached party provides notice of the breach in its intent to terminate, and the breach remains uncured for that 30-day period, provided said breach is capable of cure in a 30-day period; or (ii) in the event either party becomes the subject of a petition in bankruptcy or any proceeding related to its insolvency, receivership, liquidation that is not dismissed within sixty (60) days of its commencement or an assignment for the benefit of creditors and (a) results in Aqua Metric's inability to provide access to or support the Subscription Services, or (b) results in the City's failure to meet its financial obligations defined in this Agreement. In addition, City may terminate this Agreement immediately or upon the later date set forth in its notice of termination: (x) if City objects to any proposed assignment of this Agreement by Aqua Metric; (y) if City objects to any proposed change of hosting vendors or location for the City Data by Aqua Metric (including vendors for its back-up services), or (z) if there exists a series of material breaches that are cured within the permissible periods, and/or a series of non-material or persistent breaches by Aqua Metric that in the aggregate have an adverse impact on the provisions or use of Subscription Software and/or City's business.
- 13.3. Termination for Convenience. City may terminate the Agreement for any reason and without cause upon ninety (90) days prior written notice to Aqua Metric.

- 13.4. Action on Termination. In the event of any termination (except for Aqua Metric's cause as described in Section 14.2) of the Agreement, City shall pay to Aqua Metric all Fees, expenses for any work performed or Services provided prior to the date of the notice of termination, and other amounts owed through and including the date of termination. Any pre-paid amounts for Services to be performed by Aqua Metric after the date of termination shall be promptly refunded to City. Upon termination, each party will promptly return to the other party its Confidential Information.
- 13.5. Transitional Services. Aqua Metric shall cooperate with City, and shall make good faith efforts to cause Manufacturer to cooperate with City to the extent applicable, and Aqua Metric shall assist City in the orderly, uninterrupted transfer and migration of the Subscription Services (including, without limitation, continuing to perform and provide the Software and Services) to City and/or its Affiliates or another services provider in connection with the expiration or earlier termination of the Agreement for any reason, however described ("Transitional Services"). Such Transitional Services shall include assistance in the orderly migration of all City Data and City Work Product held or maintained by Aqua Metric in such media or format(s) that is usable to City and/or another services provider. The quality of the Services and Aqua Metric's performance of its obligations shall not be degraded in any manner during the Transitional Services period. The term of the Agreement shall not be deemed to have expired or terminated until the Transitional Services have been completed. The parties agree to work together in good faith to complete the Transitional Services as soon as reasonably practical and no later than forty-five (45) days following the expiration of the Agreement or earlier termination. As part of Transitional Services, Aqua Metric shall provide such information as City may reasonably request relating to its usage of the Subscription Services. Fees for Services due to Aqua Metric as described in Exhibit B shall continue to apply during the Transitional Services period.
- 13.6. Return of City Data. In addition to the other requirements set forth in this Agreement, upon any termination or expiration of this Agreement, Aqua Metric shall promptly deliver to City a copy in commercially reasonable format of the last weekly full backup of City Data that was performed prior to the date of termination or expiration.
- 13.7. Survival. Sections 4.2, 6, 7, 8, 9, 10, 11, 12, 13, 14.4, 14.5, 14.6, 14.7, 15, and 16 shall survive termination of this Agreement, and those defined terms used in such sections and defined herein.
14. INSURANCE. Aqua Metric will maintain, at its own cost and expense, insurance coverage as necessary and reasonable to insure itself and its employees in connection with the performance of its duties and responsibilities under this Agreement. Upon request, Aqua Metric agrees to provide City with a Certificate of Insurance evidencing said insurance. Aqua Metric will maintain during the term of this Agreement and for two (2) years thereafter the following minimum insurance coverages and limits:
- 14.1. Commercial General Liability (CGL) with a limit of \$1,000,000.00 per occurrence for bodily injury, including death resulting therefrom, personal injury, property damage and advertising injury. Such coverage shall include contractual liability coverage recognizing this Agreement, products and/or completed operations liability and premises liability. Such coverage shall also cover City as an additional insured; and
- 14.2. Commercial Automobile Liability with a \$1,000,000.00 combined single limit for bodily injury, including death resulting therefrom, and property damage, covering all owned, non-owned and hired automobiles. Such coverage shall also cover City as an additional insured; and
- 14.3. Workers' Compensation coverage as required by statute, covering all employees, including Employer's Liability coverage with limits of \$1,000,000.00 each employee, each accident. In the event the Aqua Metric engages leased workers, contingent workers, temporary workers, volunteer labor, contractors and/or subcontractors, Aqua Metric shall ensure that such parties are adequately insured as required by statute, and upon request of City, shall produce evidence of such coverage to City; and
- 14.4. Umbrella or Excess Liability coverage with a limit of \$3,000,000.00 with coverage extending over primary Commercial General Liability, Commercial Automobile Liability and Employer's Liability. Such coverage shall also cover City as an additional insured.

15. GENERAL.

- 15.1. Agreement Authorized. Each party represents to the other party that: (i) it has the power and authority to execute and deliver this Agreement and perform its obligations hereunder; (ii) the execution, delivery, and performance of this Agreement has been duly approved and authorized by it; and (iii) the execution and delivery of, and performance by, such party of this Agreement does not and will not, directly or indirectly, (x) require the consent, approval, or action of, or any filing or notice to (collectively, "Consents"), any corporation, firm, person or other entity or any public, governmental or judicial authority, which Consents have not already been obtained, (y) violate the terms of any instrument, document or agreement to which it is a party, or by which it is bound, or be in conflict with, result in a breach of or constitute (upon the giving of notice or lapse of time or both) a default under any such instrument, document or agreement, or (z) violate any order, writ, injunction, decree, judgment, ruling, law rule or regulation of any federal, state, county, municipal, or foreign court or governmental authority applicable to it.
- 15.2. Force Majeure. Neither party shall be held liable for delay in fulfilling or failure to fulfill its obligations under this Agreement, if such delay or failure is caused by events beyond the reasonable control of such party, including, without limitation, natural calamity, acts of God, or terrorist events, provided payment obligations shall not be so excused. Each party shall notify the other in writing of any situation that may prevent performance under the terms and conditions of this Agreement.
- 15.3. Municipal Non-Appropriation. In the event that municipal funds are not appropriated for a fiscal period subsequent to the one in which this Agreement was entered into where funds were sufficient to satisfy terms of this Agreement, where such non-appropriation did not result from any act or failure to act of the City, the City shall notify Aqua Metric thirty (30) days prior to the default of the Agreement and the Agreement shall terminate.
- 15.4. Independent Contractor. The relationship of Aqua Metric to City is that of an independent contractor, and this Agreement shall not create any joint venture, partnership, or similar relationship. Neither party shall represent itself as an agent or employee of the other party. Further, Aqua Metric expressly warrants and represents that it alone is exclusively responsible for all terms and conditions of employment, including the compensation, of any and all personnel whom Aqua Metric assigns to perform any of the Services contemplated by this Agreement. Aqua Metric further expressly represents and warrants that it maintains all applicable and required insurance (including workers compensation insurance) with respect to such personnel and that in no event shall City be liable to any Aqua Metric employee or other Aqua Metric personnel for any of the terms and conditions of their employment with Aqua Metric.
- 15.5. Modifications, Amendments or Waivers. No modifications or amendments to the Agreement, and no waiver of any provisions hereof shall be valid unless in writing signed by duly authorized representatives of the parties.
- 15.6. Nonwaiver. Any failure or delay by either party to exercise or partially exercise any right, power or privilege hereunder shall not be deemed a waiver of any of the rights, powers or privileges under this Agreement. The waiver by either party of a breach of any term, condition or provision of this Agreement shall not operate as, or be construed as, a waiver of any subsequent breach thereof.
- 15.7. Notices. Except as otherwise provided in the Agreement, all notices or other communications hereunder shall be deemed to have been duly given when made in writing and delivered in person or mailed, postage prepaid, by first class, certified or registered mail, by messenger or courier, and addressed as provided below the signatures to this Agreement. The address to which the notice(s) or communications may be given by either party may be changed by notice given by such party to the other pursuant to this Section or by other form of notice agreed to by the parties.
- 15.8. Remedies. Except for remedies specifically designated as exclusive, no remedy conferred by the Agreement is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder, now or hereafter existing

at law, in equity, by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies.

- 15.9. Severability. If any term, provision or part of the Agreement is to any extent held invalid, void or unenforceable by a court of competent jurisdiction, the remainder of the Agreement shall not be impaired or affected thereby, and each term, provision, and part shall continue in full force and effect, and shall be valid and enforceable to the fullest extent permitted by law.
- 15.10. Successors. This Agreement shall inure to the benefit of and be binding on the parties hereto and their respective successors and assigns (if such assignment was properly made pursuant to this Agreement).
- 15.11. Assignment. Aqua Metric may not assign any of its rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of the other party, including any assignment or transfer in connection with a merger, reorganization, or sale of all or substantially all of the assets or equity of such party. Any attempted assignment in breach of this Section shall be void and City shall have the right to terminate this Agreement as set forth herein. This Agreement shall bind and inure to the benefit of the parties, their respective successors and permitted assigns.
- 15.12. Construction. The term “including” and its derivatives (such as “include” and “includes”) shall be construed as meaning “including, but not limited to” or “including, without limitation.” Defined terms in this Agreement shall be deemed to include their respective derivatives so as to give due and proper intended meaning within the context of their usage. Unless otherwise specified, whenever approvals or consents are required or permitted, such approvals or consents shall be determined in good faith and shall not be unreasonably withheld or delayed. Words importing the singular include the plural and vice versa and words importing gender include all genders.
- 15.13. Subcontracting. Except for the services provided by Manufacturer pursuant to the Manufacturer Agreement, and the services described in the Statement of Work, attached hereto as Exhibit A, Aqua Metric shall not subcontract any Services or any of its other obligations hereunder to any party without the prior written consent of City.
- 15.14. Security and Supervision. Aqua Metric, when on City’s premises or accessing City’s networks or providing support services hereunder, will comply with all of City’s security, supervision and other standard procedures applicable to such representatives.
16. DEFINITIONS.
- 16.1. "Confidential Information" means documents, data, work product and any other sources of information designated as confidential in writing by City or Aqua Metric, as applicable, and any other information that a party should reasonably know is confidential in light of the circumstances surrounding its disclosure.
- 16.2. "City Confidential Information" means the City Data, City Proprietary Materials, and any other City owned or licensed information or material that is designated in writing by City as proprietary and confidential, or that Aqua Metric should reasonably know is confidential in light of the circumstances surrounding its disclosure.
- 16.3. "City Data" means any or all of the following, and all copies thereof, regardless of the form or media in which such items are held: (i) Confidential Information of City, including, but not limited to, Personally Identifiable Information; (ii) data and/or information provided or submitted by or on behalf of City or any City Affiliate to Aqua Metric regardless of whether considered Confidential Information; and (iii) data and/or information stored, recorded, processed, created, derived or generated by Aqua Metric as a result of and/or as part of the Services, regardless of whether considered Confidential Information.
- 16.4. “Defect” means any deviation, error, or malfunction of the Software or Subscription Services.

- 16.5. "Documentation" means all publications and documentation relating to the use or operation of the Products, Software and Services provided hereunder, such as reference, user, installation, systems administration and technical guides.
- 16.6. "Fees" mean the Product Costs, Service Fees and the Subscription Fees.
- 16.7. "Installation Services" mean the work performed by Aqua Metric to enable City's access to and use of the Software in an operational environment in accordance with all requirements set forth in the Documentation, including all testing.
- 16.8. "Performance Standards" means collectively the warranties and performance standards set forth in Section 10 and all associated Exhibits and attachments referenced therein.
- 16.9. "Product Costs" means costs for Products as described in Exhibit B.
- 16.10. "Service Fees" means the fees for Services performed by Aqua Metric, as described in Exhibit B.
- 16.11. "Services" mean the work performed by and/or available from Aqua Metric, including the Installation Services, Subscription Services, Support Services and Training as may be more fully described in Exhibit A.
- 16.12. "Software" means the computer software described as such in the Manufacturer Agreement, in machine-readable form only, as well as any Updates which may be provided pursuant to the terms of this Agreement.
- 16.13. "Subscription Services" mean the hosting and processing Services performed by Manufacturer and Aqua Metric using Software, as described in the Manufacturer Agreement.
- 16.14. "Subscription Service Fees" means the periodic fees for City's use of the Subscription Services, as described in Exhibit B.
- 16.15. "Support Services" means the annual Software support provided by Aqua Metric and Manufacturer, as described in Exhibit C.
- 16.16. "Support Services Fees" means the annual fees for City's use of the Support Services, as described in Exhibit B.
- 16.17. "Training" means the instructional training provided by Aqua Metric to City regarding access to and proper use and operation of the Software and Services, as described in Exhibit A.
- 16.18. "Updates" mean any and all modifications and updates to Software developed by Manufacturer and available to City as part of the Support Services.
- 16.19. "Aqua Metric Confidential Information" means the Aqua Metric Proprietary Materials and any other Aqua Metric owned or licensed information or material that Aqua Metric designates in writing as confidential.
- 16.20. "Aqua Metric Proprietary Materials" mean (i) Software and all computer programs, Documentation, products, forms, tools, methodologies, processes and procedures which were developed and owned by Aqua Metric or its subcontractors prior to the Effective Date or which are developed during the term of the Agreement by Aqua Metric staff (including employees and subcontractors), expressly excluding any City Work Product; and (ii) any modifications thereof and derivative works based thereon.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

AQUA METRIC

CITY OF

By: _____
Printed Name: _____
Title: _____
Date: _____
Notice Address: _____

By: _____
Printed Name: _____
Title: _____
Date: _____
Notice Address: _____

Draft

EXHIBIT A

Statement of Work

This Statement of Work is entered into pursuant to the FlexNet Agreement (the "Master Agreement"), dated as of _____, 2016, by and between the City of Rowlett and Aqua Metric ("Aqua Metric"), the terms and conditions of which Master Agreement are incorporated herein by reference. All defined terms used herein but not otherwise defined herein shall have the meanings assigned to them in the Master Agreement or Manufacturer Agreement, in the event of a conflict between the terms of the Master Agreement, Manufacturer Agreement and this Statement of Work, the terms of the Master Agreement will govern, then this Statement of Work, then the Manufacturer Agreement.

This document is designed to assist the City with planning the installation of the Sensus FlexNet Advanced Metering Infrastructure (AMI) system as provided by Aqua Metric. The following pages provide details pertaining to responsibilities of Aqua Metric and the City for the Sensus Metering Systems during the planning, installation and commissioning of the FlexNet System.

1. GENERAL RESPONSIBILITIES

1.1. Aqua Metric will:

- a) Provide a project manager to coordinate all FlexNet installation activities with the City and be the main contact point between the City and Aqua Metric and Manufacturer during deployment. The Aqua Metric project manager will also coordinate all installation activities with the field engineers and contract installation crews to install any equipment,
- b) Hire a qualified installation contractor to install the Base Station (M400) equipment and run all data and power cables between the antennae and the M400; and
- c) Commission the RNI hardware and software and provide training to operate the software and manage the RNI to identified personnel at the City location.
- d) Provide additional training and Project Management services, including but not limited to: FlexNet System and Software training, Sensus Analytics MDM System and Software training, handheld component and software training, commissioning of the AMI System, System implementation and close out, and any other items detailed in Aqua Metric's proposal packet to the City.

1.2. The City will:

- a) Provide a key point of contact and contact information (as defined in the FlexNet Solution Specification Details), for project management activities to work with the Aqua Metric project manager to help facilitate a timely installation of the FlexNet system,
- b) Be responsible to provide the network infrastructure at the M400 location, and
- c) Be responsible for monthly fees associated with the network access for all sites where network access is needed,

2. RNI RESPONSIBILITIES

- 2.1. Aqua Metric will be responsible for the following: All RNI hosting responsibilities, provided the City maintain their annual fees

3. TOWER SITE PREPARATION RESPONSIBILITIES

- 3.1. Frequency and Utility Code assignment —The FSS process will be updated and reflected accordingly after Sensus MTS has notified the Spectrum Manager. At the time of frequency and utility code assignment, the Spectrum Manager will notify the Aqua-Metric Project Manager (PM)
- 3.2. Kickoff meeting — The PM will coordinate the initial kickoff meeting to help set the stage for site walk through.

- 3.3. Site Visit – The PM with the field engineer to coordinate site visit in order to generate Installation Plan for required steps
- 3.4. Tower Construction – Aqua Metric will be responsible for tower construction including permitting, code compliance, electrical, concrete pad load study, standoff, coupling and backhaul installation.
- 3.5. Notice to Proceed – The PM will coordinate with the city or utility once approved to move forward – if leased site, the contract for the site is complete
- 3.6. Installation coordination —The PM will have ultimate responsibility for the overall coordination and timing of the installation with support from the installation contractors

4. M400 SITE RESPONSIBILITIES

4.1. Aqua Metric will be responsible for the following:

- a) The configuration for this project will be an outdoor unit at the location as defined in the FlexNet Solution Specification Details and Propagation Study in the Manufacturer Agreement,
- b) Aqua Metric will make all data and power terminal, and antennae connections at the M400 Cabinet, this includes the connection from the power source, connection of the CAT 5 data line from the network access point at the site,
- c) Aqua Metric will provide all bracketing needed to mount the antennae at the site,
- d) Mount the M400 cabinet (if needed) to the structure provided and identified by the City,
- e) Provide all strapping hardware needed to run the data and power cables from the base of the M400 site to the antennae if needed,
- f) Provide the M400 and antennae sufficient to receive meter data and provide the meter data to the RNI via the network connection provided by the City,
- g) Provide a qualified installation team to install the M400 equipment and make final end connections to the equipment,
- h) Properly ground the M400 and antenna equipment,

4.2. The City will:

- a) Provide an area at the M400 site for installation if the M400 is installed at a City provided site,
- b) Provide a 120/240 VAC power source to the M400 (ah necessary electric requirements receptacles to be located within 1 foot of the final location of the M400 installation). If trenching of the power line is needed, the City will be responsible to provide the necessary trenching, conduit, and cabling needed to supply power from the power source outlet to the base station cabinet. All electrical equipment will be installed in accordance with local codes,
- c) Provide network access at the site where the M400 is located (City may consult with Aqua Metric representative regarding the available options for network connections between M400 and RNI),
- d) Provide security padlocks at M400 location, and
- e) Obtain access and permission to any structure required to be accessed by Aqua Metric personnel for the above activities.
- f) Provide a Static IP Address and Data (SIM Card) for Communication Backhaul, if needed.

5. END POINTS AND FIELD INSTALLATION RESPONSIBILITIES

5.1. The City will be responsible for the following:

- a) Purchase end points,
- b) Provide installation of all end point transmitters to be used in the FlexNet AMI system.
- c) Quality assurance for City personnel and/or an installation contractor as it relates to proper installation of SmartPoints,
- d) Visit and troubleshoot endpoints that are not reporting into the FlexNet AMI system,

- e) Investigate any non-reporting SmartPoints to ensure that there are no cut wires, improper installations, improper programming and resolve all data entry errors in the FlexNet AMI system,
- f) Assign a SmartPoint installation auditor to ensure installation work is acceptable (Aqua Metric will train this individual to properly identify and correct any known problems in the field. This individual will be the primary contact to troubleshoot, identify and correct non-reporting SmartPoints and installation errors),
- g) Once the Aqua Metric installer has completed troubleshooting of installation issues, Aqua Metric will investigate the remaining endpoints to identify and fix any coverage issues, and
- h) Coordinate with Aqua Metric to establish the shipment schedule, quantities, and overall project timeline.

6. DEFINITIONS

The definitions set forth below shall apply for the purposes of this Statement of Work.

- "Billing Window" means, with respect to the three or four day period beginning one or two days prior to, and ending two days following, the City's preferred billing day for a particular meter.
- "FlexNet"TM means the system comprised of the Sensus Network and the approved SmartPoints in service in the Territory, including back-end hardware and Software. The back-end hardware consists of the RNI hardware and M400 hardware.
- "FlexNet SmartPoints" means collectively any FlexNet communicating device intended to transmit meter reading and other information as appropriate from water, gas or electricity meters.
- "FlexWare"TM software, developed by Sensus Metering Systems, is the software utilized in the RNI to decrypt the data from meters, filter the data by application, and route the data appropriately to the utility City. FlexWareTM includes the software in all of the RNI components.
- "RNI" means the Regional Network Interface consisting of equipment and FlexWare software used to gather, store and report data collected from SmartPoints and M400s that are part of the Sensus Network. The FlexWare software operates on the RNI.
- "SmartPoint" is a printed circuit board that provides an AMI endpoint the ability to acquire data from its connected meter and transmit the data to AMI collection devices located at AMI towers. SmartPoints are mounted either integral to the meter or remotely depending upon meter type and manufacturer.
- "M400" means a Tower Gateway Base station consisting of hardware, firmware and software installed at a Tower Site and used to communicate by radio with SmartPoints and the RNI.
- "Tower Site" means a site on a radio tower, building, or elsewhere where a M400 is located or intended to be installed.

EXHIBIT B

FEEES

1. Product Costs, Service Fees and Rates. As of the Effective Date, the parties acknowledge and agree that City has purchased from Aqua Metric all of the Products that are required for the AMI System, and such Products shall be covered under the terms of this Agreement. In addition, at City's sole option, if City desires for Aqua Metric to continue to provide any Services or purchase any additional Products from Aqua Metric, Aqua Metric will offer such Services at the fee amounts as described in this Exhibit B.

[Pricing Attached]

Draft



July 6, 2016

Kristy Segarra - Manager, Bids & Proposals
 6700 Guada Coma Drive • Schertz, TX 78154
 Phone: (210) 967-6300 • Fax: (210) 967-6305
 Email: kristy.segarra@aqua-metric.com
 www.aqua-metric.com

Quote for Attention City of Rowlett
Address Gary Lester
4000 Main Street
City, State, ZIP Rowlett, Texas 75088
Phone: (972) 412-6100

Quantity	Description	Unit Price	Extended
FlexNet AMI System with Sensus Analytics			
3	M400 Basestation	\$23,175.00	\$69,525.00
3	Base Station Installation	\$20,000.00	\$60,000.00
3	Communication Backhaul (Optional)	\$986.56	\$2,959.68
1	85' Self Supporting Tower Build-Out Estimate	\$22,000.00	\$22,000.00
Recurring Annual Subscriptions			
1	Annual Hosted RNI Software-as-a-Service ⁵	\$19,403.75	\$19,403.75
1	Sensus Analytics Enhanced Water ⁵	\$21,351.25	\$21,351.25
1	Consumer Portal Core (Minimum 1500 Users) ⁵	\$5,937.50	\$5,937.50
18550	Consumer Portal (Each Additional User > 1500) ⁵	\$3.00	\$55,650.00
1	Consumer Portal Text Messages Block of 6,000 (Optional) ⁵	\$712.50	\$712.50
3	Annual Maintenance and Support (Per Basestation) ⁵	\$5,000.00	\$15,000.00
Setup and Configuration			
1	RNI SaaS Setup	\$7,725.00	\$7,725.00
1	RNI Core Education - Onsite	\$7,500.00	\$7,500.00
1	Water Analytics System Setup	\$3,562.50	\$3,562.50
1	Sensus Analytics Basic Integration	\$1,781.25	\$1,781.25
1	Sensus Analytics Training (On-Site)	\$1,781.25	\$1,781.25
1	Consumer Portal System Setup	\$6,250.00	\$6,250.00
1	Consumer Portal CIS Integration Fee ⁷	\$11,875.00	\$11,875.00
1	Consumer Portal Onsite Training	\$2,137.50	\$2,137.50
1	Project Management	\$25,000.00	\$25,000.00
17637	Trade-In 520R Radio for 520M Smart Point	\$87.50	\$1,543,237.50

This quotation on the product and services named, may be subject to the conditions noted below:

Total **\$1,883,389.68**

1. Net 30 Days to Pay
2. Freight Allow on orders over \$10,000.00
3. All quotes are valid for 90 days from date of quotation
4. Return product may be subject to 25% restocking fee
5. Annual 3% price increase; Minimum 5 year term for SaaS Model
6. Pricing based on 20,050 services
7. Customer's Billing System will provide Billing System Integration pricing directly to the City
8. Pricing does not include bonding

EXHIBIT C

SUPPORT STANDARDS

1. Aqua Metric Obligations. Aqua Metric shall provide the following additional Support Services to City:
 - 1.1. Telephone Hotline/Help Desk. Aqua Metric shall continuously provide a telephone number for City personnel to call for all purposes regarding Support Services. City's help desk shall be monitored by members of the Aqua Metric support team.
 - 1.2. Support and Maintenance History and Tracking System. Aqua Metric shall maintain a current record of City's Support Services history. Upon City's request, Aqua Metric shall provide a detailed history of all Support Services performed by Aqua Metric. City shall own all such records.
 - 1.3. Enhancements and New Features. Aqua Metric shall provide or ensure Manufacturer provides all enhancements to the Subscription Services.
 - 1.4. Documentation. Aqua Metric shall provide any and all updated Documentation, as applicable, for the Services, Products, and any enhancements provided to City as such Documentation are generally released, or more frequently if significant errors and/or discrepancies are discovered in such Documentation.
2. City Responsibilities. City shall cooperate with Aqua Metric in the performance of Aqua Metric's obligations by performing the tasks set forth below. Provided however, that in no event shall any failure by City to act as described below shall not be interpreted as or result in a breach of this Agreement:
 - 2.1. Assist Aqua Metric in the development of support procedures.
 - 2.2. Ensure end users follow established support procedures.
 - 2.3. End users will employ reasonable efforts to solve problems/address requests before calling the help desk.
 - 2.4. Maintain local network and devices.
 - 2.5. Replacement of radio transmitters. Any meter replacement is outside of this scope.
3. Resolution of Defects.
 - 3.1. Defect Levels. City shall classify, or reclassify, as applicable, all Defects as Critical, Impactful, Routine, and Application Question pursuant to the definitions set forth below in Section 4.
 - 3.2. Reporting of Defects. Reports of Defects (an "Incident Report") will be made through Aqua Metric's support center via email or telephone at numbers to be provided by Aqua Metric to City. Aqua Metric shall provide coverage and respond to incidents and defects according to Section 4 below.
4. Service Level Agreement.
 - 4.1. Critical. Critical issues are problems with the Services or Products which delay or preclude completion of City's billing cycle or cycles. Critical issues include but are not limited to major communications issues, software component failures or software interaction failures, or failures of the City's non-individual customer hardware which interfere with communications, post-processing or significant transfers of data. The City may elevate any non-Critical issue to a Critical status when Aqua Metric cannot develop a work-around or fix a non-Critical issue in a timely manner or when a non-Critical issue severely impacts City resources. The City may demote a Critical issue to a non-Critical status upon notice to Aqua Metric.
 - 4.2. Impactful. Impactful issues are problems with the Services or Products that are less severe than Critical issues but delay completion of City's billing cycle or cycles or interfere with the intended use of the overall metering infrastructure. While Aqua Metric may be able to provide a work around on an individual customer basis for Impactful issues, due to the number of customers affected Impactful

issues severely impact City resources to effect the work-around. The City may elevate or demote non-Impactful issues to Impactful status upon notice to Aqua Metric.

- 4.3. **Routine.** Routine issues are problems with the Services or Products which affect a small number of customers, and which do not imperil the completion of a billing cycle, and which may be worked around without significant impact to City resources. Routine issues will typically comprise requests for guidance on best practices for use of the overall system, Service or Product usage, assistance with specific metering or post-processing adjustments or modifications, or other issues which can be readily resolved. The City may elevate or demote non-Routine issues to Routine status upon notice to Aqua Metric.
- 4.4. **Application Questions.** Application Questions are problems, clarifications, or explanations related to the Services or Products which are intended to assist City in making the best use of the overall metering infrastructure system. Application Questions may be in the form of “how-to” questions or instructions designed to facilitate interaction with the metering infrastructure system, and will typically require “look-up” responses instead of active troubleshooting. The City may elevate or demote non-Application Questions to Application Question upon notice to Aqua Metric.
- 4.5. **Business Hours.** Business hours shall be considered to be 0800 to 1700 CST (Or CDT as appropriate) weekdays, excluding statutory holidays in the State of Texas. It is unlikely that issues would be discovered and support requested outside stated business hours. Provided, however, Aqua Metric will provide non-Business Hours support to the City for Critical and Impactful issues.
- 4.6. **Call-Back.** When support services are requested, Aqua Metric shall make return contact with City to: (1) confirm that the request for support has been received; (2) to receive City troubleshooting processes and results, and to make a counter-request for any additional information if so needed; and (3) to mutually agree upon a support level pursuant to the above definitions.
- 4.7. **Troubleshooting.** Troubleshooting begins when Aqua Metric support personnel actively begin researching, investigating, and or testing the cause of the reported issue. Typically, troubleshooting activities will be performed in conjunction with City personnel. Troubleshooting resources shall be provided consistent with the criticality and anticipated time line of the supported issue.
- 4.8. **Resolution Expectation.** Aqua Metric will make commercially reasonable effort to meet the Call Back and Standard Target Resolution timeframes.

Severity	Call-Back	Standard Target Resolution	Resolution (one or more of the following)
Critical	30 Minutes	Immediately assign trained and qualified Services Staff to correct the error on an expedited basis. Provide ongoing communication on the status of a correction.	<ul style="list-style-type: none"> • Satisfactory workaround is provided. • Program patch is provided. • Fix incorporated into future release. • Fix or workaround incorporated into the Support Knowledge Base.
Impactful	4 hours	Assign trained and qualified Services Staff to correct the error. Provide communication as updates occur.	<ul style="list-style-type: none"> • Satisfactory workaround is provided. • Program patch is provided. • Fix incorporated into future release. • Fix or workaround incorporated into the Support Knowledge Base.
Routine	1 Business Day	90 business days	<ul style="list-style-type: none"> • Answer to question is provided. • Satisfactory workaround is provided. • Fix or workaround incorporated into the Support Knowledge Base. • Fix incorporated into future release.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY BROADENING ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SUMMARY OF COVERAGES

1.	Additional Insured by Contract, Agreement or Permit	Included
2.	Additional Insured – Primary and Non-Contributory	Included
3.	Blanket Waiver of Subrogation	Included
4.	Bodily Injury Redefined	Included
5.	Broad Form Property Damage – Borrowed Equipment, Customers Goods & Use of Elevators	Included
6.	Knowledge of Occurrence	Included
7.	Liberalization Clause	Included
8.	Medical Payments	Included
9.	Newly Acquired or Formed Organizations - Covered until end of policy period	Included
10.	Non-owned Watercraft	51 ft.
11.	Supplementary Payments Increased Limits	
	- Bail Bonds	\$2,500
	- Loss of Earnings	\$1000
12.	Unintentional Failure to Disclose Hazards	Included
13.	Unintentional Failure to Notify	Included

This endorsement amends coverages provided under the Commercial General Liability Coverage Part through new coverages, higher limits and broader coverage grants.

1. Additional Insured by Contract, Agreement or Permit

The following is added to **SECTION II – WHO IS AN INSURED:**

Additional Insured by Contract, Agreement or Permit

- a. Any person or organization with whom you agreed in a written contract, written agreement or permit that such person or organization to add an additional insured on your policy is an additional insured only with respect to liability for “bodily injury”, “property damage”, or “personal and advertising injury” caused, in whole or in part, by your acts or omissions, or the acts or omissions of those acting on your behalf, but only with respect to:

(1) "Your work" for the additional insured(s) designated in the contract, agreement or permit;

(2) Premises you own, rent, lease or occupy; or

(3) Your maintenance, operation or use of equipment leased to you.

- b. The insurance afforded to such additional insured described above:

(1) Only applies to the extent permitted by law; and

(2) Will not be broader than the insurance which you are required by the contract, agreement or permit to provide for such additional insured.

- (3) Applies on a primary basis if that is required by the written contract, written agreement or permit.
 - (4) Will not be broader than coverage provided to any other insured.
 - (5) Does not apply if the "bodily injury", "property damage" or "personal and advertising injury" is otherwise excluded from coverage under this Coverage Part, including any endorsements thereto.
- c. This provision does not apply:
- (1) Unless the written contract or written agreement was executed or permit was issued prior to the "bodily injury", "property damage", or "personal injury and advertising injury".
 - (2) To any person or organization included as an insured by another endorsement issued by us and made part of this Coverage Part.
 - (3) To any lessor of equipment:
 - (a) After the equipment lease expires; or
 - (b) If the "bodily injury", "property damage", "personal and advertising injury" arises out of sole negligence of the lessor
 - (4) To any:
 - (a) Owners or other interests from. whom land has been leased which takes place after the lease for the land expires; or
 - (b) Managers or lessors of premises if:
 - (i) The occurrence takes place after you cease to be a tenant in that premises; or
 - (ii) The "bodily injury", "property damage", "personal injury" or "advertising injury" arises out of structural alterations, new construction or demolition operations performed by or on behalf of the manager or lessor.
 - (5) To "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or the failure to render any professional services.
- This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" or the offense which caused the "personal and

advertising injury" involved the rendering of or failure to render any professional services by or for you.

- d. With respect to the insurance afforded to these additional insureds, the following is added to **SECTION III – LIMITS OF INSURANCE**:

The most we will pay on behalf of the additional insured for a covered claim is the lesser of the amount of insurance:

- 1. Required by the contract, agreement or permit described in Paragraph a.; or
- 2. Available under the applicable Limits of Insurance shown in the Declarations.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

2. Additional Insured – Primary and Non-Contributory

The following is added to **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph 4. **Other insurance**:

Additional Insured – Primary and Non-Contributory

If you agree in a written contract, written agreement or permit that the insurance provided to any person or organization included as an Additional Insured under **SECTION II – WHO IS AN INSURED**, is primary and non-contributory, the following applies:

If other valid and collectible insurance is available to the Additional Insured for a loss covered under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary to other insurance that is available to the Additional Insured which covers the

Additional Insured as a Named Insured. We will not seek contribution from any other insurance available to the Additional Insured except:

- (1) For the sole negligence of the Additional Insured;
- (2) When the Additional Insured is an Additional Insured under another primary liability policy; or
- (3) when b. below applies.

If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

- (1) This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:
- (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
 - (b) That is Fire insurance for premises rented to the Additional Insured or temporarily occupied by the Additional Insured with permission of the owner;
 - (c) That is insurance purchased by the Additional Insured to cover the Additional Insured's liability as a tenant for "property damage" to premises rented to the Additional Insured or temporarily occupied by the Additional with permission of the owner; or
 - (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of **SECTION I – COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY.**
- (2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.
- (3) When this insurance is excess over other Insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:
- (a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
 - (b) The total of all deductible and self insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each

insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first. If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers

3. Blanket Waiver of Subrogation

The following is added to **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph **8. Transfer Of Rights Of Recovery Against Others To Us**:

We waive any right of recovery we may have against any person or organization with whom you have a written contract that requires such waiver because of payments we make for damage under this coverage form. The damage must arise out of your activities under a written contract with that person or organization. This waiver applies only to the extent that subrogation is waived under a written contract executed prior to the "occurrence" or offense giving rise to such payments.

4. Bodily Injury Redefined

SECTION V – DEFINITIONS, Definition **3.** "bodily injury" is replaced by the following:

- 3.** "Bodily injury" means bodily injury, sickness or disease sustained by a person including death resulting from any of these at any time. "Bodily injury" includes mental anguish or other mental injury resulting from "bodily injury".

5. Broad Form Property Damage – Borrowed Equipment, Customers Goods, Use of Elevators

- a. SECTION I – COVERAGES, COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Paragraph **2. Exclusions** subparagraph **j.** is amended as follows:

Paragraph **(4)** does not apply to "property damage" to borrowed equipment while at a jobsite and not being used to perform operations.

Paragraphs **(3)**, **(4)** and **(6)** do not apply to "property damage" to "customers goods" while on your premises nor do they apply to the use of elevators at premises you own, rent, lease or occupy.

- b.** The following is added to **SECTION V – DEFINITIONS**:

24. "Customers goods" means property of your customer on your premises for the purpose of being:

- a. worked on; or
- b. used in your manufacturing process.
- c. The insurance afforded under this provision is excess over any other valid and collectible property insurance (including deductible) available to the insured whether primary, excess, contingent

6. Knowledge of Occurrence

The following is added to **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph 2. **Duties in the Event of Occurrence, Offense, Claim or Suit:**

- e. Notice of an "occurrence", offense, claim or "suit" will be considered knowledge of the insured if reported to an individual named insured, partner, executive officer or an "employee" designated by you to give us such a notice.

7. Liberalization Clause

The following is added to **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS:**

Liberalization Clause

If we adopt any revision that would broaden the coverage under this Coverage Form without additional premium, within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

8. Medical Payments

- a. **SECTION I – COVERAGES, COVERAGE C – MEDICAL PAYMENTS**, Paragraph 1. **Insuring Agreement**, subparagraph a.(3)(b) is replaced by the following:
 - (b) The expenses are incurred and reported to us within three years of the date of the accident; and
- b. This coverage does not apply if **COVERAGE C – MEDICAL PAYMENTS** is excluded either by the provisions of the Coverage Part or by endorsement.

9. Newly Acquired Or Formed Organizations

SECTION II – WHO IS AN INSURED, Paragraph 3.a. is replaced by the following:

- a. Coverage under this provision is afforded until the end of the policy period.

10. Non-Owned Watercraft

SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, Paragraph 2. **Exclusions**, subparagraph g.(2) is replaced by the following:

g. Aircraft, Auto Or Watercraft

- (2) A watercraft you do not own that is:

- (a) Less than 51 feet long; and
- (b) Not being used to carry persons or property for a charge;

This provision applies to any person who, with your consent, either uses or is responsible for the use of a watercraft.

11. Supplementary Payments Increased Limits

SECTION I – SUPPLEMENTARY PAYMENTS COVERAGES A AND B, Paragraphs 1.b. and 1.d. are replaced by the following:

- 1.b. Up to \$2,500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

- 1.d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$1000 a day because of time off from work.

12. Unintentional Failure to Disclose Hazards

The following is added to **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph 6. **Representations:**

We will not disclaim coverage under this Coverage Part if you fail to disclose all hazards existing as of the inception date of the policy provided such failure is not intentional.

13. Unintentional Failure to Notify

The following is added to **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph 2. **Duties in the Event of Occurrence, Offense, Claim or Suit:**

Your rights afforded under this policy shall not be prejudiced if you fail to give us notice of an "occurrence", offense, claim or "suit", solely due to your reasonable and documented belief that the "bodily injury" or "property damage" is not covered under this policy.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.



CERTIFICATE OF LIABILITY INSURANCE

THIRK-1

Exhibit 1
OP ID: JPDATE (MM/DD/YYYY)
07/07/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER R. T. Beers & Co. Ins.Services 100 Oceangate, Suite 850 Long Beach, CA 90802-4653 Lejani Sarian	Phone: 562-901-4600 Fax: 562-901-4601	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS:	FAX (A/C, No):
	INSURER(S) AFFORDING COVERAGE		NAIC #
INSURED Thirkettle Corporation Aqua Metric Sales Company 6700 Guada Coma Drive Schertz, TX 78154	INSURER A : Massachusetts Bay Ins Co		
	INSURER B : Allmerica Financial Benefit		
	INSURER C :		
	INSURER D :		
	INSURER E :		
	INSURER F :		

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY	X		ZD3A66494001	07/01/2016	07/01/2017	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ 10,000
							PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						GENERAL AGGREGATE \$ 2,000,000
							PRODUCTS - COMP/OP AGG \$ 2,000,000
							Emp Ben. \$ 1,000,000
B	AUTOMOBILE LIABILITY			AW3A66502301	07/01/2016	07/01/2017	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS						PROPERTY DAMAGE (Per accident) \$
							\$
	UMBRELLA LIAB						EACH OCCURRENCE \$
	EXCESS LIAB						AGGREGATE \$
							\$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY		N/A	WD3A65298201	07/01/2016	07/01/2017	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)						E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
							E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

City of Rowlett is included as additional insured for the General Liability Policy per attached form 421-2915.

CERTIFICATE HOLDER**CANCELLATION**

ROWLETT City of Rowlett 4004 Main St Rowlett, TX 75088	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Lejani Sarian</i>

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Advanced Metering Infrastructure (AMI) Agreement

between

City of Rowlett
(“Customer”)

and
Sensus USA Inc.
(“Sensus”)

IN WITNESS WHEREOF, the parties have caused this AMI Agreement (“Agreement”) to be executed by their duly authorized representatives as of the day and year written below. The date of the last party to sign is the “Effective Date.”

This Agreement shall commence on the Effective Date and continue for/until: 5 Years (“Initial Term”). At the end of the Initial Term, this Agreement shall automatically renew for an additional term of 5 years (“Renewal Term”). The “Term” shall refer to both the Initial Term and the Renewal Term.

This Agreement contains two parts: Part (1) is The FCC Notification for Spectrum Manager Lease, to be filed with the FCC by Sensus on behalf of the Customer and Part (2) is a AMI Agreement between Sensus and Customer. Together, these two parts create the Agreement.

Sensus USA Inc.

By: _____

Name: _____

Title: _____

Date: _____

Customer: City of Rowlett

By: _____

Name: _____

Title: _____

Date: _____

Contents of this Agreement:

Part 1: Notification for Spectrum Manager Lease

Part 2: AMI Agreement

Exhibit A Software

Exhibit B Technical Support

Part 1: Notification for Spectrum Manager Lease

In order for Sensus to apply to the FCC on the Customer's behalf for a spectrum manager lease, Customer must complete the information below in boxes one (1) through ten (10) and certify via authorized signature. Customer's signature will indicate that Customer authorizes Sensus to file the spectrum manager lease notification on FCC Form 608 with the Customer as spectrum Lessee, and if Customer does not already have one, ownership disclosure information on FCC Form 602.

1.

Customer/Lessee Name:		
Attention To:		Name of Real Party in Interest:
Street Address:		City:
State:	Zip:	Phone:
Fax:	Email:	

Is Customer contact information same as above? Yes No (If No, complete box 2 below)

2.

Additional Customer/Lessee Contact Information

Company Name:		
Attention To:		
Street Address:		City:
State:	Zip:	Phone:
Fax:	Email:	

3.

Customer/Lessee is a(n) (Select one): <input type="checkbox"/> Individual <input type="checkbox"/> Unincorporated Association <input type="checkbox"/> Trust <input type="checkbox"/> Government Entity <input type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Consortium <input type="checkbox"/> Other _____

4.

FCC Form 602: FCC File Number of Customer's Form 602 Ownership Information: _____. If Customer has not filed a Form 602, Sensus will file one for Customer. Please complete questions 5, 6, and 7 below if Customer does <u>not</u> have a Form 602 on file. Customer must complete items 8, 9 and 10 irrespective of whether Customer has an ownership report on file.
--

5.

Customer Tax ID:

6.

Individual Contact For FCC Matters

Please designate one individual (the Director of Public Works or similar person) who is responsible to the FCC for the operation of the FlexNet radio system.	
Name	
Title:	
Email:	Phone:

7.

Ownership Disclosure Information

If Customer/Lessee is a government entity, list the names of the Mayor and all Council Members below, as well as verify citizenship and ownership interests in any entity regulated by the FCC. Such ownership must be disclosed where a mayor/council member owns 10% or more, directly or indirectly, or has operating control of any entity subject to FCC regulation. If any answer to Ownership question is Yes, or any answer to Citizenship question is No, provide an attachment with further explanation.		
	US Citizen?	Ownership Disclosure?
Mayor:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Council Member:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Council Member:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Council Member:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Council Member:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Council Member:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Council Member:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Council Member:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Council Member:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Council Member:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

8.

Alien Ownership Questions (if the answer is Yes, provide an attachment explaining the circumstances)

1) Is the Customer/Lessee a foreign government or the representative of any foreign government?	<input type="checkbox"/> Yes <input type="checkbox"/> No
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9.

Basic Qualification Information

1) Has the Customer or any party to this application had any FCC station authorization, license, or construction permit revoked or had any application for an initial, modification or renewal of FCC station authorization, license or construction permit denied by the Commission?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2) Has the Customer or any party to this filing, or any party directly or indirectly controlling the Customer or any party to this filing ever been convicted of a felony by any state or federal court?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3) Has any court finally adjudged the Customer or any party directly or indirectly controlling the Customer guilty of unlawfully monopolizing or attempting to unlawfully monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement, or any other means or unfair methods of competition?	<input type="checkbox"/> Yes <input type="checkbox"/> No

10.

Customer/Lessee Certification Statements

1) The Customer/Lessee agrees that the Lease is not a sale or transfer of the license itself.	<input type="checkbox"/> Yes
2) The Customer/Lessee acknowledges that it is required to comply with the Commission's Rules and Regulations and other applicable law at all times, and if the Customer/Lessee fails to so comply, the Lease may be revoked, cancelled, or terminated by either the Licensee or the Commission.	<input type="checkbox"/> Yes
3) The Customer/Lessee certifies that neither it nor any other party to the Application/Notification is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C § 862, because of a conviction for possession or distribution of a controlled substance (See Section 1.2002(b) of the rules, 47 CFR § 1.2002(b), for the definition of "party to the application" as used in this certification.)	<input type="checkbox"/> Yes
4) The Customer/Lessee hereby accepts Commission oversight and enforcement consistent with the license and lease authorization. The Lessee acknowledges that it must cooperate fully with any investigation or inquiry conducted either by the Commission or the Licensee, allow the Commission or the Licensee to conduct on-site inspections of transmission facilities, and suspend operations at the direction of the Commission or the Licensee and to the extent that such suspension of operation would be consistent with applicable Commission policies.	<input type="checkbox"/> Yes
5) The Customer/Lessee acknowledges that in the event an authorization held by a Licensee that has associated with it a spectrum leasing arrangement that is the subject of this filing is revoked, cancelled, terminated, or otherwise ceases to be in effect, the Customer/Lessee will have no continuing authority to use the leased spectrum and will be required to terminate its operations no later than the date on which the Licensee ceases to have any authority to operate under the license, unless otherwise authorized by the Commission.	<input type="checkbox"/> Yes
6) The Customer/Lessee agrees the Lease shall not be assigned to any entity that is not eligible or qualified to enter into a spectrum leasing arrangement under the Commission's Rules and Regulations.	<input type="checkbox"/> Yes
7) The Customer/Lessee waives any claim to the use of any particular frequency or of the electromagnetic spectrum as against the regulatory power of the United States because of the previous use of the same, whether by spectrum lease or otherwise.	<input type="checkbox"/> Yes
8) The Customer/Lessee certifies that it is not in default on any payment for Commission licenses and that it is not delinquent on any non-tax debt owed to any federal agency.	<input type="checkbox"/> Yes

The Customer/Lessee certifies that all of its statements made in this Application/Notification and in the schedules, exhibits, attachments, or documents incorporated by reference are material, are part of this Application/Notification, and are true, complete, correct, and made in good faith. The Customer/Lessee shall notify Sensus in writing in the event any information supplied on this form changes.

Type or Printed Name of Party Authorized to Sign

First Name:	MI:	Last Name:	Suffix:
Title:		Customer Name:	
Signature:			Date:
FAILURE TO SIGN THIS APPLICATION MAY RESULT IN DISMISSAL OF THE APPLICATION AND FORFEITURE OF ANY FEES PAID.			
WILLFUL FALSE STATEMENTS MADE ON THIS FORM OR ANY ATTACHMENTS ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. Code, Title 18, Section 1001) AND/OR REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. Code, Title 47, Section 312(a)(1)) AND/OR FORFEITURE (U.S. Code Title 47, Section 503).			

Part 2: AMI Agreement

1. **Equipment.**
 - A. **Purchase of Equipment.** Customer shall purchase all Field Devices, RF Field Equipment, and other goods (collectively, "Equipment") from Sensus' authorized distributor pursuant to the terms and conditions (including any warranties on such Equipment) agreed by Customer and Sensus' authorized distributor. This Agreement shall not affect any terms and conditions, including any warranty terms, agreed by Customer and Sensus' authorized distributor. If Customer elects to purchase any equipment or services directly from Sensus, or if Customer pays any fees or other costs to Sensus, then Sensus' Terms of Sale shall apply. The "Terms of Sale" are available at: <http://na.sensus.com/TC/TermsConditions.pdf>, or 1-800-METER-IT.
 - B. **THERE ARE NO WARRANTIES IN THIS AGREEMENT, EXPRESS OR IMPLIED. SENSUS EXPRESSLY DISCLAIMS ANY AND ALL REPRESENTATIONS, WARRANTIES AND/OR CONDITIONS, EXPRESSED, IMPLIED, STATUTORY OR OTHERWISE, REGARDING ANY MATTER IN CONNECTION WITH THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, WARRANTIES AS TO FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, NON-INFRINGEMENT AND TITLE.**
2. **Services.**
 - A. **Installation of Equipment.** Installation services will be as agreed between the Customer and Sensus' authorized distributor. Sensus will not provide installation services pursuant to this Agreement.
 - B. **Software Implementation.** Sensus shall install and configure the Software on the Server Hardware.
 - C. **IT Systems Integration Services.** Integration of the Software into Customer's new or existing internal IT systems is not included in this Agreement. Any integration work shall be subject to a separate agreement which describes the scope and pricing for such work.
 - D. **Technical Support.** Sensus shall provide Customer the technical support set forth in Exhibit B.
 - E. **Project Management.** Project management of the AMI System is not included in this Agreement. Any project management shall be subject to a separate agreement which describes the scope and pricing for such work.
 - F. **Training.** Training on the use of the AMI System is not included in this Agreement. Any training shall be subject to a separate agreement which describes the scope and pricing for such work.
3. **Software.**
 - A. **Software as a Service (SaaS).** Sensus shall provide Customer with Software as a Service, as defined in Exhibit A, only so long as Customer is current in its payments for such services.
 - B. **UCITA.** To the maximum extent permitted by law, the Parties agree that the Uniform Computer Information Transaction Act as enacted by any state shall not apply, in whole or in part, to this Agreement.
4. **Spectrum**
 - A. **Definitions in this Section 4.** In this Section 4 only, "Sensus" shall mean Sensus USA Inc. and its wholly owned subsidiary, Sensus Spectrum LLC.
 - B. **Spectrum Lease.** Sensus hereby grants to Customer, and Customer accepts, a spectrum manager lease ("Spectrum Lease") over the frequencies of certain FCC license(s) ("FCC License") solely within Customer's Service Territory. (The frequencies of the FCC License within Customer's geographic Service Territory are called the "Leased Spectrum"). Customer shall pay the Ongoing Fees for use of the Leased Spectrum.
 - C. **FCC Forms.** At the Federal Communications Commission (FCC), Sensus will: (1) obtain an FCC Registration Number (FRN) for Customer; (2) submit on behalf of Customer the FCC Form 602 Ownership Disclosure Information if Customer has not already done so; and (3) file a FCC Form 608, notification/application for long-term spectrum manager lease. This Lease becomes effective when the FCC accepts the FCC Form 608.
 - D. **Lease Application.** In order to complete the FCC lease application, Customer will promptly:
 - i. Complete and sign the representations in Part 1 of this Agreement such that Customer demonstrates it qualifies for a spectrum lease under FCC rules. Customer's signature will indicate that Customer authorizes Sensus to: (1) obtain an FRN on behalf of Customer; (2) submit the FCC Form 602 Ownership Disclosure Information on behalf of Customer if Customer has not already done so; and (3) file the spectrum manager lease notification on FCC Form 608 with the Customer as spectrum lessee.
 - ii. Give Sensus the coordinates of the boundaries of Customer's Service Territory or, alternatively, approve Sensus' estimation of the same.
 - iii. If Customer has not already done so; Customer hereby authorizes Sensus to apply on Customer's behalf and obtain for Customer a Federal Registration Number (FRN, the FCC's unique identifier for each licensee) and shall supply Sensus with Customer's Taxpayer Identification Number (TIN).
 - iv. Provide any other information or other cooperation reasonably necessary for the Parties to perform as set forth herein.
 - E. **Permitted Use of Spectrum Lease.** Customer may transmit or receive over the Leased Spectrum only in the Service Territory and only using FlexNet equipment manufactured by Sensus and used in accordance with Sensus' specifications. Customer may use the Leased Spectrum only to read and direct meters in support of Customer's primary utility business or any other operation approved by Sensus in writing. Without limiting the foregoing, Customer is prohibited from reselling, subleasing or sublicensing the Leased Spectrum or from transmitting voice communications over the Leased Spectrum. For each piece of RF Field Equipment used by Customer, Customer shall affix a Sensus-supplied label to the exterior of the RF Field Equipment cabinet or other appropriate visible place to indicate that RF operation is conducted under authority of FCC License(s) issued to Sensus.
 - F. **Term of Spectrum Lease.** Unless terminated earlier (because, for example, Customer stops using the FlexNet equipment or because this Agreement terminates or expires for any reason), this Spectrum Lease will have the same term as the FCC license. If Customer is operating in compliance with this Agreement and is current on any payments owed to Sensus, when the FCC License renews, the Parties will apply to the FCC to renew this Spectrum Lease.
 - G. **Termination of Spectrum Lease.** The Spectrum Lease will terminate: (a) two months after Customer stops transmitting with FlexNet equipment manufactured by Sensus; (b) upon termination, revocation or expiration of the FCC License; (c) upon Customer's breach of this Agreement; or (d) upon termination or expiration of this Agreement for any reason.
 - H. **FCC Compliance.** The following FCC requirements apply:
 - i. Pursuant to 47 CFR 1.9040(a):
 - (a) Customer must comply at all times with applicable FCC rules. This Agreement may be revoked by Sensus or the FCC if Customer fails to so comply;
 - (b) If the FCC License is terminated, Customer has no continuing right to use the Leased Spectrum unless otherwise authorized by the FCC;
 - (c) This Agreement is not an assignment, sale or other transfer of the FCC License;
 - (d) This Agreement may not be assigned except upon written consent of Sensus, which consent may be withheld in its discretion; and
 - (e) In any event, Sensus will not consent to an assignment that does not satisfy FCC rules.
 - ii. Referencing 47 CFR 1.9010, Sensus retains *de jure* and *de facto* control over the applicable radio facilities, including that,
 - (a) Sensus will be responsible for Customer's compliance with FCC policies and rules. Sensus represents and warrants that it has engineered the FlexNet equipment and accompanying software and other programs to comply with FCC rules. Customer will operate the FlexNet equipment subject

to Sensus' supervision and control and solely in accordance with Sensus' specifications. Sensus retains the right to inspect Customer's radio operations hereunder and to terminate this Agreement or take any other necessary steps to resolve a violation of FCC rules, including to order Customer to cease transmission. Sensus will act as spectrum manager in assigning spectrum under the FCC License so as to avoid any harmful interference or other violation of FCC rules. Sensus will be responsible for resolving any interference complaints or other FCC rule violations that may arise; and

- (b) Sensus will file any necessary FCC forms or applications and Customer agrees to reasonably assist Sensus with such filing by providing any necessary information or other cooperation. Sensus will otherwise interact with the FCC with respect to this Agreement, the FCC License or FlexNet equipment.

I. **Interference.** Customer agrees to report to Sensus promptly, and in no event later than 72 hours afterward, any incident related to the Leased Spectrum, including where Customer experiences harmful interference, receives a complaint or other notice of having caused harmful interference, or receives any type of communication from the FCC or other government agency regarding radio transmission.

5. **General Terms and Conditions.**

A. **Intentionally Omitted**

B. **Limitation of Liability.**

- i. Sensus' aggregate liability in any and all causes of action arising under, out of or in relation to this Agreement, its negotiation, performance, breach or termination (collectively "Causes of Action") shall not exceed the greater of: (a) the total amount paid by Customer directly to Sensus under this Agreement; or (b) ten thousand US dollars (USD 10,000.00). This is so whether the Causes of Action are in tort, including, without limitation, negligence or strict liability, in contract, under statute or otherwise. As separate and independent limitations on liability, Sensus' liability shall be limited to direct damages. Sensus shall not be liable for: (i) any indirect, incidental, special or consequential damages; nor (ii) any revenue or profits lost by Customer or its Affiliates from any End User(s), irrespective whether such lost revenue or profits is categorized as direct damages or otherwise; nor (iii) any In/Out Costs; nor (iv) manual meter read costs and expenses; nor (v) claims made by a third party; nor (vi) damages arising from maincase or bottom plate breakage caused by freezing temperatures, water hammer conditions, or excessive water pressure. The limitations on liability set forth in this Agreement are fundamental inducements to Sensus entering into this Agreement. They apply unconditionally and in all respects. They are to be interpreted broadly so as to give Sensus the maximum protection permitted under law.
- ii. To the maximum extent permitted by law, no Cause of Action may be instituted by Customer against Sensus more than TWELVE (12) MONTHS after the Cause of Action first arose. In the calculation of any damages in any Cause of Action, no damages incurred more than TWELVE (12) MONTHS prior to the filing of the Cause of Action shall be recoverable.

C. **Termination.** Either party may terminate this Agreement earlier if the other party commits a material breach of this Agreement and such material breach is not cured within forty-five (45) days of written notice by the other party. Upon any expiration or termination of this Agreement, Sensus' and Customer's obligations hereunder shall cease and the software as a service and Spectrum Lease shall immediately cease.

D. **Force Majeure.** If either party becomes unable, either wholly or in part, by an event of Force Majeure, to fulfill its obligations under this Agreement, the obligations affected by the event of Force Majeure will be suspended during the continuance of that inability. The party affected by the force majeure will take reasonable steps to mitigate the Force Majeure.

E. **Intellectual Property.** No Intellectual Property is assigned to Customer hereunder. Sensus shall own or continue to own all Intellectual Property used, created, and/or derived in the course of performing this Agreement. To the extent, if any, that any ownership interest in and to such Intellectual Property does not automatically vest in Sensus by virtue of this Agreement or otherwise, and instead vests in Customer, Customer agrees to grant and assign and hereby does grant and assign to Sensus all right, title, and interest that Customer may have in and to such Intellectual Property. Customer agrees not to reverse engineer any Equipment purchased or provided hereunder.

F. **Confidentiality.** Both parties shall (and shall cause their employees and contractors to) keep all Confidential Information strictly confidential and shall not disclose it to any third party, except to the extent reasonably required to perform and enforce this Agreement or as required under applicable law, court order or regulation. The Confidential Information may be transmitted orally, in writing, electronically or otherwise observed by either party. Notwithstanding the foregoing, "Confidential Information" shall not include: (i) any information that is in the public domain other than due to Recipient's breach of this Agreement; (ii) any information in the possession of the Recipient without restriction prior to disclosure by the Discloser; or (iii) any information independently developed by the Recipient without reliance on the information disclosed hereunder by the Discloser. "Discloser" means either party that discloses Confidential Information, and "Recipient" means either party that receives it.

G. **Compliance with Laws.** Customer shall comply with all applicable country, federal, state, and local laws and regulations, as set forth at the time of acceptance and as may be amended, changed, or supplemented. Customer shall not take any action, or permit the taking of any action by a third party, which may render Sensus liable for a violation of applicable laws.

- i. **Export Control Laws.** Customer shall: (i) comply with all applicable U.S. and local laws and regulations governing the use, export, import, re-export, and transfer of products, technology, and services; and (ii) obtain all required authorizations, permits, and licenses. Customer shall immediately notify Sensus, and immediately cease all activities with regards to the applicable transaction, if the Customer knows or has a reasonable suspicion that the equipment, software, or services provided hereunder may be directed to countries in violation of any export control laws. By ordering equipment, software or services, Customer certifies that it is not on any U.S. government export exclusion list.
- ii. **Anti-Corruption Laws.** Customer shall comply with the United States Foreign Corrupt Practices Act (FCPA), 15 U.S.C. §§ 78dd-1, et seq.; laws and regulations implementing the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; the U.N. Convention Against Corruption; the Inter-American Convention Against Corruption; and any other applicable laws and regulations relating to anti-corruption in the Customer's county or any country where performance of this Agreement, or delivery or use of equipment, software or services will occur.

H. **Non-Waiver of Rights.** A waiver by either party of any breach of this Agreement or the failure or delay of either party to enforce any of the articles or other provisions of this Agreement will not in any way affect, limit or waive that party's right to enforce and compel strict compliance with the same or other articles or provisions.

I. **Assignment and Sub-contracting.** Either party may assign, transfer or delegate this Agreement without requiring the other party's consent; (i) to an Affiliate; (ii) as part of a merger; or (iii) to a purchaser of all or substantially all of its assets. Apart from the foregoing, neither party may assign, transfer or delegate this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld. Furthermore, Customer acknowledges Sensus may use subcontractors to perform RF Field Equipment installation, the systems integration work (if applicable), or project management (if applicable), without requiring Customer's consent.

J. **Amendments.** No alteration, amendment, or other modification shall be binding unless in writing and signed by both Customer and by a vice president (or higher) of Sensus.

K. **Governing Law and Dispute Resolution.** This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Texas. Any and all disputes arising under, out of, or in relation to this Agreement, its negotiation, performance or termination ("Disputes") shall first be resolved by the Parties attempting mediation in Texas. If the Dispute is not resolved within sixty (60) days of the commencement of the mediation, it shall be litigated in the state

or federal courts located in Texas. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES AGREE TO A BENCH TRIAL AND THAT THERE SHALL BE NO JURY IN ANY DISPUTES.

- L. **Restriction on Discovery.** The Parties acknowledge the abundance of documents, data, and other information stored in an electronic manner and the time and costs associated with retrieving relevant electronic data from the Parties during the Discovery portion of a claim. Accordingly, the Parties shall utilize only printed or hard-copy documents, data, and other information in Discovery and shall not use or request electronic or e-Discovery methods for any claim, demand, arbitration or litigation subject to this Agreement. All relevant and unprivileged printed or hard-copy materials shall be subject to Discovery, but neither Party has an obligation to maintain printed or hard-copy files in anticipation of a claim, demand, litigation, or arbitration proceeding.
- M. **Survival.** The provisions of this Agreement that are applicable to circumstances arising after its termination or expiration shall survive such termination or expiration.
- N. **Severability.** In the event any provision of this Agreement is held to be void, unlawful or otherwise unenforceable, that provision will be severed from the remainder of the Agreement and replaced automatically by a provision containing terms as nearly like the void, unlawful, or unenforceable provision as possible; and the Agreement, as so modified, will continue to be in full force and effect.
- O. **Four Corners.** This written Agreement, including all of its exhibits, represents the entire understanding between and obligations of the parties and supersedes all prior understandings, agreements, negotiations, and proposals, whether written or oral, formal or informal between the parties. Any additional writings shall not modify any limitations or remedies provided in the Agreement. There are no other terms or conditions, oral, written, electronic or otherwise. There are no implied obligations. All obligations are specifically set forth in this Agreement. Further, there are no representations that induced this Agreement that are not included in it. The ONLY operative provisions are set forth in writing in this Agreement. Without limiting the generality of the foregoing, no purchase order placed by or on behalf of Customer shall alter any of the terms of this Agreement. The parties agree that such documents are for administrative purposes only, even if they have terms and conditions printed on them and even if and when they are accepted and/or processed by Sensus. Any goods, software or services delivered or provided in anticipation of this Agreement (for e.g., as part of a pilot or because this Agreement has not yet been signed but the parties have begun the deployment) under purchase orders placed prior to the execution of this Agreement are governed by this Agreement upon its execution and it replaces and supersedes any such purchase orders.
- P. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Additionally, this Agreement may be executed by facsimile or electronic copies, all of which shall be considered an original for all purposes.
6. **Definitions.** As used in this Agreement, the following terms shall have the following meanings:
- A. **"Affiliate"** of a party means any other entity controlling, controlled by, or under common control with such party, where "control" of an entity means the ownership, directly or indirectly, of 50% or more of either: (i) the shares or other equity in such entity; or (ii) the voting rights in such entity.
- B. **"AMI System"** identifies the Sensus FlexNet Advanced Meter Infrastructure System comprised of the SmartPoint Modules, RF Field Equipment, Server Hardware, software licenses, FCC licenses, and other equipment provided to Customer hereunder. The AMI System only includes the foregoing, as provided by Sensus. The AMI System does not include goods, equipment, software, licenses or rights provided by a third party or parties to this Agreement.
- C. **"Confidential Information"** means any and all non-public information of either party, including the terms of this agreement, all technical information about either party's products or services, pricing information, marketing and marketing plans, Customer's End Users' data, AMI System performance, AMI System architecture and design, AMI System software, other business and financial information of either party, and all trade secrets of either party.
- D. **"Echo Transceiver"** identifies the Sensus standalone, mounted relay device that takes the radio frequency readings from the SmartPoint Modules and relays them by radio frequency to the relevant FlexNet Base Station.
- E. **"End User"** means any end user of electricity, water, and/or gas (as applicable) that pays Customer for the consumption of electricity, water, and/or gas, as applicable.
- F. **"Field Devices"** means the meters and SmartPoint Modules.
- G. **"FlexNet Base Station"** identifies the Sensus manufactured device consisting of one transceiver, to be located on a tower that receives readings from the SmartPoint Modules (either directly or via an Echo Transceiver) by radio frequency and passes those readings to the RNI by TCP/IP backhaul communication. For clarity, FlexNet Base Stations include Metro Base Stations.
- H. **"Force Majeure"** means an event beyond a party's reasonable control, including, without limitation, acts of God, hurricane, flood, volcano, tsunami, tornado, storm, tempest, mudslide, vandalism, illegal or unauthorized radio frequency interference, strikes, lockouts, or other industrial disturbances, unavailability of component parts of any goods provided hereunder, acts of public enemies, wars, blockades, insurrections, riots, epidemics, earthquakes, fires, restraints or prohibitions by any court, board, department, commission or agency of the United States or any States, any arrests and restraints, civil disturbances and explosion.
- I. **"Hosted Software"** means those items listed as an Application in Exhibit A.
- J. **"In/Out Costs"** means any costs and expenses incurred by Customer in transporting goods between its warehouse and its End User's premises and any costs and expenses incurred by Customer in installing, uninstalling and removing goods.
- K. **"Intellectual Property"** means patents and patent applications, inventions (whether patentable or not), trademarks, service marks, trade dress, copyrights, trade secrets, know-how, data rights, specifications, drawings, designs, maskwork rights, moral rights, author's rights, and other intellectual property rights, including any derivations and/or derivative works, as may exist now or hereafter come into existence, and all renewals and extensions thereof, regardless of whether any of such rights arise under the laws of the United States or of any other state, country or jurisdiction, any registrations or applications thereof, and all goodwill pertinent thereto.
- L. **"LCM"** identifies the load control modules.
- M. **"Ongoing Fee"** means the annual or monthly fees, as applicable, to be paid by Customer to Sensus' authorized distributor during the Term of this Agreement.
- N. **"Patches"** means patches or other maintenance releases of the Software that correct processing errors and other faults and defects found previous versions of the Software. For clarity, Patches are not Updates or Upgrades.
- O. **"Permitted Use"** means only for reading and analyzing data from Customer's Field Devices in the Service Territory. The Permitted Use does not include reading third party meters or reading meters outside the Service Territory.
- P. **"Release"** means both Updates and Upgrades.
- Q. **"Remote Transceiver"** identifies the Sensus standalone, mounted relay device that takes the radio frequency readings from the SmartPoint Modules and relays them directly to the RNI by TCP/IP backhaul communication.
- R. **"RF Field Equipment"** means, collectively, FlexNet Base Stations, Echo Transceivers and Remote Transceivers.
- S. **"RNI"** identifies the regional network interfaces consisting of hardware and software used to gather, store, and report data collected by the FlexNet Base Stations from the SmartPoint Modules. The RNI hardware specifications will be provided by Sensus upon written request from Customer.
- T. **"RNI Software"** identifies the Sensus proprietary software used in the RNI and any Patches, Updates, and Upgrades that are provided to Customer pursuant to the terms of this Agreement.
- U. **"Service Territory"** identifies the geographic area where Customer provides electricity, water, and/or gas (as applicable) services to End Users as of the Effective Date. This area will be described on the propagation study in the parties' Spectrum Lease filing with the FCC.
- V. **"Server Hardware"** means the RNI hardware.
- W. **"SmartPoint™ Modules"** identifies the Sensus transmission devices installed on devices such as meters, distribution automation equipment and demand/response devices located at Customer's End Users' premises that take the readings of the meters and transmit those readings by radio frequency to the relevant FlexNet Base Station, Remote Transceiver or Echo Transceiver.
- X. **"Software"** means all the Sensus proprietary software provided pursuant to this Agreement, and any Patches, Updates, and Upgrades that are provided to Customer pursuant to the terms of this Agreement. The Software does not include any third party software.

- Y. **"TouchCoupler Unit"** identifies an inductive coupler connection from a water register to the SmartPoint Module.
- Z. **"Updates"** means releases of the Software that constitute a minor improvement in functionality.
- AA. **"Upgrades"** means releases of the Software which constitute a significant improvement in functionality or architecture of the Software.
- BB. **"WAN Backhaul"** means the communication link between FlexNet Base Stations and Remote Transceivers and RNI.



Exhibit A
Software

Software as a Service

I. Description of Services

This exhibit contains the details of the Software as a Service that Sensus shall provide to Customer if both: (i) pricing for the application of Software as a Service has been provided to the Customer; and (ii) the Customer is current in its payments for such application of Software as a Service.

A. Software as a Service Generally.

Software as a Service is a managed service in which Sensus will be responsible for the day-to-day monitoring, maintenance, management, and supporting of Customer's software applications. In a Software as a Service solution, Sensus owns all components of the solution (server hardware, storage, network equipment, Sensus software, and all third-party software) required to run and operate the application. These software applications consist of the following (each an "Application"):

- Regional Network Interface (RNI) Software
- Sensus Analytics
 - Enhanced Package

The managed application systems consist of the hardware, Sensus Software, and other third-party software that is required to operate the software applications. Each Application will have a production, and Disaster Recovery (as described below) environment. Test environments are not provided unless otherwise specifically agreed by Sensus in writing. Sensus will manage the Applications by providing 24 x 7 x 365 monitoring of the availability and performance of the Applications.

B. **Usage License.** Subject to all the terms and conditions of this Agreement, Sensus hereby gives Customer a license under Sensus' intellectual property rights to use the Sensus Applications for the Permitted Use for so long as Customer is current in its payments for the Applications ("Usage License"). This Usage License shall commence on the Effective Date and shall terminate upon the earlier of: (i) the expiration or termination of this Agreement for any reason; (ii) if Customer uses the Applications provided hereunder other than for the Permitted Use; and (iii) the Application is terminated as set forth below.

C. **Termination of Software as a Service.** Customer shall have the option at any time after full deployment but before the end of the Term to terminate any Application by giving Sensus one hundred twenty (120) days prior written notice. Such notice, once delivered to Sensus, is irrevocable. Should Customer elect to terminate any Application, Customer acknowledges that: (a) Customer shall pay all applicable fees, including any unpaid Software as a Service fees; and (b) Software as a Service for such Application shall immediately cease. If Customer elects to terminate the RNI Application in the Software as a Service environment but does not terminate the Agreement generally, then upon delivery of the notice to Sensus, Customer shall purchase the necessary (a) RNI hardware and (b) RNI software license, each at Sensus' then-current pricing. No portion of the Software as a Service fees shall be applied to the purchase of the RNI hardware or software license.

D. "**Software as a Service**" means **only** the following services:

- i. Sensus will provide the use of required hardware, located at Sensus' or a third-party's data center facility (as determined by Sensus), that is necessary to operate the Application.
- ii. Sensus will provide production and disaster recovery environments for Application.
- iii. Sensus will provide patches, updates, and upgrades to latest Sensus Hosted Software release.
- iv. Sensus will configure and manage the equipment (server hardware, routers, switches, firewalls, etc.) in the data centers:
 - a. Network addresses and virtual private networks (VPN)
 - b. Standard time source (NTP or GPS)
 - c. Security access points
 - d. Respond to relevant alarms and notifications
- v. Capacity and performance management. Sensus will:
 - a. Monitor capacity and performance of the Application server and software applications 24x7 using KPI metrics, thresholds, and alerts to proactively identify any potential issues related to system capacity and/or performance (i.e. database, backspool, logs, message broker storage, etc.)
 - b. If an issue is identified to have a potential impact to the system, Sensus will open an incident ticket and manage the ticket through resolution per Exhibit B, Technical Support.
 - c. Manage and maintain the performance of the server and perform any change or configuration to the server, in accordance to standard configuration and change management policies and procedures.
 - d. Manage and maintain the server storage capacity and performance of the Storage Area Network (SAN), in accordance to standard configuration and change management policies and procedures.
 - e. Exceptions may occur to the system that require Sensus to take immediate action to maintain the system capacity and performance levels, and Sensus has authority to make changes without Customer approval as needed, in accordance to standard configuration and change management policies and procedures.
- vi. Database management. Sensus will:
 - a. Define data retention plan and policy.
 - b. Monitor space and capacity requirements.
 - c. Respond to database alarms and notifications.
 - d. Install database software upgrades and patches.
 - e. Perform routine database maintenance and cleanup of database to improve capacity and performance, such as rebuilding indexes, updating indexes, consistency checks, run SQL query/agent jobs, etc.
- vii. Incident and Problem Management. Sensus will:
 - a. Proactively monitor managed systems (24x7x365) for key events and thresholds to proactively detect and identify incidents.
 - b. Respond to incidents and problems that may occur to the Application(s).
 - c. Maintain policies and procedures for responding to incidents and performing root cause analysis for ongoing problems.
 - d. Correlate incidents and problems where applicable.
 - e. Sensus personnel will use the Salesforce Self Service Portal to document and track incidents.
 - f. In the event that a Sensus personnel is unable to resolve an issue, the issue will be escalated to the appropriate Subject Matter Expert (SME).
 - g. Maintain responsibility for managing incident and problems through resolution and will coordinate with Customer's personnel and/or any required third-party vendor to resolve the issue.
 - h. Provide telephone support consistent with Exhibit B, Technical Support in the case of undetected events.
- viii. Security Management. Sensus will:



- a. Monitor the physical and cyber security of the server and Application(s) 24x7 to ensure system is highly secure in accordance with NIST Security Standards.
- b. Perform active intrusion prevention and detection of the data center network and firewalls, and monitor logs and alerts.
- c. Conduct period penetration testing of the network and data center facilities.
- d. Conduct monthly vulnerability scanning by both internal staff and external vendors.
- e. Perform Anti-Virus and Malware patch management on all systems.
- f. Install updates to virus protection software and related files (including Virus signature files and similar files) on all servers from the update being generally available from the anti-virus software provider.
- g. Respond to any potential threat found on the system and work to eliminate Virus or Malware found.
- h. Sensus adheres to and submits certification to NERC/CIP Cyber Security standards.
- i. Sensus actively participates/monitors industry regulation/standards regarding security – NERC, FERC, NIST, OpenSG, etc. through the dedicated Sensus Security team.
- j. Provide secure web portal access (SSL) to the Application(s).
- ix. Backup and Disaster Recovery Management. Sensus will:
 - a. Perform daily backups of data providing one (1) year of history for auditing and restoration purposes.
 - b. Back-up and store data (on tapes or other storage media as appropriate) off-site to provide protection against disasters and to meet file recovery needs.
 - c. Conduct incremental and full back-ups to capture data, and changes to data, on the Application(s).
 - d. Sensus will replicate the Application(s) environments to a geographically separated data center location to provide a full disaster recovery environment for the Application production system.
 - e. Provide disaster recovery environment and perform fail-over to DR environment within forty-eight (48) hours of declared event.
 - f. Generate a report following each and any disaster measuring performance against the disaster recovery plan and identification of problem areas and plans for resolution.
 - g. Maintain a disaster recovery plan. In the event of a disaster, Sensus shall provide the services in accordance with the disaster recovery plan.
 - h. In the case of a disaster and loss of access to or use of the Application, Sensus would use commercially reasonable efforts per the Recovery Time Objectives and Recovery Point Objectives specified herein to restore operations at the same location or at a backup location within forty-eight (48) hours.
 - i. The Application shall have a Recovery Time Objective (RTO) of forty-eight (48) hours.
 - j. The Recovery Point Objective (RPO) shall be a full recovery of the Application(s), with an RPO of one (1) hours, using no more than a twenty-four (24) hour old backup. All meter-related data shall be pushed from each Base Station/TGB restoring the database to real-time minus external interfaced systems from the day prior.
 - k. Data from external interfaced systems shall be recreated within a forty-eight (48) hour period with the assistance of Customer personnel and staff, as needed.

E. Customer Responsibilities:

- i. Coordinate and schedule any changes submitted by Sensus to the system in accordance with standard configuration and change management procedures.
- ii. Participate in all required configuration and change management procedures.
- iii. Customer will log incidents related to the managed Application with Sensus personnel via email, web portal ticket entry, or phone call.
- iv. Responsible for periodic processing of accounts or readings (i.e. billing files) for Customer's billing system for billing or other analysis purposes.
- v. Responsible for any field labor to troubleshoot any SmartPoint modules or smart meters in the field in populations that have been previously deployed and accepted.
- vi. First response labor to troubleshoot FlexNet Base Station, Echo Transceivers, Remote Transceivers or other field network equipment.
- vii. Responsible for local area network configuration, management, and support.
- viii. Identify and research problems with meter reads and meter read performance.
- ix. Create and manage user accounts.
- x. Customize application configurations.
- xi. Support application users.
- xii. Investigate application operational issues (e.g. meter reads, reports, alarms, etc.).
- xiii. Respond to alarms and notifications.
- xiv. Perform firmware upgrades over-the-air, or delegate and monitor field personnel for on-site upgrades.

F. "Software as a Service" does not include any of the following services:

- i. Parts or labor required to repair damage to any field network equipment that is the result of a Force Majeure event.
- ii. Any integration between applications, such as Harris MeterSense, would require a Professional Services contract agreement to be scoped, submitted, and agreed in a signed writing between Sensus and all the applicable parties.

If an item is not listed in subparagraphs in item (D) above, such item is excluded from the Software as a Service and is subject to additional pricing.

II. Further Agreements

A. System Uptime Rate

- i. Sensus (or its contractor) shall manage and maintain the Application(s) on computers owned or controlled by Sensus (or its contractors) and shall provide Customer access to the managed Application(s) via internet or point to point connection (i.e., Managed-Access use), according to the terms below. Sensus endeavors to maintain an average System Uptime Rate equal to ninety-nine (99.0) per Month (as defined below). The System Uptime Rate, cumulative across all Applications, shall be calculated as follows:

$$\text{System Uptime Rate} = 100 \times \frac{\text{TMO} - \text{Total Non-Scheduled Downtime minutes in the Month}}{\text{TMO}}$$

i. Calculations

- a. "Targeted Minutes of Operation" or "TMO" means total minutes cumulative across all Applications in the applicable month ("Month") minus the Scheduled Downtime in the Month.
- b. "Scheduled Downtime" means the number of minutes during the Month, as measured by Sensus, in which access to any Application is scheduled to be unavailable for use by Customer due to planned system maintenance. Sensus shall provide Customer notice (via email or

otherwise) at least seven (7) days in advance of commencement of the Scheduled Downtime.

- c. **"Non-Scheduled Downtime"** means the number of minutes during the Month, as measured by Sensus, in which access to any Application is unavailable for use by Customer due to reasons other than Scheduled Downtime or the Exceptions, as defined below (e.g., due to a need for unplanned maintenance or repair).
 - ii. **Exceptions.** "Exceptions" mean the following events:
 - a. Force Majeure;
 - b. Emergency Work, as defined below; and
 - c. Lack of Internet Availability, as described below.
 - i. **Emergency Work.** In the event that Force Majeure, emergencies, dangerous conditions or other exceptional circumstances arise or continue during TMO, Sensus shall be entitled to take any actions that Sensus, in good faith, determines is necessary or advisable to prevent, remedy, mitigate, or otherwise address actual or potential harm, interruption, loss, threat, security or like concern to any of the Application(s) ("Emergency Work"). Such Emergency Work may include, but is not limited to: analysis, testing, repair, maintenance, re-setting and other servicing of the hardware, cabling, networks, software and other devices, materials and systems through which access to and/or use of the Application(s) by the Customer is made available (the "Managed Systems"). Sensus shall endeavor to provide advance notice of such Emergency Work to Customer when practicable and possible.
 - ii. **Lack of Internet Availability.** Sensus shall not be responsible for any deterioration of performance attributable to latencies in the public internet or point-to-point network connection operated by a third party. Customer expressly acknowledges and agrees that Sensus does not and cannot control the flow of data to or from Sensus' networks and other portions of the Internet, and that such flow depends in part on the performance of Internet services provided or controlled by third parties, and that at times, actions or inactions of such third parties can impair or disrupt data transmitted through, and/or Customer's connections to, the Internet or point-to-point data connection (or portions thereof). Although Sensus will use commercially reasonable efforts to take actions Sensus may deem appropriate to mitigate the effects of any such events, Sensus cannot guarantee that such events will not occur. Accordingly, Sensus disclaims any and all liability resulting from or relating to such events.
- B. Data Center Site-Security.** Although Sensus may modify such security arrangements without consent or notice to Customer, Customer acknowledges the following are the current arrangements regarding physical access to and support of the primary hardware components of the Managed Systems:
- i. The computer room(s) in which the hardware is installed is accessible only to authorized individuals.
 - ii. Power infrastructure includes one or more uninterruptible power supply (UPS) devices and diesel generators or other alternative power for back-up electrical power.
 - iii. Air-conditioning facilities (for humidity and temperature controls) are provided in or for such computer room(s) and can be monitored and adjusted for humidity and temperature settings and control. Such air systems are supported by redundant, back-up and/or switch-over environmental units.
 - iv. Such electrical and A/C systems are monitored on an ongoing basis and personnel are available to respond to system emergencies (if any) in real time.
 - v. Dry pipe pre-action fire detection and suppression systems are provided.
 - vi. Data circuits are available via multiple providers and diverse paths, giving access redundancy.
- C. Responsibilities of Customer**
- i. Customer shall promptly pay all Software as a Service fees.
 - ii. Customer may not (i) carelessly, knowingly, intentionally or maliciously threaten, disrupt, harm, abuse or interfere with the Application(s), Managed Systems or any of their functionality, performance, security or integrity, nor attempt to do so; (ii) impersonate any person or entity, including, but not limited to, Sensus, a Sensus employee or another user; or (iii) forge, falsify, disguise or otherwise manipulate any identification information associated with Customer's access to or use of the Application(s).
 - iii. The provisioning, compatibility, operation, security, support, and maintenance of Customer's hardware and software ("Customer's Systems") is exclusively the responsibility of Customer. Customer is also responsible, in particular, for correctly configuring and maintaining (i) the desktop environment used by Customer to access the Application(s) managed by Sensus; and (ii) Customer's network router and firewall, if applicable, to allow data to flow between the Customer's Systems and Sensus' Managed Systems in a secure manner via the public Internet.
 - iv. Upon receiving the system administrator account from Sensus, Customer shall create username and passwords for each of Customer's authorized users and complete the applicable Sensus registration process ("Authorized Users"). Such usernames and passwords will allow Authorized Users to access the Application(s). Customer shall be solely responsible for maintaining the security and confidentiality of each user ID and password pair associated with Customer's account, and Sensus will not be liable for any loss, damage or liability arising from Customer's account or any user ID and password pairs associated with Customer. Customer is fully responsible for all acts and omissions that occur through the use of Customer's account and any user ID and password pairs. Customer agrees (i) not to allow anyone other than the Authorized Users to have any access to, or use of Customer's account or any user ID and password pairs at any time; (ii) to notify Sensus immediately of any actual or suspected unauthorized use of Customer's account or any of such user ID and password pairs, or any other breach or suspected breach of security, restricted use or confidentiality; and (iii) to take the Sensus-recommended steps to log out from and otherwise exit the Application(s) and Managed Systems at the end of each session. Customer agrees that Sensus shall be entitled to rely, without inquiry, on the validity of the user accessing the Application(s) application through Customer's account, account ID, usernames or passwords.
 - v. Customer shall be responsible for the day-to-day operations of the Application(s) and AMI System. This includes, without limitation, (i) researching problems with meter reads and system performance, (ii) creating and managing user accounts, (iii) customizing application configurations, (iv) supporting application users, (v) investigating application operational issues, (vi) responding to alarms and notifications, and (vii) performing over-the-air commands (such as firmware updates or configuration changes).

III. Sensus Analytics

A. Essential Package. The Essential Package of the Sensus Analytics Application shall consist of the following modules:

- i. Device Access
 - a. Allows search for meter details by using data imported from the Billing system or the Sensus Device ID or AMI ID.
 - b. Allows a view of the meter interval or register reads.
 - c. Meter data is available to be copied, printed, or saved to certain user programs or file formats, specifically CSV, PDF, and Spreadsheet.
 - d. Allows the current and historical data to be viewed.
 - e. Allows the current usage to be compared to historical distribution averages.
 - f. Allows the user to see the meter location on a map view.
 - g. Allows notifications for an event on a single meter to be forwarded to a Customer employee.
 - h. Allows details to be viewed about a meter – (dependent on the data integrated from other systems).
- ii. Meter Insight (provides the following)
 - a. # of active meters.
 - b. # of orphaned meters with drill down to the list of meters.
 - c. # of inactive meters with drill down to the list of meters.

- d. # of stale meters with drill down to the list of meters.
 - e. # of almost stale meters with drill down to the list of meters.
 - f. # of meters where no read is available with drill down to the list of meters.
 - g. # of meters with high threshold exceptions with drill down to the list of meters.
 - h. # of unknown radios with drill down to the list of meters.
- iii. Report Access
- a. Allows the user to see meter alarms and choose a report from a list of standard reports.
 - b. Master Route Register Reads: Shows the latest reads for all meters within specified time window.
 - c. Meter Route Intervals Reads: Allows users to inspect intervals of a single meter over a period of time.
 - d. Master Route No Readings: List all meters that are active in the system, but have not been sending reads within the specified time window.
 - e. Consumption Report: List meters' consumption based on meter readings within the specified time window.
 - f. Zero Consumption for Period: List meters whose readings do not change over a period of time.
 - g. Negative Consumption: Shows the number of occurrences and readings of negative consumption for the last 24hr, 48hr and 72hr from the entered roll up date.
 - h. High Low Exception Report: Displays meters whose reads exceed minimum or/and maximum threshold, within a time range.
 - i. Consumption vs Previous Reported Read: Compares latest reading (from RNI) with last known read received from CIS.
 - j. Consumption Exception 24 hour Report: This report shows meters that satisfy these two conditions: (1) The daily average consumptions exceed entered "daily consumption threshold;" (2) The number of days when daily thresholds are exceeded are greater than the entered "exception per day threshold."
 - k. Endpoint Details: Shows the current state of meters that are created within the specified time range.
 - l. Orphaned Meters: List meters that are marked as 'orphaned', which are created as of entered "Created as of" parameter.
 - m. Billing Request Mismatch: Displays meters in a billing request that have different AMR id with the ones sent by RNI. It also shows AMR id in billing request that have different meter Id in the RNI.
 - n. Users need to enter which billing request file prior to running the report.
 - o. Alarms Report: List all alarms occurred during a time window. Users can select which alarm to show.
- iv. Billing Access
- a. Initiate the creation of billing export files formatted to the import needs of the billing system.
 - b. Receive billing request files from the billing system to identify what meters to include in the billing export file in the case where billing request file option is used.
 - c. Provides a repository of past billing files that were either used for billing preparation or actually send to the billing system.
 - d. Will store created billing files for a period of three years unless otherwise denoted.
 - e. The system will allow creation of test files before export to the billing system.
- v. Billing Adaptor
- a. The underlying configurator and tools mapping the extraction of billing data to enable integration to the utility's billing system.
- vi. Data Store
- a. Allows storage of meter reading data including Intervals, Registers, and Alarms to be stored.
 - b. Stored data is available online for reports and analysis.
 - c. Data will be retained for 3 years. Additional duration can be purchased.
- B. **Enhanced Package.** The Enhanced Package shall consist of the modules listed above in the Essential Package, as well as the following additional modules:
- i. Alarm Dashboard
 - a. Allows the user to summarize and filter alarms by a date range.
 - b. Allows the user to review all alarm types on a single screen.
 - c. The user can filter out the alarms not wanted on the screen.
 - d. Alarm totals can be visualized.
 - e. Adds a view of trending alarms over time.
 - f. Click to drill down on an alarm to gain more information on specific events.
 - g. Click to analyze a specific event on a particular device.
 - ii. Alarm Console
 - a. Follow real time monitors of the alarms coming from Customer's meters.
 - b. Provides a single view for all alarms across the entire network.
 - c. Allows the user to view trending of each alarm over time.
 - iii. Alert Manager
 - a. Allows creation of alert groups who will be notified when an alarm occurs.
 - b. Users can manage alert groups by adding and removing group members.
 - c. Allows selection of notification method for how end users in the group will be notified; email or SMS (text message).
 - d. Allows creation of an alert from the available system events from smart points and assign to a group.
 - e. Monitors the systems meters for events. When an event is triggered, all users in the group will be notified.
- D. **Integration of Sensus Analytics.** Sensus shall provide integration support services to Customer only to the extent specifically provided below:
- i. Sensus shall provide Customer with a simple flat file specification known as VFlex for the integration of the Customer's back office system to the Sensus Analytics modules. This flat file may be delimited or fixed width. This specification allows Customer to transmit each day or as needed: the devices and end users in the system, end user status, end user account information, end user name, and other end user details. When sent to the Sensus FTP servers, this file exchange will enable the system to become operational with the Customer's systems. Customer shall produce this file and transmit it to the FTP location designated by Sensus. Sensus will provide reasonable support to explain to Customer the required vs. optional fields that are in the specification, testing and validation of the file format and content.
 - a. In scope of the included integration efforts is the mapping the Customer's fields to the VFlex specification.
 - b. Out of scope and subject to additional charges will be the transformation of data where business logic including code must be written to modify the field content or format of the data to meet the VFlex specification.
 - ii. Sensus' integration services consists of four (4) hours of assistance (remote or on-site, as determined by Sensus). If additional time is needed to complete the integration efforts, Sensus shall invoice Customer for additional fees on an actual time and materials basis.
 - iii. **If an item is not listed in subparagraphs (i) or (ii) above, such item is excluded from the integration of Sensus Analytics Support and is subject to additional pricing.**

E. **Data Import.** The Sensus Analytics Application contains adapters for the import of data from: (a) Customer's FlexNet AMI System; and/or (b) AutoRead application for handheld and drive by systems, as applicable.

F. **Customer Acknowledgements.**

- i. Customer acknowledges that the Sensus Analytics Application provides up to fifty (50) user logins for Customer's use.
- ii. Customer acknowledges and agrees the Sensus Analytics Application is based upon the actual number of End Users within Customer's Service Territory. Pricing may increase if Customer's Service Territory or actual number of End Users expands.
- iii. Customer acknowledges that all data related to the Sensus Analytics Applications is geographically hosted within the United States of America. Customer accepts the geographic location of such hosting, and indemnifies Sensus for any claims resulting therefrom.
- iv. Customer acknowledges and agrees that the Intellectual Property provisions of this Agreement apply in all respects to Customer's access to and use of the Sensus Analytics Applications.
- v. Customer is responsible for validating the data analyzed by the Sensus Analytics Applications. Sensus makes no promises of improving Customer's operations or saving Customer money, nor is Sensus liable for any damages resulting from decisions made by Customer related to Customer's use of Sensus Analytics.

IV. **Third Party Software.**

A. **RedHat Linux.** If Sensus is providing Customer with a license to use RedHat Linux Software, Customer agrees to the following:

By entering into this Agreement, Customer agrees to abide by and to be legally bound by the terms and conditions of the Red Hat End User License Agreements identified below, each of which are incorporated into this Agreement by reference and are available at the websites identified below. Please read the Red Hat End User License Agreements and incorporated references carefully.

Subscription:	End User License Agreement:
Red Hat Enterprise Linux	http://www.redhat.com/licenses/rhel_rha_eula.html
JBoss Enterprise Middleware	http://www.redhat.com/licenses/jboss_eula.html

Exhibit B Technical Support

1. Introduction

Sensus Technical Services provides utility customers with a single point of contact for Tier 1 support of technical issues as well as any coordination of additional resources required to resolve the issue. Requests that require specialized skills are to be forwarded to a senior support engineer or Technical Advisor within the team for further analysis. If Technical Services has exhausted all troubleshooting efforts for the product type, the issue will escalate to the Engineering Support Team. Occasionally, on-site troubleshooting/analysis may be required. The preferred order of on-site support is:

- a) The Customer (for assistance with the easiest and lowest time-consuming activities such as power on/power off).
- b) The local distributor.
- c) Sensus employees or contracted personnel, if required to fulfill a contract commitment.

2. Support Categories

- 2.1. General questions regarding functionality, use of product, how-to, and requests for assistance on Sensus AMR, AMI, RF Network Equipment, Metering Products and Sensus Lighting Control.
- 2.2. Proactive reporting and resolution of problems.
- 2.3. Reactive reporting to isolate, document, and solve reported hardware/software defects.
- 2.4. Responding to service requests and product changes.
- 2.5. Addressing customer inquiries with printed or electronic documentation, examples, or additional explanation/clarification.

3. Support Hours

- 3.1. Standard Support Hours: Toll-free telephone support (1-800-638-3748 option #2) is available Monday thru Friday from 8:00AM EST to 8:00PM EST. After-hours, holiday and weekend support for Severity 1 and Severity 2 issues is available by calling 1-800-638-3748, option #8.

4. Support Procedures

- 4.1. Customer identifies an issue or potential problem and calls Technical Services at 1-800-638-3748 Option #2. The Customer Service Associate or Technical Support Engineer will submit a Support ticket.
- 4.2. The Customer Service Associate or Technical Support Engineer will identify the caller name and utility by the assigned software serial number, city, and state in which the call originated. The nature of the problem and severity levels will be agreed upon by both parties (either at the time the issue is entered or prior to upgrading or downgrading an existing issue) using the severity definitions below as a guideline. The severity level is then captured into a support ticket for creation and resolution processing. Any time during the processing of this ticket, if the severity level is changed by Sensus, the customer will be updated.

Severity Levels Description:

Sev1 Customer's production system is down. The system is unusable resulting in total disruption of work. No workaround is available and requires immediate attention.

Example: Network mass outage, all reading collection devices inoperable, inoperable head end software (e.g., RNI Software, Sensus MDM).

Sev2 Major system feature/function failure. Operations are severely restricted; there is a major disruption of work, no acceptable work-around is available, and failure requires immediate attention.

Examples: Network equipment failure (e.g., FlexNet Echo, FlexNet Remote, Base Station transceiver, or VGB); inoperable reading devices (e.g., AR5500, VXU, VGB, or CommandLink); head end software application has important functionality not working and cannot create export file for billing system operations.

Sev3 The system is usable and the issue doesn't affect critical overall operation.

Example: Minor network equipment failure (e.g., Echo/Remote false alarms or Base Station transceiver false alarms); head end software application operable but reports are not running properly, modification of view or some non-critical function of the software is not running.

Sev4 Minor system issues, questions, new features, or enhancement requests to be corrected in future versions.

Examples: Minor system issues, general questions, and "How-To" questions.

- 4.3. The Customer Service Associate or Technical Support Engineer identifies whether or not the customer is on support. If the customer is not on support, the customer is advised of the service options as well as any applicable charges that may be billed.
- 4.4. Calls are placed in a queue from which they are accessible to Technical Support Engineers on a first-come-first-serve basis. A first level Customer Service Associate may assist the customer, depending on the difficulty of the call and the representative's technical knowledge. Technical Support Engineers (Tier 1 support) typically respond/resolve the majority of calls based on their product knowledge and experience. A call history for the particular account is researched to note any existing pattern or if the call is a new report. This research provides the representative a basis and understanding of the account as well as any associated problems and/or resolutions that have been communicated.
 - a. Technical Services confirms that there is an issue or problem that needs further analysis to determine its cause. The following information must be collected: a detailed description of the issue's symptoms, details on the software/hardware product and version, a description of the environment in which the issue arises, and a list of any corrective action already taken.
 - b. Technical Services will check the internal database and product defect tracking system, to see if reports of a similar problem exist, and if any working solutions were provided. If an existing resolution is found that will address the reported issue, it shall be communicated to the customer. Once it is confirmed that the issue has been resolved, the ticket is closed.
 - c. If there is no known defect or support that defines the behavior, Technical Services will work with the customer to reproduce the issue. If the issue can be reproduced, either at the customer site or within support center test lab, Technical Services will escalate the ticket for further investigation / resolution.

If the issue involves units that are considered to be defective with no known reason, the representative will open a Special Investigation RMA through the Support system. If it is determined that a sample is required for further analysis, the customer will be provided with instructions that detail where to send the product sample(s) for a root cause analysis. Once it is determined that the issue cannot be resolved by Tier 1 resources, the ticket will be escalated to Tier 2 support for confirmation/workarounds to resolve immediate issue. Technical Services will immediately contact the customer to advise of the escalation. The response and escalation times are listed in Section 5. At this time, screen shots, log files, configuration files, and database backups will be created and attached to the ticket.



5. **Response and Resolution Targets.**

Sensus Technical Support will make every reasonable effort to meet the following response and resolution targets:

Severity	Standard Target Response	Standard Target Resolution	Resolution (one or more of the following)
1	30 Minutes	Immediately assign trained and qualified Services Staff to correct the error on an expedited basis. Provide ongoing communication on the status of a correction.	<ul style="list-style-type: none"> • Satisfactory workaround is provided. • Program patch is provided. • Fix incorporated into future release. • Fix or workaround incorporated into the Support Knowledge Base.
2	4 hours	Assign trained and qualified Services Staff to correct the error. Provide communication as updates occur.	<ul style="list-style-type: none"> • Satisfactory workaround is provided. • Program patch is provided. • Fix incorporated into future release. • Fix or workaround incorporated into the Support Knowledge Base.
3	1 Business Day	90 business days	<ul style="list-style-type: none"> • Answer to question is provided. • Satisfactory workaround is provided. • Fix or workaround incorporated into the Support Knowledge Base. • Fix incorporated into future release.
4	2 Business Days	12 months	<ul style="list-style-type: none"> • Answer to question is provided. • Fix or workaround incorporated into the Support Knowledge Base.

6. **Problem Escalation Process.**

- 6.1. If the normal support process does not produce the desired results, or if the severity has changed, the issue may be escalated as follows to a higher level of authority.
 - 6.1.1. Severity 1 issues are escalated by Sales or Technical Services to a Supervisor if not resolved within 2 hours; to the Manager level if not resolved within 4 hours; to the Director level if not resolved within the same business day; and to the VP level if not resolved within 24 hours.
 - 6.1.2. A customer may escalate an issue by calling 1-800-638-3748, Option 2. Please specify the Support ticket number and the reason why the issue is being escalated.
 - 6.1.3. In the event that a customer is not satisfied with the level of support or continual problem with their products, they may escalate a given Support ticket to Manager of Technical Services (1-800-638-3748, Option 2).

7. **General Support Provisions and Exclusions.**

- 7.1. Sensus provides online documentation for Sensus products through the Sensus User Forum (<http://myflexnetsystem.com/Module/User/Login>). All Sensus customers are provided access to this online database, which includes operation, configuration and technical manuals. Sensus also hosts periodic user group teleconferences to facilitate the interchange of product ideas, product enhancements, and overall customer experiences. The customer shall provide names and email accounts to Sensus so Sensus may provide access to the Portal.
- 7.2. Specialized support from Sensus is available on a fee basis to address support issues outside the scope of this support plan or if not covered under another specific maintenance contract. For example, specialized systems integration services or out of warranty network equipment repair that is not covered under a separate maintenance contract.

**AGREEMENT BETWEEN
CITY OF LAREDO, TEXAS AND PEDAL VALVES INC. FOR WATER
METER AMI/AMR SYSTEM – CONSTRUCTION CONTRACT**

THIS AGREEMENT is by and between CITY OF LAREDO, TEXAS (COL) (“Owner”) and
PEDAL VALVES INC. (PVI) (“Contractor”).

Owner and Contractor hereby agree as follows:

ARTICLE 1 – WORK

1.01 Contractor shall complete all Work as specified or indicated in the Contract Documents. The Work is generally described as follows: **Provide and install a Neptune AMI/AMR System for the City of Laredo (COL). This includes the installation of all infrastructures, meters and transmitters, and all necessary hardware and software for a fully functioning system as it pertains to the project in Years 1 – 5 (Phases 1 – 5). Additionally, the following Exhibits have been attached for the project:**

Exhibit 1 – City of Laredo RFP

Exhibit 2 – City of Laredo Clarifications to RFP

Exhibit 3 – Pricing for Neptune Water Meters

Exhibit 4 – UME Pricing Options vs Large Meter Pricing

Exhibit 5 – Pricing for Installation Services

Exhibit 6 – Pricing for Additional Work & Services

Exhibit 7 – Pricing for Infrastructure Implementation & Annual Maintenance Costs

Exhibit 8 – Schedule of Values

Exhibit 9 – Project Phase Schedule

Exhibit 10 – Response from Pedal Valves to Request for Proposals

ARTICLE 2 – THE PROJECT

2.01 The Project for which the Work under the Contract Documents may be the whole or only a part is generally described as follows: **The Neptune AMI/AMR System and appurtenances will be installed for COL in Phases 1 – 5 along with required hardware and software.**

ARTICLE 3 – POINTS OF CONTACT**3.01 OWNER**

The point of contact for COL (Owner) will be Tomas M. Rodriguez, Jr. P.E., hereinafter referred to as the "Owner's POC". The Owner's POC is to act as Owner's representative, assume all duties and responsibilities, and have the rights and authority assigned to Owner's POC in the Contract Documents in connection with the completion of the Work in accordance with the Contract Documents.

3.02 CONTRACTOR

The point of contact for PVI (Contractor) will be Jason Wilkie, hereinafter referred to as the "Contractor's POC". The Contractor's POC is to act as Contractor's representative, assume all duties and responsibilities, and have the rights and authority assigned to Contractor's POC in the Contract Documents in connection with the completion of the Work in accordance with the Contract Documents.

ARTICLE 4 – CONTRACT TIMES**4.01 *Time of the Essence***

A. All time limits for Milestones, if any, Substantial Completion, and completion and readiness for final payment as stated in the Contract Documents are of the essence of the Contract. For the purposes of this contract Substantial Completion is defined as the point in which the Contractor has installed and can deliver 95% of the reads for the amount of meters to be installed per each phase as listed in Exhibit 5. For purposes of calculating the read percentage, the following exclusions apply: Force Majeure or Acts of God, Meters Removed from Service, and Tampered/Vandalized Endpoints.

4.02 *Days to Achieve Substantial Completion and Final Payment*

A. The Work for each Phase will be substantially completed within **365** days after the date when the Contract Times commence to run as provided in Paragraph 2.03 of the General Conditions, and completed and ready for final payment in accordance with Paragraph 14.07 of the General Conditions within **395** days after the date when the Contract Times commence to run.

4.03 *Liquidated Damages*

A. Contractor and Owner recognize that time is of the essence as stated in Paragraph 4.01 above and that Owner will suffer financial loss if the Work is not completed within the times specified in Paragraph 4.02 above, plus any extensions thereof allowed in accordance with Article 12 of the General Conditions. The parties also recognize the delays, expense, and difficulties involved in proving in a legal or arbitration proceeding the actual loss suffered by Owner if the Work is not completed on time. Accordingly, instead of requiring any such proof, Owner and Contractor agree that as liquidated damages for delay (but not as a penalty), Contractor shall pay Owner \$850.00 for each day that expires after the time specified in Paragraph 4.02 above for Substantial Completion until the Work is substantially complete. After Substantial Completion, if Contractor shall neglect, refuse, or fail to complete the remaining Work within the Contract Time or any proper extension thereof granted by Owner, Contractor shall pay Owner \$100 for each day that expires after the time specified in Paragraph 4.02 above for completion and readiness for final payment until the Work is completed and ready for final payment.

ARTICLE 5 – CONTRACT PRICE

5.01 Owner shall pay Contractor for completion of the Work in accordance with the Contract Documents an amount in current funds equal to the sum of the amounts determined pursuant to Paragraphs 5.01.A through 5.01.F below:

A. For all Work in all Phases, a total sum of:

PRICING FOR ALL PHASES:

Meters for Phases 1 – 5	\$	<u>11,701,058.40</u>
Installations for Phases 1 – 5	\$	<u>2,419,110.00</u>
Infrastructure Installed in Phase 1	\$	<u>388,100.00</u>
Annual Maintenance Phases 2 – 5	\$	<u>158,720.00</u>
Totals for All Phases	\$	<u>14,666,988.40</u>

B. For all Work in Phase 1, a total sum of:

PRICING FOR PHASE 1:

Meters for Phase 1	\$	<u>2,340,211.68</u>
Installations for Phase 1	\$	<u>483,822.00</u>
Infrastructure Installed in Phase 1	\$	<u>388,100.00</u>
-Totals for Phase 1	\$	<u>3,212,133.68</u>

C. For all Work in Phase 2, a total sum of:

PRICING FOR PHASE 2:

Meters for Phase 2	\$	<u>2,340,211.68</u>
Installations for Phase 2	\$	<u>483,822.00</u>
Annual Maintenance Phase 2	\$	<u>39,680.00</u>
Totals for Phase 2	\$	<u>2,863,713.68</u>

D. For all Work in Phase 3, a total sum of:

PRICING FOR PHASE 3:

Meters for Phase 3	\$	<u>2,340,211.68</u>
Installations for Phase 3	\$	<u>483,822.00</u>
Annual Maintenance Phase 3	\$	<u>39,680.00</u>
Totals for Phase 3	\$	<u>2,863,713.68</u>

E. For all Work in Phase 4, a total sum of:

PRICING FOR PHASE 4:

Meters for Phase 4	\$	<u>2,340,211.68</u>
Installations for Phase 4	\$	<u>483,822.00</u>
Annual Maintenance Phase 4	\$	<u>39,680.00</u>
Totals for Phase 4	\$	<u>2,863,713.68</u>

F. For all Work in Phase 5, a total sum of:

PRICING FOR PHASE 5:

Meters for Phase 5	\$	<u>2,340,211.68</u>
Installations for Phase 5	\$	<u>483,822.00</u>
Annual Maintenance Phase 5	\$	<u>39,680.00</u>
Totals for Phase 5	\$	<u>2,863,713.68</u>

See Exhibit 3 for Pricing on Meters

See Exhibit 5 for Pricing on Installations

See Exhibit 7 for Pricing on Infrastructure & Annual Maintenance Fees

The Bid prices for Unit Price Work set forth as of the Effective Date of the Agreement are based on estimated quantities. Estimated quantities are subject to change as per Owner's POC and per field conditions.

ARTICLE 6 – PAYMENT PROCEDURES**6.01 Submittal and Processing of Payments**

- A. Contractor shall submit invoices for materials on hand as they are received on a monthly basis.**
- B. Contractor shall submit other Applications for Payment in accordance with Article 14 of the General Conditions. Applications for Payment will be processed by Owner's POC as provided in the General Conditions. Contractor shall submit applications for payment on or about the 5th day of the month for work completed the prior month. A Schedule of Values will be provided as Exhibit 8 to this contract.**

6.02 Progress Payments; Retainage

5% of all progress payments shall be retained by the City.

6.03 Project Payment Discount

Upon reaching a minimum of 13,000 water meter installations, Contractor will issue a discount to the City of Laredo in the amount of \$115,000. This discount will be applied to the final invoice and deducted from the final payment and/or retainage amount at the completion of each phase for a total potential discount of \$575,000 at the end of the five (5) phased terms.

6.04 Final Payment

- A. Upon final completion and acceptance of the Work in accordance with Paragraph 14.07 of the General Conditions, Owner shall pay the remainder of the Contract Price as provided in said Paragraph 14.07.**

ARTICLE 7 – INTEREST

- 7.01 All moneys not paid when due as provided in Article 14 of the General Conditions shall bear interest in accordance with the Texas Prompt Payment Act.**

ARTICLE 8 – CONTRACTOR'S REPRESENTATIONS

- 8.01 In order to induce Owner to enter into this Agreement, Contractor makes the following representations:**
 - A. Contractor has examined and carefully studied the Contract Documents and the other related data identified in the Bidding Documents.**
 - B. Contractor has visited the Site and become familiar with and is satisfied as to the general, local, and Site conditions that may affect cost, progress, and performance of the Work.**

Contract No: PVILTX-13625

- C. Contractor is familiar with and is satisfied as to all federal, state, and local Laws and Regulations that may affect cost, progress, and performance of the Work.
- D. Based on the information and observations referred to in Paragraph 8.01.E above, Contractor does not consider that further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the Work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract Documents.
- E. Contractor is aware of the general nature of work to be performed by Owner and others at the Site that relates to the Work as indicated in the Contract Documents.
- F. Contractor has given Owner's POC written notice of all conflicts, errors, ambiguities, or discrepancies that Contractor has discovered in the Contract Documents, and the written resolution thereof by Owner's POC is acceptable to Contractor.
- G. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.
- H. Contractor certifies that they are capable of completing contract.

ARTICLE 9 – CONTRACT DOCUMENTS

9.01 *Contents*

- A. The Contract Documents consist of the following:
 - 1. This Agreement (pages 1 to 9, inclusive).
 - 2. Performance bond (pages 1 to 5, inclusive).
 - 3. Payment bond (pages 1 to 5, inclusive).
 - 4. General Conditions (pages i to 63, inclusive).
 - 5. Certificate of Insurance; Policy of Insurance
 - 6. Supplementary Conditions (pages 1 to 2, inclusive).
 - 7. The following supplementary documents, previously filed with the City of Laredo, are by this reference incorporated into this document.
 - a. Exhibit 1 - City of Laredo RFP
 - b. Exhibit 2 - City of Laredo Clarifications to RFP
 - c. Exhibit 3 - Pricing for Neptune Water Meters
 - d. Exhibit 4 - UME Pricing Options vs Large Meter Pricing
 - e. Exhibit 5 - Pricing for Installation Services

- f. Exhibit 6 - Pricing for Additional Work & Services
 - g. Exhibit 7 - Pricing for Infrastructure Implementation & Annual Maintenance Costs
 - h. Exhibit 8 - Schedule of Values
 - i. Exhibit 9 - Project Phase Schedule
 - j. Exhibit 10 - Response from Pedal Valves to Request for Proposals
8. The following which may be delivered or issued on or after the Effective Date of the Agreement and are not attached hereto:
- a. Notice to Proceed by Phase.
 - b. Work Change Directives.
 - c. Change Orders.
- B. The documents listed in Paragraph 9.01.A are attached to this Agreement (except as expressly noted otherwise above).
- C. There are no Contract Documents other than those listed above in this Article 9.
- D. The Contract Documents may only be amended, modified, or supplemented as provided in Paragraph 3.04 of the General Conditions.

ARTICLE 10 – MISCELLANEOUS

10.01 *Terms*

- A. Terms used in this Agreement will have the meanings stated in the General Conditions and the Supplementary Conditions.

10.02 *Assignment of Contract*

- A. No assignment by a party hereto of any rights under or interests in the Contract will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically but without limitation, moneys that may become due and moneys that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.

10.03 *Successors and Assigns*

- A. Owner and Contractor each binds itself, its partners, successors, assigns, and legal representatives to the other party hereto, its partners, successors, assigns, and legal representatives in respect to all covenants, agreements, and obligations contained in the Contract Documents.

10.04 *Severability*

- A. Any provision or part of the Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Owner and Contractor, who agree that the Contract Documents shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

10.05 *Contractor's Certifications*

- A. Contractor certifies that it has not engaged in corrupt, fraudulent, collusive, or coercive practices in competing for or in executing the Contract. For the purposes of this Paragraph 10.05:
1. "corrupt practice" means the offering, giving, receiving, or soliciting of any thing of value likely to influence the action of a public official in the bidding process or in the Contract execution;
 2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the bidding process or the execution of the Contract to the detriment of Owner, (b) to establish Bid or Contract prices at artificial non-competitive levels, or (c) to deprive Owner of the benefits of free and open competition;
 3. "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of Owner, a purpose of which is to establish Bid prices at artificial, non-competitive levels; and
 4. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the bidding process or affect the execution of the Contract.

10.06 *Other Provisions*

Contract No: PVILTX-13625

IN WITNESS WHEREOF, Owner and Contractor have signed this Agreement. Counterparts have been delivered to Owner and Contractor. All portions of the Contract Documents have been signed or have been identified by Owner and Contractor or on their behalf.

SIGNED, in duplicate originals, on this the 2 day of May, 2013.

CITY OF LAREDO,
OWNER:

PEDAL VALVES INC.,
CONTRACTOR:

By: [Signature] 5/2/13
Carlos R. Villarreal Date
City Manager

By: [Signature] 4/29/2013
Jason Wilkie Date
VP of Operations

APPROVED AS TO FORM:

By: Melissa A. Vidal 5/2/13
Melissa A. Vidal Date
Assistant City Attorney I

RECOMMENDED:

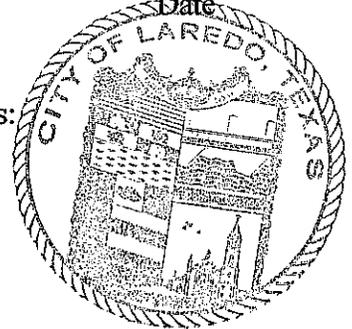
ATTESTED:

By: [Signature] 4/30/13
Tomas M. Rodriguez, Jr. Date
Utilities Director

By: [Signature] 5/2/13
for: Gustavo Guevara Date
City Secretary

Address for giving notices:
City of Laredo Utilities
5816 Daugherty Avenue
Laredo, TX 78041

Address for giving notices:
Pedal Valves Inc.
13625 River Road
Luling, LA 70070



Supplemental Language and Negotiated Pricing Agreement

Installation of the meters – Pedal Valves, Inc. employs approximately 60 professional meter installers (10-15 whom will be on your project), that will be responsible for correctly installing the meter, mounting the transmitter, programming the meter, collecting GPS Coordinates, taking digital pictures of the old and new meter, and collecting the data. These installers will be managed by an on-site Project Manager that has many years of AMR experience. The Project Manager will hold daily toolbox meetings covering safety, quality, and any item's he deems necessary at the time, and will ensure all installers are performing their jobs professionally and courteously.

Billing System Integration – The change out data that is gathered in the field (New Serial Number, New MXU ID, New Register Number and old reading) must be downloaded into your billing system. To do that, we place an IT Professional on your project, Full-Time. The IT person uses a Pedal Valves written software program, Meter Project Management System, to manage the data. This program checks all of the data for accuracy and is used to update your billing system electronically; eliminating any need for manual updates.

Commissioning of the system – Once all of the data is in the billing system and the meter installations have been quality inspected, the IT Professional will commission the FlexNet System. In doing so, they will make sure that all of the meters are coming on-line. Any meter not reporting, will be visited and repaired or replaced as necessary.

Training – The City of Arlington will get plenty of formal training from Sensus and their distributor, Aquametrics. Additionally, because Pedal Valves' IT Professional has ample experience with this product, we will provide you with very important, hands-on training. We will suggest to you that as the Arlington employees that will be responsible for maintaining this system have time, they train with our IT Professional while they are commissioning the system. This time spent will allow you to see and resolve any maintenance item that could occur with the system, and prove invaluable in the future.

Although these are the four major areas of the RFP as we see them, there are definitely other components to the project, such as: an effective customer notification plan, daily reporting (MPMS automatically emails out daily reports), responsible communication between our management team and the Arlington project manager, and many others. Please be assured that our attention to customer satisfaction will ensure we are successful in these and all areas of the project.

Customer Notifications “Beginning with the End in Mind”:

A well-executed customer notification plan is the key to reducing the number of likely phone calls that the City of Arlington will field from an uninformed customer base. In an effort to dramatically reduce this encumbrance, our team uses all forms of media (television, radio, newsprint, etc.), to inform the water authorities residential, commercial, industrial and institutional customers of the date and time their service will be affected. Additionally, where the above mentioned forms of media are insufficient, and where the water authority prefers, we exercise a “knock on every door” policy before the meter is changed out. For non-residential customers each meter change-out is scheduled in advance and performed at the appropriate time scheduled by the customer.

Digital Pictures – For verification of old reading, accurate new meter installation, and location of meter years after the project is complete, we take digital pictures of each meter changed. These digital pictures are linked to the customer's account in the billing system and are available any time they are needed.

d. **GPS Coordinates** – To aid Arlington in locating meters, our installers gather the GPS Coordinates of each meter pit. These coordinates are downloaded into the billing system or GIS Software as we work our way through the project.

Data Handling and AMR Commissioning – The difficult and often times overlooked part of a Meter Change-Out Project:

It is our opinion that the next 7 bullet items are some of the major areas that separate our team from any other installation effort. Adherence to these proven practices is critical to a smooth project with little head ache on the water authority. A lack of discipline to the below items may result in a project that requires large amounts of time from the water authority's personnel. We stress these issues, because we are proud of the countless hours we have put into developing and perfecting the processes used. Each of these processes are led and managed by our IT person that will be staffed on your project from start to finish. All of our IT personnel work on these types of projects on a daily basis; and therefore, have received a great deal of experience maintaining the integrity of billing information. They understand that our installation effort cannot t interfere with the current acquisition of data or process to create and distribute bills. We request that they have the ability to office very close to the billing department, if the authority has space available, and work very closely with billing as we go through the project.

Handling of Meter Swap Out Data - Before we start construction on the project, we have a change out card printed for each and every meter in the water authority. The card contains: account information, serial number of old meter, most recent read of old meter, change out instructions, and boxes for the installer to record the information from the new and old meter that we need to perform the meter swap out in the billing system. All installers are trained on how to correctly populate the card. When the installers fill the cards out, we make every effort to reduce the opportunity for recording error. In fact, the only number that they have to manually record is the existing reading from the old meter. All other numbers are received by us via bar code through an electronic scanner and are scanned into our company developed software program (MPMS – Meter Project Management System). By scanning this bar code, we receive the AMR number, the Serial Number, and all test results for that meter. Due to the potential for manual error in recording the existing reading, we have set up high and low reading warnings similar to those used by Arlington's handhelds. If the reading is too far off from the most recent reading, the program sends out a warning for that meter and we recheck the data from the old meter. The above steps ensure a smooth transition of accurately maintained data used in updating the billing system.

Updating the Billing System with New and Old Meter Data:

Once all of the change out information is in our program and has been checked for accuracy, it will be sent to Arlington's billing system through a batch update. The batch update is basically our way of updating your billing system with the change out information, without having to manually enter in the numbers for all 150-250 meters changed daily. In order to complete this task successfully, our IT people work with the water authority's billing system to write a programming modification in your billing system. The modification is thoroughly tested before put into use and a backup of the water authority's billing system is maintained throughout the project. All updates are completed and monitored by our IT Personnel. This batch update process ensures that we get accurate information into the billing system and saves months of data entry time normally left to your billing personnel.

Warehousing Digital Photos of New Installations – PVI will warehouse digital photos of every single meter installed. By collecting digital photos of new installations, PVI can provide several invaluable services including: installation quality control, proof of meter condition upon installation (in event of vandalism), and proof of fixture installation (in event of back-flow projects).

Warehousing Digital Photos of Old Meter (and Reading) – Many Water Authorities meet a significant challenge in successfully communicating meter change-out data from the field into the water billing department. By providing digital photos of the old meter with the house or facility captured in the background, we accomplish three things for the Water Authority: 1) Provide proof to the customer of the out reading at the time the meter was removed, 2) By using the house or facility as the backdrop, we can provide proof that the meter was installed at the correct location, and 3) Redundancy is provided because

the reading is also collected on the meter change-out work order. If one piece of the data is lost (either the work order, or the photo), we will have a simple recourse to collect the data.

Warehousing Installation GPS Coordinates – GPS coordinates provide not only a great QC tool for PVI, but will also give Arlington a new resource to utilize for infrastructure changes, future reference, and future growth. Our team can use the GPS coordinates to confirm if a meter was installed at the correct location. If there is any question as to the installation location, we can always return to the provided Lat and Long coordinates with a water authority official to confirm.

Commissioning the AMR (Automatic Meter Reading) System - One of the other tasks managed by the IT person is commissioning the AMR system. Each billing system book is commissioned as it is installed, to ensure that all meters are reading correctly and transmitting their readings accurately back to the fixed base network. By the end of the project, we will be able to turn over a 100% operable AMR system to the City of Arlington.

Sign Off Procedure:

As previously mentioned, we commission the books as the installations are completed. Once we have commissioned a book, we will ask a representative from Arlington to join our IT Person and Project Manager in witnessing each meter in that book reporting into the FlexNet system. After the meters read, we supply the water authority with an Initial Completion Notification Form. This form states that we are complete with the book and it is ready for visual inspection. At that time the water authority has 30 days, or the length between readings by the meter readers, to visually inspect the meters for proper installation. At the end of the 30 days, any punch list items are presented and resolved, and the book is signed off.

This process will allow us and the City of Arlington to have the time necessary to be comfortable with the installations and their accuracies without having to rush through signoff's at the end of the project.

It is important to note that all of the above best practices are just that, best practices, not mandates that we insist on following. We realize that the best way to make this a successful project is to work with the Arlington personnel to make sure we are executing the project the way you would have us. Your input will play a vital role in shaping the way that we go about implementing all of the above practices. As a team, we are confident that this project will be successful.

Pricing for Installation Services

Complete Meters

Size	AMI/AMR Meter Installation Unit Cost
5/8" X 3/4"	\$45.00
3/4"	\$45.00
1"	\$45.00
Totals	

Retrofits

Size	AMI/AMR Retrofit Installation Unit Cost
5/8" X 3/4"	\$21.75
3/4"	\$21.75
1"	\$21.75

CITY OF ROWLETT, TEXAS

CONTRACTOR:

Todd W. Gottel, Mayor

(Signature)

(Type/Print Name and Title)

ATTEST:

(Street Address)

Laura Hallmark, City Secretary

(City/State/Zip)



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 7/7/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Riverlands Insurance Services Inc. 13919 River Road, Suite 110 Luling LA 70070	CONTACT NAME: Brandi Lamonte PHONE (A/C, No. Ext): (985) 331-2766 E-MAIL ADDRESS: blamonte@rivins.com	FAX (A/C, No): (985) 331-1659	
	INSURER(S) AFFORDING COVERAGE		NAIC #
INSURED Pedal Valves, Inc. 13625 River Road Luling LA 70070	INSURER A: The Phoenix Insurance Company		
	INSURER B: The Travelers Indemnity Comp of Ame		
	INSURER C:		
	INSURER D:		
	INSURER E:		
	INSURER F:		

COVERAGES **CERTIFICATE NUMBER:** 2015-16 COI **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:	X		DT-CO-2G541038-PHX-15	8/7/2015	8/7/2016	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Employee Benefits \$
B	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			BA-2G541038-15-CNS	8/7/2015	8/7/2016	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ Underinsured motorist \$ 1,000,000
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			DTSM-CUP-2G541038-TIL-15	8/7/2015	8/7/2016	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
B	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	DTJ-UB-2G47147-4-15	8/7/2015	8/7/2016	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 Blanket Additional Insured under the General Liability and Auto Liability as required by Written Contract
 Blanket Waiver of Subrogation under the General Liability, Auto Liability and Workers Compensation as required by Written Contract

CERTIFICATE HOLDER City of Rowlett 4004 Main St Rowlett, TX 75088	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Brandi Lamonte/BRALAM



City of Rowlett
Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75080-0099
www.rowlett.com

AGENDA DATE: 07/19/16

AGENDA ITEM: 7D

TITLE

Consider action to approve a resolution exercising the second of four one-year renewal options for Section I mowing services to Ely Tree and Landscape in the unit amounts bid with an estimated annual amount of sixty thousand dollars (\$60,000) for the Community Services Code Enforcement Division.

STAFF REPRESENTATIVE

W.M. Brodnax, Police Chief

Lt. Marvin Gibbs, Community Services Division Commander

Maria Martinez, Community Services Manager

SUMMARY

This item is for the mowing, detailing, and clean up of designated properties for Community Services Code Enforcement Division when properties are in violation of City codes and ordinances. The initial term was for one year with four one-year renewal options if both parties are in agreement.

BACKGROUND INFORMATION

On August 5, 2014, the City Council adopted a resolution awarding a bid for Section I mowing to Ely Tree and Landscape in the unit amounts bid with an estimated annual amount of \$65,000 for the Community Services Code Enforcement Division.

The first of four one-year renewal options was exercised and approved on July 21, 2015.

DISCUSSION

The contract period for the proposed second of four one-year renewals shall begin on approximately August 4, 2016 and end August 4, 2017. Ely Tree and Landscape has indicated they are interested in exercising the second one-year renewal per Exhibit B.

Bids were received from three bidders. Please refer to the bid tabulation in Exhibit A.

Ely Tree and Landscape has provided satisfactory service during the previous 23 month period; therefore, City Staff recommends exercising the second one-year renewal option.

FINANCIAL/BUDGET IMPLICATIONS

Funding in the amount of \$60,000 was approved in the Community Services Code Enforcement Division FY2016 budget in account 101-4015-6520. The current available balance as of June 22, 2016, is \$19,127. The expenditures are offset by revenues received. The proposed funding for

the FY2016 budget should cover the remaining amount needed to complete this year's contract. This amount could be potentially altered due to weather.

Budget Account Number and/or Project Code	Account or Project Title	Budget Amount	Proposed Amount
101-4015-6520	Purch Service-Property/Mowing	\$60,000	\$60,000
Total		\$60,000	\$60,000

RECOMMENDED ACTION

City staff recommends the City Council adopt a resolution exercising the second one-year renewal option for Section I mowing services to Ely Tree and Landscape in the unit amounts bid with an estimated annual amount of \$60,000 for the Community Services Code Enforcement Division.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS, APPROVING THE EXERCISE OF THE SECOND OF FOUR ONE-YEAR RENEWAL OPTIONS FOR SECTION I MOWING SERVICES TO ELY TREE AND LANDSCAPE IN THE UNIT AMOUNTS BID WITH AN ESTIMATED ANNUAL AMOUNT OF \$60,000 AS PER BID DOCUMENTS NUMBER 2014-72; AUTHORIZING THE CITY MANAGER TO EXECUTE THE NECESSARY DOCUMENTS FOR SAID MOWING SERVICES FOR THE CITY OF ROWLETT COMMUNITY SERVICES CODE ENFORCEMENT DIVISION; AND, PROVIDING AN EFFECTIVE DATE.

WHEREAS, it is desired to contract with vendors for mowing and maintenance services for Section I for the City of Rowlett Community Services Code Enforcement Division as per Bid No. 2014-72; and

WHEREAS, the Purchasing Division has obtained competitive bids for Section I mowing services bid and recommends award to the lowest responsible bidder; and

WHEREAS, the initial term of the contract was for one-year beginning August 6, 2014 with options for four one-year renewals if both parties are agreeable; and

WHEREAS, the City Council of the City of Rowlett, Texas awarded the bid to the lowest responsible bidder for Section I mowing services.

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

Section 1: The City Council of the City of Rowlett does hereby approve the exercise of the second of four one-year renewal options for Section I mowing services to Ely Tree and Landscape in the unit amounts bid with an estimated annual amount of sixty thousand dollars (\$60,000) which is attached hereto and incorporated herein by reference as Exhibit A.

Section 2: The Council of the City of Rowlett does hereby authorize the City Manager to execute the necessary documents and issuance of purchase orders to conform to this resolution.

Section 3: This resolution shall become effective immediately upon its passage.

ATTACHMENTS

Exhibit A – Bid Tabulation for Section I Mowing

Exhibit B – Extension Agreement from Ely Tree and Landscape

City Of Rowlett Bid Tabulation Mowing Services Section I, #2014-72
4004 Main Street, Rowlett, TX 75088
Purchasing Phone 972-412-6189 Fax 972-412-6144
July 17, 2014

Ely Tree & Landscape Scott Ely 214-738-8668		Lawn & Landscape Mgmt Joe Garcia 972-412-7860		The Teter Group Sharon Teter 972-978-5682	

Item #	WT	Description	UNIT PRICE	TOTAL WEIGHT	UNIT PRICE	TOTAL WEIGHT	UNIT PRICE	TOTAL WEIGHT
1.	8.00	Mowing of a standard lot (43,560 sq. ft. or less) which is vacant & shall include any hand cutting that will be required. Price per lot.	\$30.00	\$240.00	\$45.00	\$360.00	\$30.00	\$240.00
2.	25.00	Mowing of a standard lot with a structure on said lot (43,560 sq. ft. or less) & include the cost to remove any necessary fences as well as hand cutting around the structure that is necessary to comply with the Code. Price per lot.	\$40.00	\$1,000.00	\$55.00	\$1,375.00	\$45.00	\$1,125.00
3.	8.00	Mowing of acreage property in excess of 43,560 sq. ft. (1 acre). Price per acre.	\$40.00	\$320.00	\$45.00	\$360.00	\$35.00	\$280.00
4.	5.00	Mowing of an alley or easement at the mid-line of alley or easement & shall include any hand cutting required to comply with the Code. Price per unit.	\$17.00	\$85.00	\$25.00	\$125.00	\$16.50	\$82.50
5.	0.25	Cleaning of debris, trash, and rubbish and shall include the labor cost of two (2) workers, a commercial loader and a vehicle that mechanically dumps. Price per hour. If debris is dumped in a for fee landfill, an actual dump receipt must be submitted with vendor's invoice for contractor reimbursement. If debris is dumped elsewhere, site must be identified and a dumping fee included in this bid.	\$52.00	\$13.00	\$60.00	\$15.00	\$50.75	\$12.69
6.	15.25	Cleaning of debris, trash, and rubbish by hand & shall include the labor costs of two (2) workers and a vehicle that mechanically dumps. Price per hour. If debris is dumped in a for fee landfill, an actual dump receipt must be submitted. If debris is dumped elsewhere, site must be identified and a dumping fee included in this bid.	\$40.00	\$610.00	\$60.00	\$915.00	\$45.00	\$686.25
7.	0.25	Cleaning of debris, trash, and rubbish by hand & shall include the costs of one worker and a vehicle that mechanically dumps. Price per hour. If debris is dumped in a for fee landfill, an actual dump receipt must be submitted. If debris is dumped elsewhere, site must be identified and a dumping fee included in this bid.	\$28.00	\$7.00	\$75.00	\$18.75	\$22.25	\$5.56
8.	0.25	Mowing of areas not platted into lots nor easily computed into acreage & shall include the labor costs of one worker & equipment of an 8 ft. mower to be used on large tracts and large easements or rights-of-ways (e.g. railroad rights-of-way). When terrain dictates the necessity, by-hand cutting and five foot mowers shall be permitted under this category only. When the number of workers exceeds one, Category 8A shall be employed in addition to Category 8.	\$28.00	\$7.00	\$30.00	\$7.50	\$27.35	\$6.84

Ely Tree & Landscape		Lawn & Landscape Mgmt		The Teter Group

Item #	WT	Description	UNIT PRICE	TOTAL WEIGHT	UNIT PRICE	TOTAL WEIGHT	UNIT PRICE	TOTAL WEIGHT
8A.	0.25	This category shall take into consideration the cost of workers exceeding two (2) in number, per worker performing under item 8. This per hour price shall be multiplied by the number of workers and added to the price or prices in item 8. Price per worker rate per hour.	\$15.00	\$3.75	\$15.00	\$3.75	\$17.25	\$4.31
9.	0.25	Leveling or spreading of mounds of dirt and/or rock shall include the labor costs of one worker with a track loader.	\$30.00	\$7.50	\$20.00	\$5.00	\$34.50	\$8.63
10.	5.00	Securing of open/vacant structures i.e. open doors, and/or broken windows and shall include the cost of 2 workers. Price per hour for 2 workers.	\$30.00	\$150.00	\$50.00	\$250.00	\$35.50	\$177.50
11.	6.00	Repair of residential fences and shall include the cost of 2 workers. Price per hour.	\$25.00	\$150.00	\$40.00	\$240.00	\$38.00	\$228.00
12.	1.00	Remove residential fences and shall include the labor cost of 2 workers & a pickup truck w/trailer. Price per hour for 2 workers.	\$40.00	\$40.00	\$40.00	\$40.00	\$37.50	\$37.50
13.	10.00	Trimming of trees, shrubs, and/or plants obstructing street/alley right-of-way (ROW) and shall include the cost of 2 workers. Price per hour for 2 workers.	\$40.00	\$400.00	\$60.00	\$600.00	\$36.75	\$367.50
13A.	0.50	This category shall take into consideration the cost of workers exceeding two (2) in number, per worker performing under item 13. This per hour price shall be multiplied by the number of workers and added to the price or prices in item 12. Price per worker rate per hour.	\$15.00	\$7.50	\$15.00	\$7.50	\$18.25	\$9.13
14	10.00	Furnish and install standard 4" sturdy reflective plastic address numbers in a contrasting color to the appropriate wooden surface where the numbers are being applied.	\$28.00	\$280.00	\$35.00	\$350.00	\$29.50	\$295.00
15	5.00	The cost of covering graffiti with a gray-based paint to cover entire graffiti site in square form. The method of removal shall not leave shadows or ghosts and shall not follow the pattern of the graffiti such that letters or shapes remain apparent on the surface after the graffiti markings have been covered.	\$4.00	\$20.00	\$12.00	\$60.00	\$18.00	\$90.00
	100							
GRAND TOTAL OF SECTION I			\$502.00	\$3,340.75	\$682.00	\$4,732.50	\$537.10	\$3,656.40
Addenda Acknowledged/Insurance Verified			Yes / Yes		Yes / Yes		Yes / Yes	
Comments:					A trip charge of \$35.00 will be incurred for every work order that the Code Inspector incorrectly issued. Such as an incorrect photo of property in violation or incorrect address that the crew has arrived on location of violation, and cannot perform work. (Example - picture is two story home, but real address is a one story home.) Non working days are: Christmas Eve, Christmas Day, New Year's Eve, New Year's Day, Thanksgiving Day, Easter, July 4th, Labor Day, Memorial Day, Sunday's			



Mowing Services (Section I) for the City of Rowlett

Agreement for mowing services for the City of Rowlett, Texas and Ely Tree and Landscape extending the contract for Section I mowing services for an additional twelve-month period (renewal period 2 of 4) at the same price as last contract for an annual estimated cost of \$65,000.00 for the period of August 15, 2016 through August 14, 2017.



Charles Ely, Owner
Ely Tree & Landscape
PO Box 1853
Wylie, TX 75098



Date



City of Rowlett
Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75080-0099
www.rowlett.com

AGENDA DATE: 07/19/2016

AGENDA ITEM: 7E

TITLE

Consider action to approve a resolution scheduling the official public hearing date for public comment regarding an amendment to the City's Roadway Impact Fees for 7:30 p.m. on September 6, 2016.

STAFF REPRESENTATIVE

Marc Kurbansade, Director of Development Services

SUMMARY

This resolution is to authorize scheduling of this public hearing for September 6, 2016, to consider an update that will amend the Roadway Impact Fee service area to include Bayside (formerly known as Robertson Park) which was incorporated into the City in April of 2015. Per State Law, the City Council must set a public hearing date at least 30 days prior to the scheduled public hearing wherein the amendment will be presented to the Council and public input received.

BACKGROUND / HISTORY

Chapter 395 of the Texas Local Government Code requires that cities review and update their water, wastewater, and roadway impact fee studies once every five years. This was last done in December 2013 when the City completed an update of the water, wastewater, and roadway impact fee studies. This involved adopting an updated impact fee study to reflect the changes in the City's future land assumptions, which were changed significantly due to Realize Rowlett 2020 and associated Form-Based Code rezonings. The resulting changes in demand on water, sewer and roadways and the proposed improvements to satisfy this future demand must be accurately reflected in the study in order for the proposed improvement to be legally eligible to receive funding from the collected impact fees.

The 2013 Impact Fee Update included Bayside within the service areas for Water and Wastewater Impact Fees; however, it was not included in the service areas for the Roadway Impact Fee. Bayside was allowed at the time to be included within the service areas for Water and Wastewater Impact Fees because this area was part of the City's Certificate of Convenience and Necessity (CCN). As CCN holder for Bayside, the City has the exclusive right to provide retail water and/or sewer utility service. This has allowed the City to include Bayside for the service areas for Water and Wastewater Impact Fees prior to incorporating the area within the City's municipal boundary. State law limits roadway impact fees to within the City's municipal boundaries which precluded including Bayside in the service areas for the Roadway Impact Fee. At that time, Bayside was not located within the City of Rowlett and therefore could not be included in the service areas for the Roadway Impact Fee.

Now that Bayside is within the City's municipal boundaries, Staff is proposing to amend the 2013 Impact Fee Study to incorporate Bayside within the service areas for Roadway Impact Fees. This will allow the City to collect roadway impact fees for the developments that occur within Bayside.

POLICY EXPLANATION

The proposed amendment will be presented to the Planning and Zoning Commission in their role of Capital Improvement Advisory Committee on July 26, 2016 for their comments. Per State Law, the City Council must set a public hearing date at least 30 days prior to the scheduled public hearing wherein the amendment will be presented to the Council and public input received. Once the City Council has approved a resolution setting the public hearing date, then City Staff will publish notice in the local newspaper as required per State Law.

FISCAL IMPACT

N/A

STAFF RECOMMENDATION

Setting a public hearing date 30 days prior to the scheduled date is required by State Law. Staff recommends that the Council approve a resolution setting the public hearing date for **September 6, 2016 at 7:30 p.m.**

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS, SETTING A DATE FOR A PUBLIC HEARING FOR SEPTEMBER 6, 2016, AT 7:30 PM, IN ORDER TO CONSIDER UPDATED LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN CHANGES UNDER WHICH IMPACT FEES MAY BE ADOPTED, AMENDED OR REPEALED; PROVIDING THAT NOTICE OF THE PUBLIC HEARING SHALL BE GIVEN AS REQUIRED BY LAW; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Rowlett has heretofore adopted a capital improvements plan, based upon comprehensive studies and land use assumptions, on which an impact fee structure has been based; and

WHEREAS, state law requires periodic reviews and updates of land use assumptions and capital improvements plans and, therefore, periodic reviews of the City's impact fee structure; and

WHEREAS, in compliance with state law, the City Council has commissioned professional engineers and consultants to conduct studies and evaluate the City's pre-existing land use assumptions and capital improvements plan; the City has received updates to the existing land use assumptions and capital improvements plan; and, the Council desires to call and order a public hearing as required by law to enable any interested person to comment on and present evidence for or against updates to land use assumptions, the capital improvements plan, and amendments or changes to impact fees.

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

Section 1: That the City Council of the City of Rowlett, Texas, does hereby order a public hearing to be held on September 6, 2016, at 7:30 PM to consider, discuss and review updates to the City's land use assumptions, to determine whether the capital improvements plan should be amended, and to determine whether impact fees should be revised.

Section 2: That the public hearing shall be conducted before the City Council at the Rowlett City Hall, 4000 Main Street, Rowlett, Texas, and any member of the public may appear and present evidence for or against the changes to land use assumptions, the capital improvements plan, and impact fees.

Section 3: That notice of the date, time and location of the public hearing shall be sent and published as required by law. The notice shall contain a headline to read as follows: "Notice of Public Hearing on Amendment of Impact Fees;" the time, date, and location of the hearing; a statement that the purpose of the hearing is to consider the amendment of land use assumptions and a capital improvements plan and the imposition of an impact fee; and a statement that any member of the public has the right to appear at the hearing and present evidence for or against the update.

Section 4: That this resolution shall become effective immediately upon its passage.



City of Rowlett

Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75080-0099
www.rowlett.com

AGENDA DATE: 07/19/16

AGENDA ITEM: 7F

TITLE

Consider action to approve a resolution entering into an Interlocal Agreement with the City of Carrollton, which will allow both cities to cooperatively purchase goods and services under each other's competitively bid contracts.

STAFF REPRESENTATIVE

Vicki Alfaro, Purchasing Agent

SUMMARY

This item is to establish an Interlocal Agreement between the City of Rowlett and the City of Carrollton for cooperative purchasing of goods and services. Staff recognizes the advantage of having cooperative purchasing opportunities and saving taxpayer dollars through economies of scale; therefore, City staff is requesting an Interlocal Agreement be established.

BACKGROUND INFORMATION

Texas Local Government Code provides the opportunity for governmental entities to participate in Cooperative Purchasing Programs with each other as stated below. The City of Rowlett currently has thirty-eight (38) Interlocal Agreements established with other governmental entities.

DISCUSSION

Section 271.102, Texas Local Government Code, authorizes a local government to participate in a Cooperative Purchasing Program with another local government or a local cooperative organization, and such process satisfies the state law competitive bid requirements. Chapter 791 of the Texas Government Code also authorizes respective governing bodies and officials in accordance with the "Interlocal Cooperation Act" to participate in a Cooperative Purchasing Program with another government entity, and such process satisfies the state law competitive bid requirements.

The City of Carrollton has an agreement for water tank inspection, cleaning & repair with US Underwater Services, LLC, that would benefit Rowlett. In addition, this interlocal agreement provides the opportunity for both parties to share other bids. There is no fee involved for the Interlocal Agreement.

The City Manager or designee for each party is authorized to act on behalf of the respective party in all matters relating to this cooperative purchasing program. Each party shall make payments to the other party or directly to the vendor under the contract made pursuant to Subchapter F, Chapter 271 of the Texas Local Government Code and Chapter 791 of the Texas Government

Code. Each party shall be responsible for the respective vendor's compliance with provisions relating to the quality of items and terms of delivery.

The City Attorney, David Berman, has reviewed and approved the Interlocal Agreement attached hereto and incorporated herein by reference as Exhibit A.

FINANCIAL/BUDGET IMPLICATIONS

Not applicable as there is no fee involved to establish the Interlocal Agreement with the City of Carrollton.

RECOMMENDED ACTION

City staff recommends the City Council approve a resolution entering into an Interlocal Agreement with the City of Carrollton, which will allow both cities to cooperatively purchase goods and services under each other's competitively bid contracts.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS, APPROVING AN INTERLOCAL AGREEMENT WITH THE CITY OF CARROLLTON FOR COOPERATIVE BIDDING AND PURCHASING OF GOODS AND SERVICES UNDER COMPETITIVELY BID CONTRACTS PURSUANT TO SUBCHAPTER F, CHAPTER 271, OF THE TEXAS LOCAL GOVERNMENT CODE AND CHAPTER 791 OF THE TEXAS GOVERNMENT CODE FOR THE CITY OF ROWLETT, TEXAS; AUTHORIZING THE CITY MANAGER AS THE COORDINATOR FOR THE COOPERATIVE ENTITY UNDER SUCH AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Rowlett, Texas finds that the Texas Local Government Code Section 271.102, and Chapter 791 of the Texas Government Code allows local governments to participate in a Cooperative Purchasing Program with another local government or a local cooperative organization and allows both parties to purchase goods and services under each other's competitively bid contracts, and such process satisfies the State law competitive bid requirements; and

WHEREAS, the City of Rowlett desires to participate in an Interlocal Cooperation Agreement with the City of Carrollton to cooperatively purchase goods and services for each governmental entity.

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

Section 1: The City of Rowlett does hereby approve an Interlocal Cooperation Agreement with the City of Carrollton providing for cooperative bidding and purchasing of goods and services; a copy of said agreement being attached hereto and labeled "Exhibit A".

Section 2: The City Manager is hereby designated as the coordinator for the City of Rowlett under said agreement, and is hereby authorized to execute the agreement with the City of Carrollton and such other documents as may be necessary or appropriate pursuant thereto.

Section 3: This resolution shall become effective immediately upon its passage.

ATTACHMENT

Exhibit A – Interlocal Cooperation Agreement

STATE OF TEXAS
COUNTY OF DALLAS

§
§ **INTERLOCAL COOPERATION AGREEMENT**
§

This Interlocal Cooperation Agreement (“Agreement”) is by and between the City of Carrollton, Texas (“Carrollton”), and the City of Rowlett, Texas (“Rowlett”), acting by and through their authorized officers.

RECITALS:

WHEREAS, this Agreement is authorized by Chapter 791 of the Texas Government Code and Subchapter F, Chapter 271, Texas Local Government Code; and

WHEREAS, Section 271.102 of the TEX. LOC. GOV’T CODE authorizes a local government to participate in a Cooperative Purchasing Program with another local government or a local cooperative organization; and

WHEREAS, a local government that purchases goods and services pursuant to a Cooperative Purchasing Program with another local government satisfies the requirement of the local government to seek competitive bids for the purchase of the goods and materials; and

WHEREAS, each party has and will on an annual basis obtain competitive bids for the purchase of goods and services; and

WHEREAS, the parties desire to enter into a cooperative purchasing program which will allow each party to purchase under goods and services under each other’s competitively bid contracts pursuant to Subchapter F, Chapter 271 of the TEX. LOC. GOV’T CODE;

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, the parties agree as follows:

ARTICLE I
PURPOSE

The purpose of this Agreement is to establish a cooperative purchasing program between the parties, which will allow each party to purchase goods and services under each other’s competitively bid contracts pursuant to Subchapter F, Chapter 271 of the TEX. LOC. GOV’T CODE.

ARTICLE II
TERM

The term of this Agreement shall be for a period of one (1) year commencing on the last date of execution hereof (“Effective Date”). Thereafter this Agreement shall automatically

renew for successive periods of one (1) year each under the terms and conditions stated herein, unless sooner terminated as provided herein.

ARTICLE III TERMINATION

Either party may terminate this Agreement by providing thirty (30) days prior written notice to the other party.

ARTICLE IV PURCHASING

The City Manager or other designee for each party is authorized to act on behalf of the respective party in all matters relating to this cooperative purchasing program. Each party shall make payments to the other party or directly to the vendor under the contract made pursuant to Subchapter F, Chapter 271 of the TEX. LOC. GOV'T CODE. Each party shall be responsible for the respective vendor's compliance with provisions relating to the quality of items and terms of delivery.

ARTICLE V MISCELLANEOUS

5.1 **Relationship of Parties:** This Agreement is not intended to create, nor should it be construed as creating, a partnership, association, joint venture or trust.

5.2 **Notice:** Any notice required or permitted to be delivered hereunder shall be deemed received when sent in the United States Mail, Postage Prepaid, Certified Mail, Return Receipt Requested, or by hand-delivery or facsimile transmission addressed to the respective party at the address set forth below the signature of the party.

5.3 **Amendment:** This Agreement may be amended by the mutual written agreement of both parties hereto.

5.4 **Severability:** In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect the other provisions, and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.

5.5 **Governing Law:** The validity of this Agreement and any of its terms and provisions as well as the rights and duties of the parties, shall be governed by the laws of the State of Texas; and venue for any action concerning this Agreement shall be in the State District Court of Dallas County, Texas.

5.6 **Entire Agreement:** This Agreement represents the entire agreement among the parties with respect to the subject matter covered by this Agreement. There is no other collateral, oral or

AGENDA DATE: 07/19/16

AGENDA ITEM: 7G

TITLE

Consider action to approve a resolution accepting the bid of \$72,989.00 from TRI-CON Services and executing a Public Works contract for construction services in the downtown district of Main Street from Commerce Street to Ponder Street and authorizing the Mayor to execute the necessary documents for said services.

STAFF REPRESENTATIVE

Noel Thompson, Interim Director of Public Works
Walter Allison, PE City Engineer
Tyson Thompson, PE Assistant City Engineer

SUMMARY

The Main Street Rehabilitation consists of rehabilitation and reconstruction of the damaged and deteriorated sidewalk, handicap ramps, planter structures, fountain and associated features on Main Street between Commerce Street and Ponder Street. Reconstruction of sidewalks and handicap ramps are necessary to be in conformance with the American Disabilities Act (ADA) requirements.



BACKGROUND INFORMATION

Sidewalks, handicap ramps and aesthetic features on Main Street have deteriorated and suffered damage since being constructed in 2006. Most noticeable are those facilities and features in the

area of the Bankhead Brewery and Villages of Rowlett under construction at the present time. Bankhead Brewery is projected to open for business in late summer 2016, thus it is prudent for the City to complete the Main Street Rehabilitation prior to the opening of businesses on Main Street this summer.

DISCUSSION

The Public Works Department solicited bids for the Main Street Rehabilitation and received three contractor notifications in response to the solicitation:

- TRI-CON Services – bid of \$72,989.00
- F&F Concrete Company – declined to bid (non-responsive)
- Lawn and Landscape Management – declined to bid (non-responsive)

Staff has reviewed the bid of \$72,989.00 and determined the bid proposal is acceptable. A bond/surety is required for this Public Works contract. The proposed project budget amount is \$72,989.00 plus ten percent contingency of \$7,298.90 or \$80,287.90.

FINANCIAL/BUDGET IMPLICATIONS

Funding in the amount of \$80,287.90 is available in the Capital Project Fund ST2075 budgeted for panel replacement.

Project Code	Account or Project Title	Budget Amount	Proposed Amount
ST2075	Alley Panel Replacement	\$293,335.33	
	Main Street Rehabilitation		\$80,287.90
ST2075	Remaining Balance		\$213,047.43

RECOMMENDED ACTION

Staff recommends City Council approve a resolution to award a Public Works contract in the amount of \$80,287.90 for construction services in the downtown district of Main Street from Commerce Street to Ponder Street and authorizing the Mayor to execute the necessary documents for said construction services.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS, ACCEPTING THE BID OF AND AWARDING A PUBLIC WORKS CONTRACT TO TRI-CON SERVICES IN THE AMOUNT OF \$72,989.00 FOR THE MAIN STREET REHABILITATION FROM COMMERCE STREET TO PONDER STREET; AUTHORIZING THE MAYOR TO EXECUTE THE NECESSARY DOCUMENT FOR SAID SERVICES; AND PURSUANT TO APPROVAL AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, it is necessary to rehabilitate and reconstruct damaged and deteriorated sidewalk, handicap ramps, planter structures, the fountain and associated features in the downtown district of Main Street from Commerce Street to Ponder Street; and

WHEREAS, the City has received a low bid of \$72,989.00 from TRI-CON Services to rehabilitate and reconstruct said damage and deteriorated facilities and features in the downtown district of Main Street from Commerce Street to Ponder Street; and

WHEREAS, City staff has reviewed the bid proposal received from TRI-CON Services, determined that said bid is acceptable and recommends that a Public Works contract be awarded to TRI-CON Services, and

WHEREAS, the City Council of the City of Rowlett, Texas desires to award a Public Works contract to TRI-CON Services for said rehabilitation and reconstruction of facilities and features in the downtown district of Main Street.

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

Section 1: That the City Council of the City of Rowlett does hereby accept the bid of and award of a Public Works contract to TRI-CON Services in the amount of \$72,989.00 and authorizing the Mayor to execute the necessary documents for said services.

Section 2: This resolution shall become effective immediately upon its passage.

ATTACHMENTS

Exhibit A – Main Street Improvements from Commerce Street to Ponder Street – Bid Proposal

Exhibit A
Main Street Improvements from Commerce Street to Ponder Street – Bid Proposal



TRI-con
SERVICES, INC.

GENERAL CONSTRUCTION

P.O. BOX 472867 – GARLAND, TEXAS 75047-2867
3010 W. MAIN ST. , ROWLETT, TEXAS 75088
Office (972) 475-5207 – FAX (972) 475-7416



June 30th, 2016

Quote / Pro-forma

Mr. Walter Allison / Mr. Tony Creonte
City of Rowlett
3910 Main St.
Rowlett, TX 75088

Re: Main St. Brewery Sidewalk Repairs/Improvements Quote

Tony,

The following is our estimated value for the proposed sidewalk improvements in front of the new brewery along Main St. (at/near 3840 Main St.):

\$ 72,989

Price includes:

Traffic Control (divert East bound traffic thru commerce St.) / Surveying (correct grades for proper drainage) / 2 year Bond
Remove & Dispose ex. Sidewalk pavement / Haul off excess soil / debris
Repair 2 inch diameter PVC pipe at fountain & backfill area with onsite soils
New 4 inch thick reinforced concrete sidewalk pavement
Remove & Replace Street sign (1) / Remove & replace ADA ramp (1)
Remove & replace brick pavers (similar colors / style)
8 inch thick reinforced concrete dumpster pad (behind bldg.)
Furnish & install 65 gal Chinese pistachio tree
Irrigation for new tree (1-bubbler for new tree obtained by tying into adjacent island with existing irrigation system) / 6' x 6' steel Tree grate with frame installed in new concrete (1)
Furnish & install 2 plastic irrigation boxes (18" x 18")
Furnish & install 2 – 2 inch meter boxes/cans and backfill area before new pavement installed flush with boxes

Exclude: Storm inlet repairs or replacement; Main St. pavement repairs or replacement; bench; Solid sod o seeding; vegetation maintenance or watering; liability for unknown and/or unmarked underground lines; FDC or water main work; any work pertaining to fountain or fountain pavement improvements (near or around) including walls or structures; import sand or structural soil; dirt-work or grading to the south or around new sidewalk area (including between bldg. & fountain); double check valve for irrigation

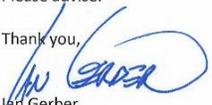
Note:

* Total working area limits per previous onsite meeting JUNE 30th– to be marked and agreed upon before starting
*Tree grate lead time: 4-5 weeks
*Existing 2 inch water service has an existing leak

We appreciate the opportunity.

Please advise.

Thank you,


Ian Gerber
Tri-Con Services, Inc.



City of Rowlett Staff Report

4000 Main Street
P.O. Box 99
Rowlett, TX 75080-0099
www.rowlett.com

AGENDA DATE: 07/19/16

AGENDA ITEM: 8A

TITLE

Consider action to approve a resolution amending the Bylaws of Tax Increment Reinvestment Zone Number Two, for automatic Council membership on the TIRZ Board of Directors, and appointing a chairperson to serve for 2017.

STAFF REPRESENTATIVE

Jim Grabenhorst, Director of Economic Development

SUMMARY

On April 7, 2015, the City of Rowlett created the Tax Increment Reinvestment Zone (TIRZ) Number Two, City of Rowlett, Texas with said TIRZ boundary encompassing the area known as Bayside and the adjoining street right-of-way and is approximately 317 ± acres (Attachment 1). The purpose of this agenda item is to amend the current TIRZ bylaws to allow for automatic council membership to the Board of Directors for the TIRZ, and to appoint a chairperson.

BACKGROUND INFORMATION

Pursuant to the Tax Increment Financing Act, Chapter 311 (Texas Tax Code) and the ordinance creating the TIRZ on April 7, 2015, Council is authorized to appoint the number of directors and is further authorized to appoint the Chairperson of the Board of Directors. The TIRZ board functions in an advisory capacity with respect to the zone and shall make recommendations to the Council concerning the administration, management and operation of the zone. The Council is also charged with the responsibility of annually appointing a director to serve as chairperson.

DISCUSSION

Under Chapter 311 (Texas Tax Code) the TIRZ Board of Directors shall consist of five (5) members, but no more than fifteen (15) and the City may have no more than ten (10) representatives. The current bylaws provide that the Board of Directors shall consist of seven directors, all of whom are appointed by the Council. Upon the creation of the TIRZ, Council recommended the appointment of the full City Council (seven members) to serve as the directors. Instead of requiring formal action by the Council to appoint new members when new Councilmembers are elected, the logical process is for Council appointments to the TIRZ Board to be automatic, such that membership on the Council coincides with membership on the Board of Directors.

FISCAL IMPACT/BUDGET IMPLICATIONS

N/A

RECOMMENDED ACTION

City staff recommends that the City Council approve a resolution amending the Bylaws of Tax Increment Reinvestment Zone Number Two, for automatic Council membership on the TIRZ Board of Directors and authorizing the Mayor to execute all necessary documents on the City's behalf.

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROWLETT, TEXAS ADOPTING AN AMENDMENT TO THE BYLAWS OF THE TAX INCREMENT REINVESTMENT ZONE NUMBER TWO, CITY OF ROWLETT, TEXAS, PROVIDING FOR APPOINTMENT TO THE BOARD OF DIRECTORS OF THE TAX INCREMENT REINVESTMENT ZONE NUMBER TWO; PROVIDING FOR THE APPOINTMENT OF A DIRECTOR TO SERVE AS CHAIRPERSON OF THE BOARD FOR 2017; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Council of the City of Rowlett, Texas (the "City"), pursuant to an ordinance adopted on April 7, 2015 (the "Ordinance"), created Tax Increment Financing Reinvestment Zone Number Two, City of Rowlett, Texas (the "Zone"), and created a Board of Directors for the Zone;

WHEREAS, in accordance with the Tax Increment Financing Act, Chapter 311, Texas Tax Code, as amended (the "Act"), the City Council is authorized to appoint the number of directors specified in the Ordinance, and is further authorized to appoint the Chairman of the Board of Directors; and

WHEREAS, there are no other governing bodies of any taxing unit that participates in the Zone; and

WHEREAS, the bylaws of the Zone provide that the Council may amend the Bylaws by Resolution.

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

Section 1. That all matters stated in the preamble of this resolution are true and correct and are hereby incorporated into the body of this resolution as if copied in their entirety.

Section 2. That the City Council of the City of Rowlett, Texas, does hereby amend the Bylaws of the Tax Increment Financing Reinvestment Zone Number 2, City of Rowlett, Texas, such that the existing Section 1 of Article II ("Board of Directors") is hereby repealed and replaced in its entirety to read as follows:

“ARTICLE II

Section 1. Powers, Numbers and Term of Office. The Board of Directors of the Zone shall consist of seven (7) directors, each of whom shall be members of the City Council of the City. Upon assumption of the duties of the office of Councilmember, that person shall automatically be designated as a Director of the Zone. Upon the death, resignation, disqualification or removal for any reason of a Councilmember, that person shall automatically be deemed removed as a Director of the Zone. No additional action need be taken by the City Council to effect the appointment or removal of a Director.”

Section 3. That the Council does hereby appoint _____, to serve as chairperson of the Board of Directors of the Tax Increment Financing Reinvestment Zone Number 2, City of Rowlett, Texas, to serve of and from January 1, 2017 through December 31, 2017.

Section 4. This resolution shall become effective from and after the date of its passage.

ATTACHMENTS

Attachment 1 – Ordinance Creating TIRZ Number Two, City of Rowlett, Texas

Attachment 2 – Bylaws of TIRZ No. 2



City of Rowlett

Official Copy

Ordinance: ORD-013-15

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

AN ORDINANCE OF THE CITY OF ROWLETT, TEXAS, DESIGNATING AND CREATING A TAX INCREMENT FINANCING REINVESTMENT ZONE TO BE ENTITLED "TAX INCREMENT REINVESTMENT ZONE NUMBER TWO, CITY OF ROWLETT, TEXAS," ON APPROXIMATELY 317 ACRES OF LAND ON THE SOUTHERN END OF THE ROWLETT PENINSULA, GENERALLY LOCATED SOUTH OF CHIESA ROAD AND BEING THAT PORTION OF THE CITY FORMERLY OPERATED BY THE CITY OF DALLAS AS ELGIN B. ROBERTSON PARK ALONG WITH THE RIGHT-OF-WAY OF INTERSTATE HIGHWAY 30 AND ADJACENT ROADWAYS; PROVIDING FOR THE ESTABLISHMENT OF A BOARD OF DIRECTORS AND A TAX INCREMENT FUND FOR SUCH REINVESTMENT ZONE; PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Rowlett Texas, (the "City"), desires to promote the development and redevelopment of a certain geographic area to include the area described in Exhibit "A" and Exhibit "B" attached hereto, formerly operated by the City of Dallas as Elgin B. Robertson Park, by the creation of a reinvestment zone (the "Zone"), as authorized by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, (the "Act"); and

WHEREAS, in compliance with the Act, the City called a public hearing to receive public comments on the advisability of creating the Zone and its benefits to the City and the property in the proposed Zone; and

WHEREAS, in compliance with the Act, notice of such public hearing was published in a paper of general circulation in the City, such publication date being not later than seven (7) days prior to the date of the public hearing; and

WHEREAS, such hearing was held on April 7, 2015, at the time and place mentioned in the published notice, and then closed, and

WHEREAS, at such hearing, the City invited and allowed any interested person to appear and comment for or against the creation of the Zone, the boundaries of the proposed Zone, whether all or part of the territory included in the boundary description and depicted in the map which together are attached hereto as Exhibit "A" and Exhibit "B" should be included in such proposed Zone and the concept of tax increment financing; and

WHEREAS, all owners of property located within the proposed Zone, taxing units and other interested persons were given the opportunity at such public hearing to protest the

creation of the proposed Zone, the boundaries of the proposed Zone and the concept of tax increment financing; and

WHEREAS, a preliminary project and financing plan has been prepared and presented to this City Council.

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

Section 1. That the facts and recitations contained in the preamble of this ordinance are hereby found and declared to be true and correct.

Section 2. That the City Council, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

(a) That the public hearing on creation of the Zone has been properly, called, held and conducted and that notice of such hearing has been published and provided as required by law;

(b) That creation of the proposed Zone with boundaries as described in Exhibit "A" and Exhibit "B" will significantly enhance the value of all the taxable property in the zone and will be of general benefit to the City, its residents and property owners in general;

(c) That the Zone, as defined in Exhibit "A" and Exhibit "B", meets the criteria for the creation of a reinvestment zone as set forth in the Act in that:

(1) It is a contiguous geographic area located wholly within the corporate limits of the City; and

(2) The area within the proposed Zone is predominately open and undeveloped and because of obsolete platting, deterioration of site improvements, inadequate drainage, lack of infrastructure and other facilities that would enable or attract development or redevelopment of the area, and other factors, substantially impairs or arrests the sound growth of the City.

(d) That the total appraised value of all taxable real property in the proposed reinvestment zone according to the most recent appraisal roll of the City, together with the total appraised value of taxable real property in all other existing reinvestment zones within the City, according to the most recent appraisal roll of the City, does not exceed fifty percent (50%) of the current total appraised value of taxable real property in the City and in the industrial districts created by the City, if any;

(e) That the area within the proposed Zone is unproductive and underdeveloped, and the improvements in the Zone set forth in the preliminary project and financing plan for the proposed Zone will significantly enhance the value of all taxable real property in the Zone and be of general benefit to the City;

(f) That the development or redevelopment of the property in the proposed Zone will not occur solely through private investment in the reasonably foreseeable future;

- (g) That not more than thirty percent (30%) of the property in the proposed Zone, excluding property that is publicly owned, is used for residential purposes; and
- (h) That improvements to the property to be included in the proposed Zone as described in the preliminary project and financing plan will significantly enhance the value of all taxable real property in the proposed Zone and will be of general benefit to the City by providing infrastructure improvements and other facilities, improvements and other incentives that will encourage the development and redevelopment of the property within the zone that will attract visitors and consumers to the area encompassed by the zone and to commercial and retail enterprises within the Zone.

Section 3. That the City hereby creates a tax increment reinvestment zone comprised of the area described and depicted as Exhibit "A" and Exhibit "B" attached hereto, and such reinvestment zone shall hereafter be identified as "Tax Increment Reinvestment Zone Number Two, City of Rowlett, Texas".

Section 4. That there is hereby established a board of directors for the Zone which shall consist of seven (7) members. The members of the board of directors shall be appointed as follows:

- (a) There is hereby established a board of directors for the Zone (the "Board") consisting of seven members. All members shall be appointed by the City Council. The terms of the board members shall be for two year terms. The City Council shall appoint seven individuals to serve as the initial members of the Board. Each year, the City Council shall appoint a member to serve as the chairman of the Board for a one-year term that begins on January 1 of the following year. The Board is authorized to elect a vice-chairman to preside in the absence of the chairman or when there is a vacancy in the office of chairman. The Board may elect other officers as determined by the Board. A vacancy on the Board shall be filled for the unexpired term by appointment of the governing body of the City. To be eligible for appointment to the Board, an individual must meet the requirements specified in the Act, as it may be amended from time to time. A simple majority of the board's membership shall constitute a quorum.
 - (b) The board of directors shall make recommendations to the City Council concerning the administration of the Zone. It shall prepare and adopt a project plan and Zone financing plan for the Zone and must submit such plans to the City Council for its approval. The board of directors shall possess all powers necessary to prepare, implement and monitor such project plan for the Zone as the City Council considers advisable, including the submission of an annual report on the status of the Zone.
 - (c) To the extent permitted by the Act, the City Council may by resolution determine that the terms of members of the board of directors be commensurate with membership on the City Council and that the terms of board members terminate when a member's term as a City Council member terminates. In the event of such termination, the City Council shall appoint another member as soon as practical to fill
-

the remainder of the term of office of the member no longer serving as a City Council member.

Section 5. That the Zone shall take effect immediately, and that the termination of the Zone shall occur on the earlier of (a) April 30, 2035, (b) an earlier time designated by subsequent ordinance of the City Council in the event the City determines that the Zone should be terminated due to insufficient private investment, accelerated private investment, or other good cause, or (c) at such time as all project costs, tax increment bonds, if any, and the interest thereon, and other obligations have been paid in full.

Section 6. That the Tax Increment Base for the Zone, which is the total appraised value of all taxable real property located in the Zone, is to be determined as of January 1, 2015, the year in which the Zone was designated a tax increment reinvestment zone.

Section 7. That there is hereby created and established a Tax Increment Fund for the Zone which may be divided into such subaccounts as may be authorized by subsequent resolution or ordinance, into which all Tax Increments, less any of the amounts not required to be paid into the Tax Increment Fund pursuant to the Act, are to be deposited. The Tax Increment Fund and any subaccounts are to be maintained in an account at the City Treasurer's affiliated depository bank of the City and shall be secured in the manner prescribed by law. In addition, all revenues from the sale of any tax increment bonds and notes hereafter issued by the City, revenues from the sale of any property acquired as part of the tax increment financing plan and other revenues to be dedicated to and used in the Zone shall be deposited into such fund or subaccount from which money will be disbursed to pay project costs for the Zone or to satisfy the claims of holders of tax increment bonds or notes issued for the Zone.

Section 8. That all provisions of the Code of Ordinances of the City of Rowlett, Texas, in conflict with the provisions of this ordinance be and are hereby, repealed, and all other provisions not in conflict with the provisions of this ordinance shall remain in full force and effect.

Section 9. That should any word, phrase, paragraph, section or phrase of this ordinance or of the Code of Ordinances, as amended hereby, be held to be unconstitutional, illegal or invalid, the same shall not affect the validity of this ordinance as a whole, or any part or provision thereof other than the part so decided to be unconstitutional, illegal or invalid, and shall not affect the validity of the Code of Ordinances as a whole.

Section 10. That this ordinance shall take effect immediately from and after its passage and the publication of the caption as the law and Charter in such cases provide.

At a meeting of the City Council on April 7, 2015 this Ordinance be adopted. The motion carried by the following vote:

Ayes: 7 Mayor Gottel, Mayor Pro Tem Gallops, Deputy Mayor Pro Tem Pankratz, Councilmember van Bloemendaal, Councilmember Dana-Bashian, Councilmember Bobbitt and Councilmember Sheffield

The remainder of this page was intentionally left blank.

Approved by [Signature]
Mayor

Date April 7, 2015

Approved to form by [Signature]
City Attorney

Date April 7, 2015

Certified by [Signature]
City Secretary

Date April 7, 2015



LEGAL DESCRIPTION

EXHIBIT A

316.94 ACRES

BEING a tract of land situated in the William Crabtree Survey, Abstract No. 346, Charles D. Merrill Survey, Abstract No. 957, Elmira Eveens Survey, Abstract No. 438, William Haden Thomas Survey, Abstract No. 213, H. McMillan Survey, Abstract No. 143, H. McMillan Survey, Abstract No. 853 and Jared Stephenson Survey, Abstract No. 258, City of Rowlett, Dallas County and Rockwall County, Texas; and being all of a tract of land described in Deed to City of Rowlett recorded in Instrument No. _____ of the Official Public Records of Dallas County, Texas; being part of Fuqua Road right-of-way, part of Dalrock Road right-of-way and part of Interstate Highway No. 30 right-of-way; and being more particularly described as follows;

BEGINNING at the intersection of the centerline of Fuqua Road (a variable width right-of-way) and the prolongation of the south line of Lakecrest Estates, an addition to the City of Rowlett according to the plat recorded in 84138, Page 1906 of said Deed Records;

THENCE departing said centerline of Fuqua Road and with said south line of Lakecrest Estates Addition, North 88°40'50" East, a distance of 2589.61 feet to the southeast corner of said Lakecrest Estates Addition and in the south line of a tract of land described as "Tract 2" in Warranty Deed to Missouri Kansas-Texas Railroad Company recorded in Volume 72212, Page 515 of said Deed Records; said point also being the beginning of a non-tangent curve to the left having a central angle of 38°37'49", a radius of 4633.66 feet, a chord bearing and distance of South 64°46'31" East, 3065.29 feet;

THENCE in a southeasterly direction, with said south line of the Missouri Kansas-Texas Railroad Company tract and with said curve to the left, an arc distance of 3124.13 feet to a point for corner at the intersection of said south line of the Missouri Kansas-Texas Railroad Company tract and the east right-of-way line of Dalrock Road (a variable width right-of-way);

THENCE departing said south line of the Missouri Kansas-Texas Railroad Company tract and with said east right-of-way line of Dalrock Road, the following courses and distances:

- South 0°26'16" East, a distance of 280.48 feet to a point for corner;
- South 89°33'44" West, a distance of 5.00 feet to a point for corner;
- South 0°26'16" East, a distance of 349.63 feet to a point for corner;
- South 30°08'56" East, a distance of 85.76 feet to a point for corner at the intersection of said east right-of-way line of Dalrock Road and the north right-of-way line of Interstate Highway No. 30 (a variable width right-of-way);

THENCE with said north right-of-way line of Interstate Highway No. 30, the following courses and distances:

- North 59°51'04" East, a distance of 909.03 feet to a point for corner;
- South 30°08'56" East, a distance of 150.00 feet to a point for corner;
- North 59°51'04" East, a distance of 500.00 feet to a point for corner;
- North 54°43'34" East, a distance of 201.56 feet to a point for corner;
- North 59°51'04" East, a distance of 84.81 feet to a point for corner;

THENCE departing said north right-of-way line of Interstate Highway No. 30, South 30°21'12" East, a distance of 415.59 feet to a point for corner in the south right-of-way line of said Interstate Highway No. 30;

BAYSIDE - TIRZ BOUNDARY

316.9 ACRES

CITY OF ROWLETT

WILLIAM CRABTREE SURVEY, ABSTRACT NO. 346
 ELMIRA EVEENS SURVEY, ABSTRACT NO. 438
 CHARLES D. MERRILL SURVEY, ABSTRACT NO. 957
 WILLIAM HADEN THOMAS SURVEY, ABSTRACT NO. 213
 H. McMILLAN SURVEY, ABSTRACT NO. 143
 H. McMILLAN SURVEY, ABSTRACT NO. 853 AND
 JARED STEPHENSON SURVEY, ABSTRACT NO. 258
 DALLAS COUNTY & ROCKWALL COUNTY, TEXAS

PRELIMINARY

THIS DOCUMENT SHALL
 NOT BE RECORDED FOR
 ANY PURPOSE AND
 SHALL NOT BE USED OR
 VIEWED OR RELIED
 UPON AS A FINAL
 SURVEY DOCUMENT

J. ANDY DOBBS
 REGISTERED PROFESSIONAL
 LAND SURVEYOR NO. 6196
 12750 MERIT DRIVE, SUITE 1000
 DALLAS, TEXAS 75251
 PH. 972-770-1300
 andy.dobbs@kimley-horn.com

<h1 style="margin: 0;">Kimley»Horn</h1>	
12750 Merit Drive, Suite 1000 Dallas, Texas 75251	FIRM # 10115500
Tel. No. (972) 770-1300 Fax No. (972) 239-3820	
<u>Scale</u>	<u>Drawn by</u>
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<u>Checked by</u>	<u>Date</u>
DAB	APRIL 2015
<u>Project No.</u>	<u>Sheet No.</u>
064478300	1 OF 7

LEGAL DESCRIPTION (CONTINUED)

EXHIBIT A

THENCE with said south right-of-way line of Interstate Highway No. 30, South 59°38'48" West, a distance of 1411.44 feet to a point for corner in the 435.5 foot contour line as defined by a survey performed in September, 2014;

THENCE with said 435.5 foot contour line, the following courses and distances:

- South 11°55'35" West, a distance of 13.30 feet to a point for corner;
- South 83°55'34" East, a distance of 42.59 feet to a point for corner;
- South 41°26'22" East, a distance of 22.81 feet to a point for corner;
- North 84°26'38" East, a distance of 65.39 feet to a point for corner;
- South 59°17'22" East, a distance of 176.45 feet to a point for corner;
- South 48°46'22" East, a distance of 21.32 feet to a point for corner;
- South 45°47'00" West, a distance of 31.45 feet to a point for corner;
- South 26°22'16" East, a distance of 36.33 feet to a point for corner;
- North 70°44'38" East, a distance of 69.54 feet to a point for corner;
- South 49°36'30" East, a distance of 86.35 feet to a point for corner;
- South 16°53'11" East, a distance of 90.81 feet to a point for corner;
- South 28°32'17" West, a distance of 58.79 feet to a point for corner;
- South 58°27'51" West, a distance of 238.99 feet to a point for corner;
- South 69°33'01" West, a distance of 197.77 feet to a point for corner;
- South 35°06'48" West, a distance of 147.15 feet to a point for corner;
- South 11°57'05" West, a distance of 115.30 feet to a point for corner;
- South 43°25'41" East, a distance of 251.60 feet to a point for corner;
- South 53°03'14" East, a distance of 253.93 feet to a point for corner;
- North 86°32'28" East, a distance of 214.90 feet to a point for corner;
- North 58°46'44" East, a distance of 281.78 feet to a point for corner;
- North 30°07'13" East, a distance of 21.71 feet to a point for corner;
- North 56°49'51" East, a distance of 138.28 feet to a point for corner;
- North 1°28'39" West, a distance of 18.10 feet to a point for corner;
- North 74°07'21" East, a distance of 112.01 feet to a point for corner;
- South 3°58'16" East, a distance of 20.21 feet to a point for corner;
- North 77°08'51" East, a distance of 12.88 feet to a point for corner;
- South 27°28'01" East, a distance of 20.33 feet to a point for corner;
- South 74°24'40" East, a distance of 42.16 feet to a point for corner;
- South 39°38'37" East, a distance of 39.65 feet to a point for corner;
- South 35°13'43" East, a distance of 104.73 feet to a point for corner;
- South 44°28'24" East, a distance of 100.03 feet to a point for corner;
- South 27°26'58" East, a distance of 84.71 feet to a point for corner;
- South 43°24'12" East, a distance of 57.43 feet to a point for corner;
- South 72°34'05" East, a distance of 29.28 feet to a point for corner;
- South 28°05'28" East, a distance of 22.60 feet to a point for corner;
- South 36°39'54" West, a distance of 54.35 feet to a point for corner;

BAYSIDE - TIRZ BOUNDARY
316.9 ACRES
CITY OF ROWLETT

- WILLIAM CRABTREE SURVEY, ABSTRACT NO. 346
- ELMIRA EVEENS SURVEY, ABSTRACT NO. 438
- CHARLES D. MERRILL SURVEY, ABSTRACT NO. 957
- WILLIAM HADEN THOMAS SURVEY, ABSTRACT NO. 213
- H. McMILLAN SURVEY, ABSTRACT NO. 143
- H. McMILLAN SURVEY, ABSTRACT NO. 853 AND
- JARED STEPHENSON SURVEY, ABSTRACT NO. 258
- DALLAS COUNTY & ROCKWALL COUNTY, TEXAS

PRELIMINARY

THIS DOCUMENT SHALL
 NOT BE RECORDED FOR
 ANY PURPOSE AND
 SHALL NOT BE USED OR
 VIEWED OR RELIED
 UPON AS A FINAL
 SURVEY DOCUMENT

J. ANDY DOBBS
 REGISTERED PROFESSIONAL
 LAND SURVEYOR NO. 6196
 12750 MERIT DRIVE, SUITE 1000
 DALLAS, TEXAS 75251
 PH. 972-770-1300
 andy.dobbs@kimley-horn.com

<h1 style="margin: 0;">Kimley»Horn</h1>					
12750 Merit Drive, Suite 1000 Dallas, Texas 75251		FIRM # 10115500		Tel. No. (972) 770-1300 Fax No. (972) 239-3820	
Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
N/A	SLJ	DAB	APRIL 2015	064478300	2 OF 7

LEGAL DESCRIPTION (CONTINUED)

EXHIBIT A

South 44°39'22" East, a distance of 70.13 feet to a point for corner;
 North 67°29'27" East, a distance of 182.05 feet to a point for corner;
 North 67°06'21" East, a distance of 217.39 feet to a point for corner;
 South 84°45'46" East, a distance of 12.17 feet to a point for corner;
 South 26°39'20" East, a distance of 6.33 feet to a point for corner;
 South 36°09'08" West, a distance of 12.52 feet to a point for corner;
 South 63°52'18" West, a distance of 96.33 feet to a point for corner;
 South 69°29'43" West, a distance of 163.46 feet to a point for corner;
 South 62°20'43" West, a distance of 143.00 feet to a point for corner;
 South 52°21'19" West, a distance of 193.69 feet to a point for corner;
 South 45°30'50" West, a distance of 363.13 feet to a point for corner;
 South 44°39'47" West, a distance of 370.91 feet to a point for corner;
 South 41°22'25" West, a distance of 320.04 feet to a point for corner;
 South 31°36'21" West, a distance of 65.70 feet to a point for corner;
 North 83°25'46" West, a distance of 14.98 feet to a point for corner;
 South 32°33'02" West, a distance of 95.59 feet to a point for corner;
 South 35°46'16" East, a distance of 12.66 feet to a point for corner;
 South 34°32'25" West, a distance of 36.10 feet to a point for corner;
 South 62°18'16" West, a distance of 65.83 feet to a point for corner;
 South 1°58'33" East, a distance of 51.91 feet to a point for corner;
 South 26°50'42" West, a distance of 129.43 feet to a point for corner;
 South 62°46'29" West, a distance of 41.91 feet to a point for corner;
 South 11°12'59" East, a distance of 68.97 feet to a point for corner;
 South 47°48'27" West, a distance of 23.25 feet to a point for corner;
 South 4°36'15" East, a distance of 51.19 feet to a point for corner;
 South 13°12'58" West, a distance of 141.85 feet to a point for corner;
 South 54°03'35" West, a distance of 98.43 feet to a point for corner;
 South 24°10'05" West, a distance of 172.42 feet to a point for corner;
 South 49°53'37" West, a distance of 75.41 feet to a point for corner;
 South 6°11'41" East, a distance of 73.51 feet to a point for corner;
 South 47°12'32" West, a distance of 79.93 feet to a point for corner;
 South 56°00'45" West, a distance of 90.47 feet to a point for corner;
 South 72°18'27" West, a distance of 87.85 feet to a point for corner;
 South 51°29'18" West, a distance of 89.24 feet to a point for corner;
 South 85°34'12" West, a distance of 104.03 feet to a point for corner;
 North 64°57'53" West, a distance of 54.08 feet to a point for corner;
 North 81°43'17" West, a distance of 46.51 feet to a point for corner;
 South 54°25'07" West, a distance of 52.94 feet to a point for corner;
 North 55°16'55" West, a distance of 52.07 feet to a point for corner;
 North 85°58'54" West, a distance of 47.93 feet to a point for corner;

**BAYSIDE - TIRZ BOUNDARY
 316.9 ACRES
 CITY OF ROWLETT**

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<u>Scale</u>	<u>Drawn by</u>	<u>Checked by</u>	<u>Date</u>	<u>Project No.</u>	<u>Sheet No.</u>
N/A	SLJ	DAB	APRIL 2015	064478300	3 OF 7

LEGAL DESCRIPTION (CONTINUED)

EXHIBIT A

South 63°14'45" West, a distance of 38.93 feet to a point for corner;
 South 84°37'55" West, a distance of 51.06 feet to a point for corner;
 South 25°45'34" West, a distance of 72.77 feet to a point for corner;
 South 85°11'40" West, a distance of 75.08 feet to a point for corner;
 North 39°34'51" West, a distance of 36.09 feet to a point for corner;
 South 82°09'28" West, a distance of 27.25 feet to a point for corner;
 South 9°14'30" West, a distance of 32.69 feet to a point for corner;
 South 68°08'51" West, a distance of 33.00 feet to a point for corner;
 North 22°48'58" West, a distance of 41.88 feet to a point for corner;
 North 46°41'47" West, a distance of 99.21 feet to a point for corner;
 North 23°23'14" East, a distance of 48.65 feet to a point for corner;
 North 8°18'04" West, a distance of 69.76 feet to a point for corner;
 North 38°05'11" West, a distance of 86.20 feet to a point for corner;
 North 7°56'03" West, a distance of 143.95 feet to a point for corner;
 North 16°14'28" East, a distance of 158.92 feet to a point for corner;
 North 9°37'07" West, a distance of 132.27 feet to a point for corner;
 North 27°15'57" West, a distance of 112.30 feet to a point for corner;
 North 8°23'52" West, a distance of 151.50 feet to a point for corner;
 North 6°05'24" East, a distance of 138.06 feet to a point for corner;
 North 44°18'55" West, a distance of 122.01 feet to a point for corner;
 North 6°31'27" West, a distance of 115.22 feet to a point for corner;
 North 69°52'54" East, a distance of 59.70 feet to a point for corner;
 North 27°40'34" East, a distance of 39.21 feet to a point for corner;
 North 61°58'50" East, a distance of 128.80 feet to a point for corner;
 North 8°55'12" East, a distance of 58.77 feet to a point for corner;
 North 37°21'04" West, a distance of 164.91 feet to a point for corner;
 North 3°33'00" West, a distance of 86.25 feet to a point for corner;
 North 31°13'34" West, a distance of 123.36 feet to a point for corner;
 North 87°16'52" West, a distance of 50.74 feet to a point for corner;
 North 21°44'49" West, a distance of 143.68 feet to a point for corner;
 North 32°09'38" West, a distance of 87.20 feet to a point for corner;
 North 64°21'16" West, a distance of 94.15 feet to a point for corner;
 South 81°56'58" West, a distance of 92.62 feet to a point for corner;
 North 74°45'07" West, a distance of 52.60 feet to a point for corner;
 North 50°15'56" West, a distance of 30.71 feet to a point for corner;
 North 24°14'09" East, a distance of 20.52 feet to a point for corner;
 North 30°17'25" West, a distance of 102.90 feet to a point for corner;
 North 74°27'55" West, a distance of 26.37 feet to a point for corner;
 North 7°10'36" West, a distance of 35.90 feet to a point for corner;
 North 41°21'59" East, a distance of 15.79 feet to a point for corner;

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 CITY OF ROWLETT**

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N/A	SLJ	DAB	APRIL 2015	064478300	4 OF 7		

LEGAL DESCRIPTION (CONTINUED)

EXHIBIT A

North 6°29'38" West, a distance of 134.90 feet to a point for corner;
 North 25°48'14" West, a distance of 88.29 feet to a point for corner;
 North 56°22'03" West, a distance of 58.31 feet to a point for corner in said south right-of-way line of Interstate Highway No. 30;

THENCE with said south right-of-way line of Interstate Highway No. 30, South 61°35'17" West, a distance of 660.43 feet to a point for corner;

THENCE departing said south right-of-way line of Interstate Highway No. 30, North 28°20'16" West, a distance of 445.80 feet to a point for corner in said north right-of-way line of Interstate Highway No. 30;

THENCE with said north right-of-way line of Interstate Highway No. 30, the following courses and distances:

North 61°39'44" East, a distance of 328.90 feet to a point for corner;
 North 58°14'01" East, a distance of 265.47 feet to a point for corner;
 North 42°57'13" East, a distance of 41.07 feet to a point for corner in said 435.5 foot contour line as defined by a survey performed in September, 2014;

THENCE with said 435.5 foot contour line, the following courses and distances:

North 15°11'07" East, a distance of 33.95 feet to a point for corner;
 North 38°32'25" West, a distance of 41.98 feet to a point for corner;
 North 1°20'09" West, a distance of 33.21 feet to a point for corner;
 North 21°50'43" West, a distance of 133.00 feet to a point for corner;
 North 0°47'38" East, a distance of 13.66 feet to a point for corner;
 North 45°35'38" West, a distance of 76.21 feet to a point for corner;
 South 70°42'21" West, a distance of 26.72 feet to a point for corner;
 North 36°29'31" West, a distance of 156.89 feet to a point for corner;
 North 20°24'02" West, a distance of 59.62 feet to a point for corner;
 North 10°49'43" West, a distance of 70.35 feet to a point for corner;
 North 63°11'51" West, a distance of 27.62 feet to a point for corner;
 North 26°44'09" West, a distance of 52.54 feet to a point for corner;
 North 51°02'08" West, a distance of 56.72 feet to a point for corner;
 North 12°36'06" West, a distance of 32.17 feet to a point for corner;
 North 54°59'42" West, a distance of 13.53 feet to a point for corner;
 North 26°47'59" West, a distance of 78.12 feet to a point for corner;
 North 18°55'22" West, a distance of 118.54 feet to a point for corner;
 North 29°41'22" West, a distance of 285.54 feet to a point for corner;
 North 61°37'55" West, a distance of 57.22 feet to a point for corner;
 North 48°48'30" West, a distance of 170.35 feet to a point for corner;
 North 68°04'18" West, a distance of 64.90 feet to a point for corner;
 South 73°26'00" West, a distance of 50.10 feet to a point for corner;

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N/A	SLJ	DAB	APRIL 2015	064478300	5 OF 7		

LEGAL DESCRIPTION (CONTINUED)

EXHIBIT A

North 67°01'05" West, a distance of 219.00 feet to a point for corner;
 North 56°10'58" West, a distance of 88.62 feet to a point for corner;
 North 42°54'06" West, a distance of 88.55 feet to a point for corner;
 North 77°26'37" West, a distance of 14.91 feet to a point for corner;
 North 41°03'10" West, a distance of 118.70 feet to a point for corner;
 North 68°20'31" West, a distance of 33.72 feet to a point for corner;
 North 43°16'20" West, a distance of 33.69 feet to a point for corner;
 North 12°55'12" West, a distance of 28.76 feet to a point for corner;
 North 56°26'01" East, a distance of 19.57 feet to a point for corner;
 North 8°29'37" East, a distance of 16.03 feet to a point for corner;
 North 49°37'34" West, a distance of 12.59 feet to a point for corner;
 South 66°57'09" West, a distance of 32.84 feet to a point for corner;
 North 21°54'42" West, a distance of 15.83 feet to a point for corner;
 North 14°46'54" East, a distance of 12.29 feet to a point for corner;
 North 27°10'03" West, a distance of 80.01 feet to a point for corner;
 North 52°12'49" West, a distance of 35.85 feet to a point for corner;
 North 19°51'16" West, a distance of 139.14 feet to a point for corner;
 North 23°07'43" West, a distance of 108.57 feet to a point for corner;
 North 17°54'51" West, a distance of 163.14 feet to a point for corner;
 North 6°03'42" West, a distance of 57.89 feet to a point for corner;
 North 42°35'35" West, a distance of 36.45 feet to a point for corner;
 North 4°01'07" East, a distance of 10.14 feet to a point for corner;
 North 73°05'02" West, a distance of 24.74 feet to a point for corner;
 South 55°37'53" West, a distance of 29.44 feet to a point for corner;
 South 26°16'09" West, a distance of 95.55 feet to a point for corner;
 South 16°41'17" West, a distance of 106.41 feet to a point for corner;
 South 3°26'33" West, a distance of 32.45 feet to a point for corner;
 South 10°58'31" East, a distance of 105.46 feet to a point for corner;
 South 3°05'45" West, a distance of 30.72 feet to a point for corner;
 South 33°27'45" West, a distance of 23.96 feet to a point for corner;
 South 4°20'08" West, a distance of 67.61 feet to a point for corner;
 South 16°40'02" West, a distance of 139.95 feet to a point for corner;
 South 26°54'01" West, a distance of 104.86 feet to a point for corner;
 South 15°16'32" East, a distance of 87.29 feet to a point for corner;
 South 35°56'54" East, a distance of 168.48 feet to a point for corner;
 South 37°16'35" East, a distance of 150.16 feet to a point for corner;
 South 31°33'52" East, a distance of 34.48 feet to a point for corner;
 South 47°51'44" West, a distance of 16.29 feet to a point for corner;
 North 42°31'23" West, a distance of 83.69 feet to a point for corner;
 North 35°29'04" West, a distance of 256.66 feet to a point for corner;

BAYSIDE - TIRZ BOUNDARY

316.9 ACRES

CITY OF ROWLETT

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		Scale N/A	Drawn by SLJ	Checked by DAB	Date APRIL 2015

LEGAL DESCRIPTION (CONTINUED)

EXHIBIT A

North 48°31'41" West, a distance of 62.23 feet to a point for corner;
 South 75°38'20" West, a distance of 120.99 feet to a point for corner;
 North 70°07'41" West, a distance of 129.33 feet to a point for corner;
 North 50°02'26" West, a distance of 194.59 feet to a point for corner;
 North 36°19'48" West, a distance of 205.49 feet to a point for corner;
 North 56°37'29" West, a distance of 236.89 feet to a point for corner;
 North 82°58'53" West, a distance of 567.27 feet to a point for corner;
 South 85°44'24" West, a distance of 91.58 feet to a point for corner;
 North 85°08'56" West, a distance of 283.18 feet to a point for corner;
 South 78°34'59" West, a distance of 68.18 feet to a point for corner;
 North 27°25'45" West, a distance of 32.06 feet to a point for corner;
 North 3°29'38" East, a distance of 38.39 feet to a point for corner;
 North 30°12'30" West, a distance of 50.91 feet to a point for corner;
 North 72°12'24" West, a distance of 98.50 feet to a point for corner;
 North 80°38'45" West, a distance of 79.08 feet to a point for corner;
 North 0°00'00" East, a distance of 159.01 feet to a point for corner;
 North 70°56'23" West, a distance of 55.72 feet to a point in said centerline of Fuqua Road at the beginning of a non-tangent curve to the right having a central angle of 24°05'12", a radius of 532.29 feet, a chord bearing and distance of North 14°51'05" West, 222.13 feet;

THENCE with said centerline of Fuqua Road, the following courses and distances:

In a northwesterly direction, with said curve to the right, an arc distance of 223.77 feet to a point for corner;
 North 2°34'23" West, a distance of 340.67 feet to the **POINT OF BEGINNING** and containing 316.9 acres of land.

The following benchmarks were used to establish the 435.5' contour elevation based on National Geodetic Survey North American Vertical Datum of 1988 (NAVD88) elevations:

BM#1 National Geodetic Survey Marker Designation - V1498, PID - CS2520, and being 11.6 KM (7.2 MI) easterly along the Missouri Kansas Texas Railroad from the station in Garland, or 2.7 km (1.7 mi) southwesterly along State Highway 205 from its junction with State Highway 66 in Rockwall, **THENCE** 7.5 km (4.65 mi) southwesterly along Interstate Highway 30, **THENCE** 0.5 km (0.3 mi) north along Dalrock Road, **THENCE** 1.4 km northwesterly along Chiesa Road, 15.0 m (49.2 ft.) northeast of the near rail, 13.0 m (42.7 ft.) northwest of the extended center of a paved road leading east, 8.9 m (29.2 ft.) southwest of the center of the road, and 1.2 m (3.9 ft.) northwest of utility pole number 297-445-6922. Note--access to datum point is had through a 5-inch logo cap the mark is 0.3 meters from a witness post the mark is 0.3 m below the road.
 N:7011234.266, E:2573050.53, ELEV:468.23

BM#2 Square with "X" cut in concrete set on the north side of Interstate Highway No. 30, ±5 feet south of mile marker no. 65.
 N:7009236.215, E:2579686.608, ELEV:447.56

BM#3 Square with "X" cut in on north side of Interstate Highway No. 30, ±5 feet south of mile marker no. 64.
 N:7006589.138, E:2575027.503, ELEV:447.69

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**BYLAWS OF
TAX INCREMENT FINANCING REINVESTMENT ZONE NUMBER TWO,
CITY OF ROWLETT, TEXAS**

ARTICLE I

PURPOSE AND POWERS

Section 1. Development or Redevelopment in the Zone. In order to promote the development and redevelopment of a certain area within its jurisdiction the City of Rowlett, Texas (the "City") has authorized the creation of Tax Increment Financing Reinvestment Zone Number Two, City of Rowlett, Texas (the "Zone"), as authorized by the Tax Increment Financing Act, Chapter 311, Texas Tax Code, as amended (the "Act"), and pursuant to the Act has established a Board of Directors for the Zone ("Board of Directors" or "Board").

Section 2. Powers. (a) The property and affairs of the Zone shall be managed and controlled by the City Council based on the recommendations of the Board of Directors, subject to the restrictions imposed by law, the ordinance creating the Zone, as may be amended from time to time, and these Bylaws. It is the intention of the City Council that the Board of Directors shall function in an advisory capacity with respect to the Zone except with respect to such powers that are granted to the Board pursuant to the Act or are delegated to the Board by the City Council.

(b) The Board shall make recommendations to the City Council of the City concerning the administration, management and operation of the Zone and implementation of the Project and Financing Plan.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Powers, Number and Term of Office. (a) As set forth in the ordinance creating the Zone, the Board of Directors shall consist of seven directors, all of whom shall be appointed by the City Council of the City.

(b) In the event of a vacancy caused by the resignation, death or removal, for any reason, of a director, the governing body of the respective taxing unit which made such Board appointment shall be responsible for filling the vacancy.

Section 2. Eligibility. To be eligible for appointment to the Board, an individual must be at least 18 years of age and (A) be a resident of Dallas County or a county adjacent to Dallas County or (B) own real property in the Zone, whether or not the individual resides in Dallas County or a county adjacent to Dallas County.

Section 3. Meetings of Directors. The directors may hold their meetings at such locations as the Board of Directors may from time to time determine.

Section 4. Regular Meetings. Regular Meetings of the Board of Directors shall be held at such times and places as shall be designated from time to time, by the Board of Directors.

Notice of all regular and emergency meetings of the Board and any committees thereof shall be conducted and posted in accordance with the provisions of the Texas Open Meetings Act, Texas Government Code, Chapter 551.001 et seq. There shall be at least one Regular Meeting held each year in the month of June.

Section 5. Emergency Meetings. Emergency Meetings of the Board of Directors shall be held whenever called by the chairman, by the secretary, by a majority of the directors then in office or upon advice of or request by the City Council. The secretary shall give notice to each director of each Emergency Meeting in person, or by courier, facsimile, telephone or electronic communication, at least 24 hours before the meeting. Notice of all Emergency Meetings shall state the purpose which shall be the only business conducted.

Section 6. Quorum. A majority of the directors holding current appointments shall constitute a quorum for the consideration of matters pertaining to the purposes of the Zone. The act of the majority of the directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board of Directors, unless the act of a greater number is required by law.

Section 7. Conduct of Business. (a) At the meetings of the Board of Directors, matters pertaining to the purposes of the Zone shall be considered in such order as from time to time the Board of Directors may determine. At all meetings of the Board of Directors, the chairman shall preside and in the absence of the chairman, the vice chairman shall exercise the power of the chairman. If the chairman and vice chairman are both absent, the directors present at the meeting may designate a director to preside at the meeting.

(b) The secretary of the Board of Directors shall act as secretary of all meetings of the Board of Directors, but in the absence of the secretary, the presiding officer may appoint any person to act as secretary of the meeting. City staff shall provide notice of meetings and prepare meeting agendas.

(c) Within fifteen business days following each Regular and Emergency Meeting, a copy of the minutes of the meeting shall be submitted to the City Secretary of the City.

Section 8. Compensation of Directors. Directors as such shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder.

Section 9. Attendees. Board Members shall make every effort to attend all Regular and Emergency Meetings of the Board and/or Committees. The City Council may replace a City appointee of the Board for non-attendance.

Section 10. Books and Records: Approval of Programs and Financial Statements. The Board of Directors shall keep correct and complete books and records of account and shall also keep minutes of its proceedings and the proceedings of committees having any of the authority of the Board of Directors. All books and records of the Zone may be inspected by any director or

his agent or attorney for any proper purpose at any reasonable time; and at all times the City Council and the City Finance Director will have access to the books and records of the Zone. The City Council must approve all programs and expenditures for the Zone and annually review any financial statements of the Zone.

ARTICLE III

OFFICERS

Section 1. Titles and Term of Office. The officers of the Board of Directors shall consist of a chairman, a vice chairman, a secretary, and such other officers as the Board of Directors may from time to time elect or appoint; provided, however, that the City Council shall, on an annual basis, appoint the chairman in accordance with the Act. One person may hold more than one office, except that the chairman shall not hold the office of secretary. Terms of office for officers, other than the chairman, shall not exceed two years.

All officers, other than the chairman, shall be subject to removal from office, with or without cause, at any time by a vote of a majority of the entire Board of Directors.

A vacancy in the office of any officer, other than the chairman, shall be filled by a vote of a majority of the directors.

Each year the City Council of the City shall appoint one member of the Board to serve as chairman for a term of one year that begins on January 1 of the following year.

Section 2. Powers and Duties of the Chairman. The chairman shall be the chief executive officer of the Board of Directors and, subject to the approval of the City Council, he/she shall be in general charge of the properties and affairs of the Zone and shall preside at all meetings of the Board of Directors.

Section 3. Vice Chairman. The vice chairman shall be a member of the Board of Directors, shall have such powers and duties as may be assigned to him by the Board of Directors and shall exercise the powers of the chairman during that officer's absence or inability to act. Any action taken by the vice chairman in the performance of the duties of the chairman shall be conclusive evidence of the absence or inability to act of the chairman at the time such action was taken.

Section 4. Secretary. The secretary shall keep the minutes of all meetings of the Board of Directors in books provided for the purpose, he/she shall have charge of such books, records, documents and instruments as the Board of Directors may direct, all of which shall at all reasonable times be open to inspection, and he/she shall in general perform all duties incident to the office of secretary subject to the control of the City Council and the Board of Directors.

Section 5. Compensation of Officers. Officers as such shall not receive any salary or

compensation for their services, except that they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder.

Section 6. Staff. Staff functions for the Board of Directors may be performed by the City Manager and persons designated by the City Manager.

ARTICLE IV

PROVISIONS REGARDING BYLAWS

Section 1. Effective Date. These Bylaws shall become effective upon the adoption of these Bylaws by the Board of Directors. The adoption of these Bylaws must be approved by the City Council, which approval shall, unless specified otherwise, affirm such effective date.

Section 2. Amendments to Bylaws. These Bylaws may be amended by majority vote of the Board of Directors, provided that the Board of Directors files with the City Council a written application requesting that the City Council approve such amendment to the Bylaws, specifying in such application the amendment or amendments proposed to be made. If the City Council by appropriate resolution finds and determines that it is advisable that the proposed amendment be made, authorizes the same to be made and approves the form of the proposed amendment, the Board of Directors shall proceed to amend the Bylaws. These Bylaws may also be amended at any time by the City Council by adopting an amendment to the Bylaws by resolution of the City Council and delivering the Bylaws to the secretary of the Board of Directors.

Section 3. Interpretation of Bylaws. These Bylaws and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein. If any word, phrase, clause, sentence, paragraph, section or other part of these Bylaws, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of these Bylaws and the application of such word, phrase, clause, sentence, paragraph, section or other part of these Bylaws to any other person or circumstance shall not be affected thereby.

ARTICLE V

GENERAL PROVISIONS

Section 1. Notice and Waiver of Notice. Whenever any notice whatsoever is required to be given under the provision of these Bylaws, said notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled hereto at his post office address, as it appears on the books of the Zone, and such notice shall be deemed to have been given on the day of such mailing. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purposes of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. A waiver of notice in writing signed by the

person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 2. Resignations. Any director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the City Council. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 3. Approval or Delegation of Power by the City Council. To the extent that these Bylaws refer to any approval by the City, such approval of delegation shall be evidenced by official action of the City Council.