



Date 4/22/2025

Agenda Item #4

CITY COUNCIL MEMORANDUM FOR RESOLUTION

To: Mayor & Council

From: Bradford Hunt, City Manager

Agenda Item: Presentation and Information Regarding the a Geothermal Well Project as it Relates to the Texas Water Plan

Information:

Guest speaker Shannon Terry, CEO of Coryell Hydro Power, Inc., will present information on his company's planned development of a geothermal power system that can supply water and electricity to the City of Gatesville.

Financial Impact: none currently

Staff Recommendation: none currently

Motion: n/a

Attachments: n/a

CITY COUNCIL MEETING
APRIL 8, 2025
5:30 P.M.
COUNCIL CHAMBERS, 110 NORTH 8TH STREET,
GATESVILLE, TEXAS 76528

AN OPEN MEETING WAS HELD CONCERNING THE FOLLOWING SUBJECTS:

- 1) **CALL TO ORDER** THE REGULAR CITY COUNCIL MEETING AT 5:30 P.M. THIS 8TH DAY OF APRIL 2025.
- 2) **QUORUM CHECK/COUNCIL PRESENT:** Mayor Gary Chumley, Mayor Pro-Tem Greg Casey, Councilmembers Kalinda Westbrook, Jon Salter, and Joe Patterson.

CITY STAFF PRESENT: City Manager Brad Hunt, City Secretary Holly Owens, Deputy City Manager/Finance Director Mike Halsema, Seth Phillips, Shea Harp, Chad Newman, and Police Chief Jeff Clark.

OTHERS: Gatesville Messenger Staff Writer Alex Meelbusch, Leo Corona, and Hector Marines-Cho, George Jeffers, Travis VanBibber, Teresa Johnson.

- 3) **INVOCATION:** Councilmember Casey and **PLEDGE OF ALLEGIANCE:** Led by Councilmember Casey.

CITIZENS/PUBLIC COMMENTS FORUM: INDIVIDUALS WISHING TO ADDRESS THE GATESVILLE CITY COUNCIL MAY DO SO DURING THIS SEGMENT. IF YOU INTEND TO COMMENT ON A SPECIFIC AGENDA ITEM, PLEASE INDICATE THE ITEM(S) ON THE SIGN IN SHEET BEFORE THE MEETING. EACH SPEAKER IS ALLOTTED A MAXIMUM OF 3 MINUTES FOR THEIR REMARKS, AND SPEAKERS ARE EXPECTED TO CONDUCT THEMSELVES IN A RESPECTFUL MANNER. IN ACCORDANCE WITH THE TEXAS OPEN MEETINGS ACT, THE CITY OF GATESVILLE CITY COUNCIL CANNOT DELIBERATE OR ACT ON ITEMS NOT LISTED ON THE MEETING AGENDA.

There were no public/citizen comments.

PROCLAMATION:

- 4) **Tree City USA:** Mayor Chumley read aloud the proclamation and presented the proclamation to Texas Forestry Services Member Hector Marines-Cho along with Parks and Recreation supervisor, Seth Phillips.

CONSENT: All consent agenda items are considered routine by the City Council and will be enacted by a single motion. There will be no separate discussion of these items unless a Councilmember requests an item to be removed and considered separately.

- 5) All consent agenda items are considered routine by the City Council and will be enacted by a single motion. There will be no separate discussion of these items unless a Councilmember requests an item to be removed and considered separately.

- a. **Resolution 2025-030:** Discussion and possible action regarding approval of minutes from Regular City Council Meeting held on March 25, 2025.

CONSENT AGENDA: Motion by Joe Patterson, seconded by Greg Casey to **APPROVE** the **CONSENT AGENDA** as written (Items 5a). All four voting “Aye”, motion passed, 4-0-0.

OTHER BUSINESS:

- 6) Recess Regular Meeting and call a Public Hearing.

Mayor Chumley opened the public hearing at 5:37 p.m.

Hear comments on **Ordinance 2025-10**, repealing Sec. 10-1 of Chapter 10, and repealing Section 5 of Ordinance 1995-17, dissolving the Board of Adjustment and the Construction Board of Appeals.

Councilman Patterson agreed that the boards needed to be dissolved because the boards do not meet, and all their duties are either being handled in house or by other boards/commissions. Mayor Chumley agreed.

Mayor Chumley closed the public hearing at 5:45 p.m.

- 7) Discussion and possible action to consider **Ordinance 2025-10**, repealing Sec. 10-1 of Chapter 10, and repealing Section 5 of Ordinance 1995-17, dissolving the Board of Adjustment and the Construction Board of Appeals. (*2nd Reading*)

ORDINANCE 2025-10: Motion by Jon Salter, seconded by Greg Casey to **PASS ORDINANCE 2025-10**, repealing Sec. 10-1 of Chapter 10, and repealing Section 5 of Ordinance 1995-17, dissolving the Board of Adjustment and the Construction Board of Appeals, *2nd Reading* and passing to the next meeting. All four voting “Aye”, motion passed, 4-0-0.

- 8) Recess Regular Meeting and call a Public Hearing.

Mayor Chumley opened the public hearing at 5:46 p.m.

Hear comments on **Ordinance 2025-08**, adding Chapter 3, “Boards and Commissions”.

Councilwoman Westbrook verified that commission members are required to own property within the city limits. Ms. Owens stated yes.

Councilwoman Westbrook requested clarification on what constitutes a variance. Ms. Owens explained what constitutes a variance and the requirements that would grant the variance.

Councilman Patterson stated he is not in favor of having non-citizens sit on the commission because they do not have a vested interest.

Mayor Chumley stated this has been an issue for years.

Mr. Hunt added for members who own property within the city limits such as a business gives that business owner an opportunity to contribute while living within the ETJ. Also, City Council has the final say to all decisions.

Councilman Casey added Council is the deciding factor on who is appointed to the Board.

Mayor Chumley asked if the council would like to put a limiting number on members who live within the ETJ. The council agreed.

Teresa Johnson, PZC Chairman stated she did struggle with having commission members living in the ETJ, but there are exceptions such as those who own businesses within the city limits.

Leo Corona stated he agreed with Councilman Patterson.

Mayor Chumley closed the public hearing at 6:07 p.m.

- 9) Discussion and possible action to approve **Ordinance 2025-08**, adding Chapter 3, “Boards and Commissions”. (*2nd Reading*)

ORDINANCE 2025-08: Motion by Joe Patterson, seconded by Kalinda Westbrook to **PASS ORDINANCE 2025-08**, adding Chapter 3, “Boards and Commissions” to the Code of Ordinances, *2nd Reading*, adding a 4/3 composition for commission membership, and passing the ordinance to the next meeting. All four voting “Aye”, motion passed, 4-0-0.

- 10) Discussion and possible action to approve **Ordinance 2025-09**, amending Chapter 10, Article IV “Substandard Structures”. (*3rd and Final Reading*)

ORDINANCE 2025-09: Motion by Greg Casey, seconded by Jon Salter to **APPROVE ORDINANCE 2025-09**, amending Chapter 10, Article IV “Substandard Structures” for the **3rd and Final Reading**. All four voting “Aye”, motion passed, 4-0-0.

- 11) Updates on FEMA Process, Faunt Le Roy Park and Library Rehabilitation Projects, and Recommendation to Conduct an On-Site Visits to Library and Faunt Le Roy Park.

Mr. Hunt updated the Council on the FEMA process and the status of Faunt Le Roy Park and the Library Rehabilitation.

- 12) Recess meeting to Faunt Le Roy Park, 700 S 7th Street, Gatesville, Texas for site visit and to receive updated information related to Faunt Le Roy Park.

Mayor Chumley recessed the meeting at 6:25 p.m.

Mayor Chumley left the quorum at 6:25 p.m.

- 13) Reconvene meeting at Faunt Le Roy Park, 700 S 7th Street, Gatesville, Texas.

Mayor Pro-Tem Casey reconvened at FLR Park at 6:35 p.m.

Mayor Pro-Tem Casey recessed the meeting at 6:53 p.m.

Mayor Pro-Tem Casey reconvened at the library at 6:59 p.m.

Mayor Pro-Tem Casey adjourned the meeting at 7:15 p.m.

- 14) City Council adjourned at 7:15 P.M.

Mayor Gary Chumley

ATTEST:

City Secretary, Holly Owens



Date 4/22/2025

Agenda Item #5b

Resolution 2025-032

CITY COUNCIL MEMORANDUM FOR RESOLUTION

To: Mayor & Council

From: Chief Jeff Clark

Agenda Item: Cruzin Cruzers Car Club event

Information: The Cruzin Cruzers Car Club will hold their annual car show event on September 20th, 2025 from 6am to 5pm. The event will take place around the courthouse area known as the square. The organizer is requesting road closures on 6th street between Main Street and E Leon Street. Also, the closure of E Leon between 6th and 7th street along with the closure of 7th street from Main Street to Bridge Street. The request is to allow road closure and for the city to provide barricades and trash cans.

Financial Impact: N/A

Staff Recommendation: Staff recommends approval.

Motion: Motion to approve **Resolution 2025-032**, approving the Cruzin Cruzers Car Club Event scheduled for September 20, 2025, and all appropriate street closures requested.

Attachments:

- Event Application

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GATESVILLE:

That the above stated recommendation is hereby approved and authorized.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Gatesville, Texas, this the ____ day of _____, _____, at which meeting a quorum was present, held in accordance with provisions of V.T.C.A, Government Code, § 551.001 *et seq.*

APPROVED

Gary Chumley, Mayor

ATTEST:

Holly Owens, City Secretary

City of Gatesville Outdoor Event / Parade Application

Applicant / Organization Name:	
Cruzin Cruzers Car Club	
Address:	
505 River Oaks Dr Gatesville, Tx 76528	
Phone Number(s):	
Lavinia Shelton	254-493-1371
Michael Shelton	254-223-1035
Event Coordinator:	
Michael Shelton	Lavinia Shelton
	254-493-1371
Phone Number(s):	
254-223-1035	
Email:	
cruzincruzer@yahoo.com	
Event Name:	
Cruzin Cruzers Car Club	
Event Description, in detail:	
39th Car Show	
Proposed Location(s):	
Around the Court House	

Requested Road closures:
S 6th St, S 7th St, E. Leon St, S 8th St

Anticipated Daily Attendance:		
Event Dates and Times (including set-up and clean-up):		
Event Days	Date	Time Begin / Time End
Set-up Sat	Sept 20, 2025	6Am - 5Pm
Day 1		
Day 2		
Day 3		
Is this a new event or has it occurred in the past?		
Around the Court House Sept 2019 - Sept 2024		
If yes, please list the date(s) it was held previously.		

City of Gatesville Outdoor Event / Parade Application, page 2

Admission Fee:

Are you planning to sell, or allow the sale of, alcoholic beverages? (list if yes)

No

Are you planning to use music or other public address speakers? (list if yes)

yes DJ

List all amusement rides you plan to have at the event:

None

Name of Company Providing Equipment:

Please list all City of Gatesville assistance you will need (additional fees may apply):

Trash Cans
Barricades to block off streets

Lavinia Shelton
Signature of Person Filing Form

Date

Holly Owens
Received By

3/11/2025

Date

Approved: Jeff Lee 4/10/25

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Car Entry

MAIN STREET

LEARD'S
FURNITURE

GATESVILLE
MISSISSIPPI

COURT
HOUSE

Black Ops
1-1-15

F. LEON STREET

PAUL BOWEN

571341 243

CORRYELL CO
LAND & ABSTRACT

SHERIFF'S
DEPARTMENT

CORVELL CD.
VEHICLE
REGISTRATION

BLACK OFF
HERE

BRIDGE STREET

CORRELL
MUSEUM

PLACE LAW OFFICE

VOGUE BEAUTY SHOP

Car. Show
New York
FIRTHICITY
COTEL HERE

STREET

S 8th STREET



Date 4/22/2025

Agenda Item #5c

Resolution 2025-033

CITY COUNCIL MEMORANDUM FOR RESOLUTION

To: Mayor & Council

From: Chief Jeff Clark

Agenda Item: Shivarree Event

Information: The Gatesville Chamber of Commerce will host the annual Shivarree event on Saturday June 7th, 2025, from 7 am until 9:30 pm. The event will have vendors, food trucks, kid zone, and an evening concert. The event will take place around the courthouse and will require road closures around the area. The requested road closures will be 6th Street at Main Street, 6th Street at E. Leon, Main Street at 7th Street, 7th Street at Bridge Street, 8th Street at E. Leon, and 8th Street at Bridge Street. See the enclosed map for details on the closures. The event also requests the presence of 2 uniformed patrol officers from 6pm to 9pm during the concert.

Financial Impact: Approximately \$300 for the 2 patrol officer salaries.

Staff Recommendation: Staff recommends approval of the event.

Motion: Motion to approve **Resolution 2025-033**, approving the Shivarree Event scheduled for June 7, 2025, and all appropriate street closures requested.

Attachments:

- Event Application
- Maps
- Letter requesting closure

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GATESVILLE:

That the above stated recommendation is hereby approved and authorized.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Gatesville, Texas, this the ____ day of _____, _____, at which meeting a quorum was present, held in accordance with provisions of V.T.C.A, Government Code, § 551.001 *et seq.*

APPROVED

Gary Chumley, Mayor

ATTEST:

Holly Owens, City Secretary



Gatesville City Council
803 E. Main Street Gatesville, TX 76528

Dear City Council Members, 04/09/2025

I am writing to request an opportunity to speak at an upcoming city council meeting regarding the Shivarree scheduled for June 7th, 2025, starting at 7 AM to 9 PM

Also, Corks and Kegs scheduled for November 8th, 2025 starting at 5 PM to 8 PM.

As we prepare for the Shivarree and the Corks & Kegs Event, I would like to discuss several important logistical aspects that require your support. Specifically, we are seeking assistance with the following:

1. Road Blockage/Taper: We will need designated road closures along the courthouse to ensure the safety of participants and spectators.
2. Event Signage: To effectively inform the community, we request that appropriate signage be placed in the area seven days prior to the event.
3. Police Patrol/Presence: A visible police presence would greatly enhance safety and security during the parade, helping to manage traffic and assist attendees.
4. We believe that with the city's support, we can create a memorable and safe experience for all who attend. I appreciate your consideration of this request and look forward to the opportunity to discuss it further.

Yvonne Williams Chamber Liaison– Gatesville Chamber of Commerce

Yvonne Williams

Cell 254-721-3068

Email– gatesvillecoc@gmail.com

Growing Business. Building Community.

City of Gatesville Outdoor Event / Parade Application

Applicant / Organization Name: Gatesville Chamber of Commerce Address: 2307 Hwy 36 Gatesville, Tx 76528 Phone Number(s): 254-865-2617
Event Coordinator: Yvonne Wiliams or Mason Matthews Phone Number(s): 254-721-3068 Hers 254-206-0488 His Email: Gatesvillecoc@gmail.com
Event Name: Shivarree Event Description, in detail: Celebration held each year with vendors, children's activities and live music Proposed Location(s): Courthouse Square

Requested Road closures: North side of Courthouse of East Main and 6th St. South side of Courthouse of 6th Street to East Leon Street. North Side of East Main and 7th Street 7th street and bridge South 8th Street and East Leon South 8th Street and Bridge County property may be "Kids Corner" (I added this because of the pedestrian walking across the street last year and I saw many trying to drive down this road)

Anticipated Daily Attendance: 500		
Event Dates and Times (including set-up and clean-up):		
Event Days	Date	Time Begin / Time End
Set-up: Friday Stage set up for concert Load-in time	June 6th	8 PM to 12 AM

Day 1: Saturday	June 7th	7 AM to 9:30 PM
Day 2		
Day 3		

Is this a new event or has it occurred in the past? Has occurred in the past.

If yes, please list the date(s) it was held previously. Every second Saturday of June

City of Gatesville Outdoor Event / Parade Application, page 2

Admission Fee: Free to Community

Are you planning to sell, or allow the sale of, alcoholic beverages? (list if yes) No

Are you planning to use music or other public address speakers? (list if yes) Yes. Benjamin Cole, Kyle Park, Possibly Anna Phillips, other local talent.

List all amusement rides you plan to have at the event: TBD Amusement Rides/Carnival. Kids' Corner asking the Churches to help with activities, will have pony rides and a petting zoo.

Name of Company Providing Equipment: TBD

Please list all City of Gatesville assistance you will need (additional fees may apply):

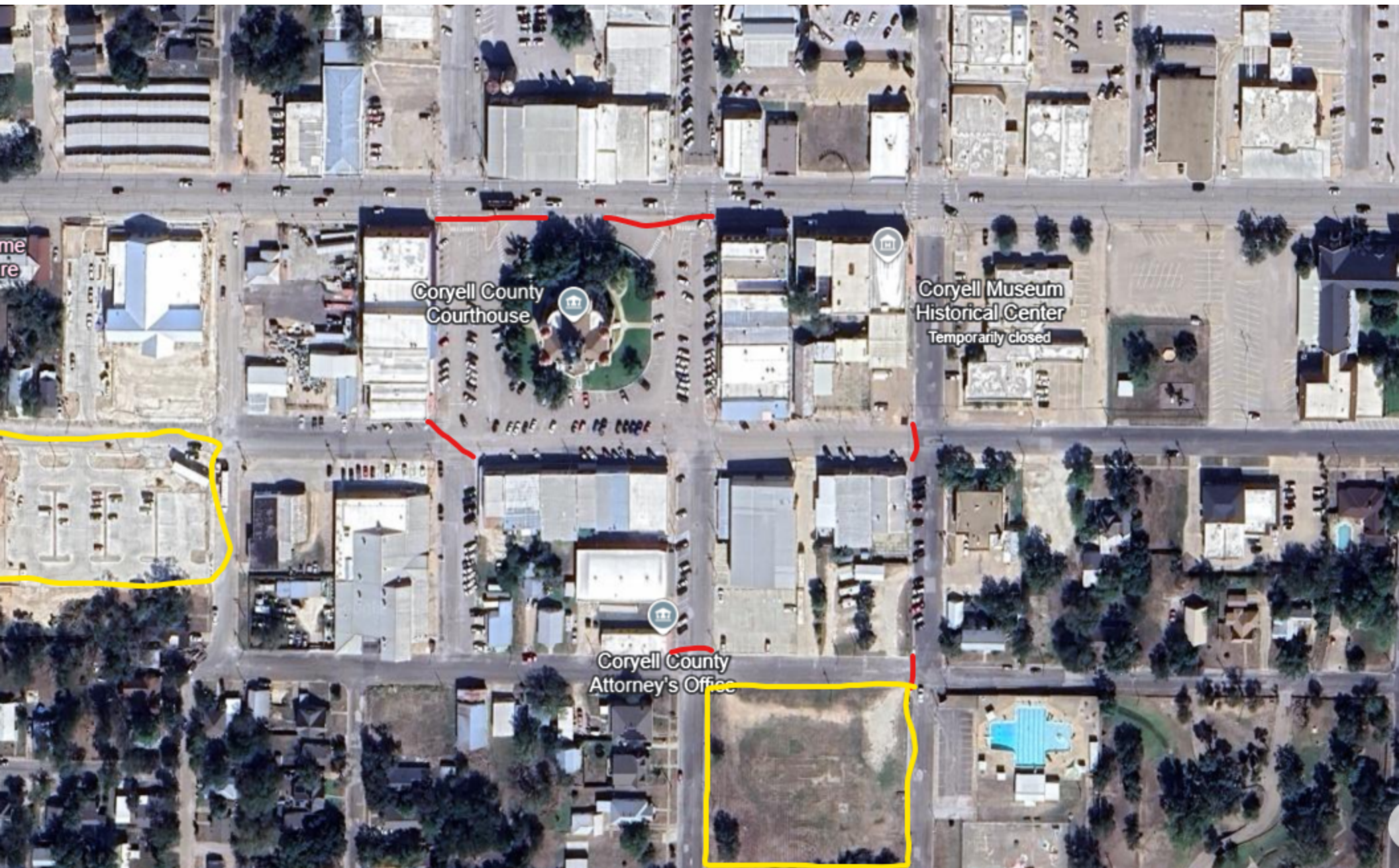
Street Closures, Electronic sign 7 days prior to event, Patrol, 2 officers from 6 PM to 9 PM on June 7th, 2025
Patrol around once the stage is set up on June 6th. Set up time for this is scheduled from 8 PM to 12:00 AM.

Signature of Person Filing Form Date Received By Date

Yvonne Williams

April 09th, 2025





Coryell County
Courthouse

Coryell Museum
Historical Center
Temporarily closed

Coryell County
Attorney's Office



Date 4/22/2025

Agenda Item #5d

Resolution 2025-034

CITY COUNCIL MEMORANDUM FOR RESOLUTION

To: Mayor & Council

From: Chief Jeff Clark

Agenda Item: Cork & Kegs

Information: The Gatesville Chamber of Commerce is hosting a Cork & Kegs event on Saturday November 8th, 2025, from 3:30pm to 8:30pm. The event will have vendors from wineries and breweries from the Central Texas region. The event will take place in the square around the courthouse and will require road closures. The road closures are: North side of Courthouse of East Main and 6th St, South side of Courthouse of 6th Street to East Leon Street, North Side of Courthouse of East Main and 7th Street, 8th & East Leon. This would be for Vendors to have access to drop off their belongings. The organizer also requests the presence of 2 uniformed patrol officers from 5pm to 8pm, Porta Potties, handwashing stations, and tables if available from the city.

Financial Impact: Approximately \$300 in salary for the 2 uniformed police officers.

Staff Recommendation: Staff recommends approval of the event.

Motion: Motion to approve **Resolution 2025-034**, approving the Cork & Keg Event scheduled for November 8, 2025, and all appropriate street closures requested.

Attachments:

- Event Application
- Map

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GATESVILLE:

That the above stated recommendation is hereby approved and authorized.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Gatesville, Texas, this the ____ day of _____, _____, at which meeting a quorum was present, held in accordance with provisions of V.T.C.A, Government Code, § 551.001 *et seq.*

APPROVED

Gary Chumley, Mayor

ATTEST:

Holly Owens, City Secretary

City of Gatesville Outdoor Event / Parade Application

Applicant / Organization Name: Gatesville Chamber of Commerce Address: 2307 Hwy 36 Gatesville, Tx 76528 Phone Number(s): 254-865-2617
Event Coordinator: Yvonne Wiliams or Mason Matthews Phone Number(s): 254-721-3068 Hers 254-206-0488 His Email: Gatesvillecoc@gmail.com
Event Name: Cork & Kegs Event Description, in detail: Vendors of Wineries, Brewers to set up and have tastings, vendors can sell their bottles, live music, food vendors, and invite only to certain boutiques and other upscale vendors. A sip & Paint. Proposed Location(s): Courthouse Square

Requested Road closures: North side of Courthouse of East Main and 6th St. South side of Courthouse of 6th Street to East Leon Street. North Side of Courthouse of East Main and 7th Street 8th & East Leon This would be for Vendors to have access to drop off their belongings. Map attached

Anticipated Daily Attendance:		
Event Dates and Times (including set-up and clean-up):		
Event Days	Date	Time Begin / Time End
Set-up: Saturday	November 8th, 2025	3:30 PM to 8:30 PM

Day 1		
Day 2		
Day 3		

Is this a new event or has it occurred in the past? Has occurred in the past.

If yes, please list the date(s) it was held previously. November 2023

City of Gatesville Outdoor Event / Parade Application, page 2

Admission Fee: Tickets may range from \$25 to \$50 TBD

Are you planning to sell, or allow the sale of, alcoholic beverages? (list if yes) Yes. Wineries and Breweries from out of town. Some from Austin, Fredericksburg, Brownwood, Waco

Are you planning to use music or other public address speakers? (list if yes) Yes. TBD

List all amusement rides you plan to have at the event: N/A

Name of Company Providing Equipment: N/A

Please list all City of Gatesville assistance you will need (additional fees may apply):

Street Closures, Electronic sign 7 days prior to event, Patrol, 2 officers from 5 Pm to 8 PM on November 8th, 2025
Barricades. Porta Potties, hand washing stations & Picnic Tables if the City has them.

Signature of Person Filing Form Date Received By Date

Yvonne Williams

April 09th, 2025





Date 4/22/2025

Agenda Item #5e

Resolution 2025-035

CITY COUNCIL MEMORANDUM FOR RESOLUTION

To: Mayor & Council

From: Mike Halsema

Agenda Item: February 2025 Financials

Information: Attached are the unaudited monthly financial reports for February 2025 for Council consideration.

Financial Impact: N/A

Motion: Motion to approve Resolution **2025-035**, approving the February 2025 Financials.

Attachments:

- February 2025 Financials

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GATESVILLE:

That the above stated recommendation is hereby approved and authorized.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Gatesville, Texas, this the ____ day of _____, _____, at which meeting a quorum was present, held in accordance with provisions of V.T.C.A, Government Code, § 551.001 *et seq.*

APPROVED

Gary Chumley, Mayor

ATTEST:

Holly Owens, City Secretary



FY 2024-2025 Monthly Financial Report

FEBRUARY
2025

General Fund

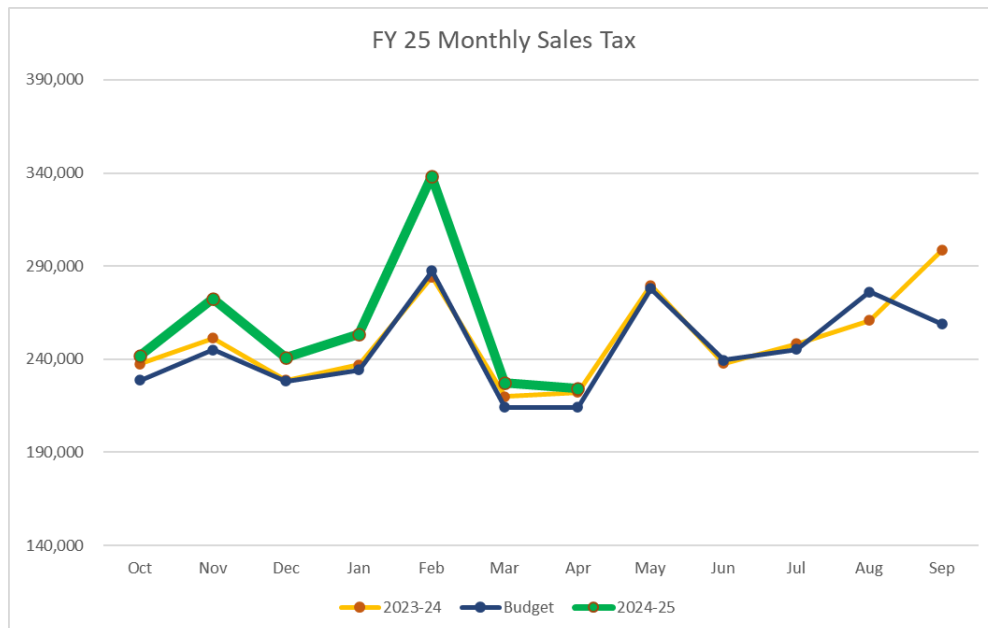
	FEBRUARY	2024-25 Budget	2024-25 YTD	% YTD
Revenues				
AV Taxes	668,169	2,952,906	2,917,371	98.8%
Sales Tax	338,308	2,950,000	1,347,791	45.7%
Franchise Fees	48,333	802,000	324,988	40.5%
Fines & Fees	10,076	152,000	50,735	33.4%
Other taxes	963	15,000	5,332	35.5%
Licenses & Permits	17,951	62,600	69,165	110.5%
Rental Income	7,418	64,000	29,980	46.8%
Parks & Rec	68,030	420,000	188,044	44.8%
Misc. Revenues	10,544	151,500	84,107	55.5%
Intergovernmental	-	371,459	-	0.0%
Inter fund Transfers	47,627	687,503	238,136	34.6%

TOTAL REVENUES	1,217,420	8,628,968	5,255,647	60.9%
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	FEBRUARY	2024-25 Budget	2024-25 YTD	% YTD
Expenditures				
105 LIBRARY	27,366	290,663	124,332	42.8%
110 ADMINISTRATION	120,502	1,423,950	696,128	48.9%
113 PLANNING	5,646	152,200	54,694	35.9%
115 POLICE	260,227	2,878,749	1,153,729	40.1%
116 COURT	20,813	199,062	92,675	46.6%
117 FIRE	37,336	372,758	246,489	66.1%
120 STREET	109,876	1,229,677	440,260	35.8%
121 FLEET SERVICES	13,493	148,370	59,335	40.0%
125 BUILDING INSPECTIONS	11,897	128,911	64,169	49.8%
128 PARKS & RECREATION	53,280	859,978	314,772	36.6%
129 FT CAVASOS REC MGMT	0	371,459	0	0.0%
226 Fitness Center	24,496	324,500	150,448	46.4%
132 SWIMMING POOL	8,469	124,138	19,003	15.3%
130 CIVIC CENTER	9,359	124,553	46,461	37.3%
165 TRANSFER EXPENSE	0	0	0	0.0%

TOTAL EXPENDITURES	702,759	8,628,968	3,462,493	40.1%
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Gain (Loss)		-	1,793,154	
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Expenditures	Budget	YTD	
Salaries	\$4,163,057	\$1,537,981	36.9%
Benefits	\$1,246,073	\$440,042	35.3%
Professional Services & Training	\$796,626	\$294,742	37.0%
Utilities	\$282,945	\$121,520	42.9%
Materials & Supplies	\$291,876	\$202,775	69.5%
Maintenance & Operations	\$1,420,756	\$638,831	45.0%
Lease & Rental	\$280,259	\$102,131	36.4%
Miscellaneous	\$0	\$5,686	0.0%
Grant Expenses	\$0	\$0	0.0%
Debt Service	\$65,154	\$40,674	62.4%
Transfers	\$0	\$0	0.0%
Capital Outlay	\$82,221	\$78,112	95.0%
Total Expenditures:	\$8,628,968	\$3,462,493	40.1%

-Total Year-to-Date (YTD) revenues stand at \$5,255,647, representing 60.9% of the annual budget of \$8,628,968.

-Sales tax collections are exceeding budget, and higher than prior year.

-Property tax collections are as expected for YTD, and will exceed budget

-Licenses & permits increased due to increased development activity.

-Fire department budget is elevated due to 1-time expenditures.

-M&O is increased due to one-time expenses, including annual liability insurance payment

-Capital Outlay is increased due to one-time purchases made at the beginning of the year.

Water & Sewer Fund

	FEBRUARY	2024-25 Budget	2024-25 YTD	% YTD
Water				
Revenues				
Water Sales				
Residential	145,747	1,971,963	789,439	40.0%
Commercial And Institutional	173,204	2,021,987	945,791	46.8%
Wholesale	103,597	1,041,281	573,515	55.1%
Connections & Installs	11	31,300	330	1.1%
Misc.	46,081	71,000	76,563	107.8%
Subtotal	468,640	5,137,531	2,385,638	46.4%
Expense				
Distribution & Collections				
Personnel	61,337	757,838	300,859	39.7%
O&M	78,510	518,062	251,478	48.5%
Debt Service	-	206,225	181,775	
Capital Outlay	-	1,308,987	-	0.0%
Production				
Personnel	42,738	507,570	227,107	44.7%
O&M	116,501	1,705,291	549,158	32.2%
Debt Service	71,904	928,128	113,032	
Capital Outlay	-	30,922	63,751	206.2%
Subtotal	370,990	5,963,023	1,687,160	28.3%
Sewer				
Revenues				
Sewer Fees				
Residential	105,960	944,612	532,971	56.4%
Commercial And Institutional	124,411	2,074,791	643,086	31.0%
Connections & Installs	11	9,300	66	0.7%
Misc.	2,452	29,000	27,550	95.0%
Subtotal	232,833	3,057,703	1,203,673	39.4%
Expense				
Personnel	39,532	519,264	203,789	39.2%
O&M	189,095	1,029,059	507,925	49.4%
Debt Service	39,441	897,327	39,441	
Capital Outlay	23,283	9,159,200	1,280,137	14.0%
Subtotal	291,350	11,604,850	2,031,292	17.5%
Sanitation				
Revenues	74,518	889,920	373,012	41.9%
Expense	72,590	865,700	289,610	33.5%
Non Departmental				
Revenues				
Grants & reimbursements	24,361	10,177,182	1,223,584	12.0%
Interest	37,148	153,600	199,125	129.6%
Subtotal	61,508	10,330,782	1,422,709	13.8%
Expense				
Transfers and Franchise fees	82,964	982,363	426,804	43.4%
Grand Total				
Revenues	837,499	19,415,936	5,385,033	27.7%
Expense	817,894	19,415,936	4,434,867	22.8%
Gain (Loss)	19,605	-	950,166	

Residential Water Sales: \$789,439 year-to-date (YTD), 40.0% of the annual budget.

Commercial & Institutional Sales: \$945,791 YTD, 46.8% of the budget.

Wholesale Sales: \$573,515 YTD, 55.1% of the budget.

Total Water Revenues: \$2,385,638 YTD, achieving 46.4% of the annual budget.

Water expenditures are as anticipated within budget.

Water retail and wholesale rate studies are in progress.

Residential Sewer Fees: \$532,971 YTD (56.4% of the budget).

Commercial & Institutional Fees: \$643,086 YTD (31.0%).

Sewer fees are inline with budget and as expected.

Sewer expenses are driven primarily by the Stillhouse plant renovation project

Planned capital projects are underway, most are in preliminary stages at this point

Airport Fund

AIRPORT REVENUE		FY25	YTD	% of
		Budget	FEBRUARY	Budget
060-4-101-4203	RECEIPTS OF GAS/OIL SAL	\$ 23,000	\$ 4,171	18.1%
060-4-011-4302	RECEIPTS OF HANGAR RENT	\$ 28,500	\$ 16,920	59.4%
060-4-101-4303	RECEIPT OF BUILDING LEASES	\$ -	\$ -	
060-4-101-4550	MISCELLANEOUS	\$ -	\$ 518	
060-4-011-4600	GRANT REIMBURSEMENTS	\$ -	\$ -	
060-4-011-4400	INTEREST		\$ 2,007	
060-4-101-4750	RAMP Grants	\$ 3,000	\$ 1,264	42.1%
TOTAL REVENUE		\$ 54,500	\$ 24,880	45.65%

EXPENDITURES				
060-5-150-10080	CONTRACT SERVICES	\$ 7,200	\$ 400	5.6%
060-5-150-20010	UTILITIES	\$ 6,000	\$ 2,243	37.4%
060-5-150-20020	MAT., SUP., & PRINTING	\$ 1,000	\$ -	0.0%
060-5-150-20045	PROP, LIAB, WC INSURAN	\$ 3,700	\$ 4,746	128.3%
060-5-150-20090	EQUIPMENT PURCHASE	\$ -	\$ -	
060-5-150-20170	CREDIT CARD SERV FEE	\$ 450	\$ 108	24.1%
060-5-150-30010	GAS & OIL	\$ -	\$ -	
060-5-150-30015	FUEL FOR RESALE	\$ 20,000	\$ 4,236	21.2%
060-5-150-30020	MISCELLANEOUS	\$ 600	\$ -	0.0%
060-5-150-30070	MAINTENANCE AGREEMENT	\$ -	\$ -	
060-5-150-40010	CAPITAL OUTLAY	\$ -	\$ -	
060-5-150-50010	REPAIRS & MAINTENANCE	\$ 15,550	\$ 99	0.6%
060-5-150-61415	GRANT EXPENDITURES		\$ -	
TOTAL EXPENSES		\$ 54,500	\$ 11,832	21.71%

Gain (Loss) **13,048**

Fuel POS and pump system in need of replacement, eligible for RAMP grant 90/10

Hotel Occupancy Tax (HOT) Fund

		FY25	YTD	% of
HOT FUND REVENUE		Budget	FEBRUARY	Budget
040-4-008-4400	INTEREST	8,000	11,603	145.0%
040-4-008-4500	Prior Year Resources	-	0	
040-4-008-4950	HOTEL OCCUPANCY TAX	150,000	109,305	72.9%
TOTAL REVENUE		\$ 158,000	\$ 120,907	76.52%

EXPENDITURES				
040-5-138-60010	TRANSFER TO GENERAL FUND	\$ 29,610	0	0.0%
040-5-138-61000	CVB CENTER EXPENSES	\$ -	0	
040-5-138-61010	ADVERTISING	\$ 18,500	10,865	58.7%
040-5-138-61020	PROMOTION OF THE ARTS	\$ 5,000	0	0.0%
040-5-138-61030	SIGNAGE & WAYFINDING	\$ -	0	
040-5-138-61040	PROMOTION OF SPORTING EVENTS	\$ 102,023	-	0.0%
040-5-138-61050	HISTORICAL PRESERVATION	\$ -	-	
TOTAL EXPENSES		\$ 155,133	\$ 10,865	7.00%

Gain (Loss)

110,043

Includes Chamber payment of \$10k for advertising



Date 4/22/2025

Agenda Item #5f

Resolution 2025-036

CITY COUNCIL MEMORANDUM FOR RESOLUTION

To: Mayor & Council

From: Mike Halsema, Deputy City Manager

Agenda Item: Discussion and possible action regarding change order #2 for HVAC Replacement Services.

Information: The Library, Civic Center, and Fleet shop were experiencing HVAC issues and council approved a contract with Muegge Heating & Air for \$213,655 to replace these HVAC units on August 27th. The Civic Center's HVAC systems have been replaced. During the removal of the HVAC equipment at the library, it was discovered that the existing system did not have a proper return air ducting system. The system was pulling return air from the suspended ceiling and attic spaces. This is not efficient and will cause undue strain on the equipment, likely causing premature failure. Council approved the first change order for \$44,237 in December of 2024. After testing the new system, it was discovered that two mini split units would no longer be necessary. Change order #2 reduces the contract by \$5,127 for eliminating the two units in the original contract.

Financial Impact: -\$5,127.00

Staff Recommendation: Staff recommends that the City Council approve change order #2 with Muegge Heating and Air for HVAC services for -\$5,127.

Motion: Motion to approve **Resolution 2025-036** approving Change Order #2 with Muegge Heating and Air for HVAC services for -\$5,127.

Attachments:

- Change Order #2

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GATESVILLE:

That the above stated recommendation is hereby approved and authorized.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Gatesville, Texas, this the ____ day of _____, _____, at which meeting a quorum was present, held in accordance with provisions of V.T.C.A, Government Code, § 551.001 *et seq.*

APPROVED

Gary Chumley, Mayor

Date 4/22/2025

Agenda Item #5f

Resolution 2025-036

ATTEST:



Holly Owens, City Secretary



**Muegge Air Conditioning & Heating
LLC**

210 FM 107
Gatesville, TX 76528

City of Gatesville
City of Gatesville
803 E Main St
Gatesville, TX 76528



 (254) 223-4376
 mgamez@gatesvilletx.com

INVOICE	#8962
SERVICE DATE	Nov 21, 2024
INVOICE DATE	Nov 18, 2024
PAYMENT TERMS	Net 14
DUE DATE	Dec 02, 2024
AMOUNT DUE	\$31,293.00

SERVICE ADDRESS

Gatesville Public Library
111 N 8th St
Gatesville, TX 76528

CONTACT US

 (254) 223-0604
 lajean.mueggeair@gmail.com

INVOICE

Services	qty	unit price	amount
Changeout	1.0	\$96,420.00	\$96,420.00

Deposit of \$60,000 Requested to pay for equipment that has arrived.

Replace 2-15 ton 3 phase self contain units outside:
This quote includes: grid and tile removed to take out indoor units, plenum adapters for the return and supply, electric wench to lower and raise units to and from the attic platform, large dollies to get units in and out of the building, metal plenums ran from the package units up the exterior of the building and into the attic space to feed air to the existing duct system, air diversion curb to direct air flow, concrete saw to cut the holes through the exterior wall, and all labor to complete the install of the 2-15 ton 3 phase electric Daikin systems

Price for 2-15 ton 3 phase electric Daikin systems installed: \$ 68,122

Replace 3.5 ton single phase attic mount Heat Pump system:
This quote includes: removal of grid to install and remove air handler above the grid ceiling, flush copper line sets, hard copper to repipe indoor unit, all electrical connections, modifications to return and supply plenums, and all labor that is needed to complete the install of the 3.5 ton attic mounted system

Price for 1-3.5 ton single phase attic mount Daikin Heat Pump: \$ 6,849

Replace 4 ton Carrier 3 phase rooftop unit:
This quote includes: Carrier to Daikin curb adapter, hookup of all electrical connection, manual economizer, crane rental for removal and installation of the rooftop units, and all labor that is necessary for install of the Diakin rooftop unit

Price to install 4 ton Daikin rooftop: \$ 10,049

*This bid does not include putting the grid ceiling back up after installation or any electrical wiring that is not long enough to reach new connections on new systems.

This bid is good for 60 days. After that time frame unit prices are not locked in at this price.
Before equipment can be ordered and delivered to the job site 50 percent of the quote must be paid to help cover the crane, equipment, and delivery cost.

Warranty on these units is 5 years on all parts and compressor. It's the best commercial warranty on the market. All other brands are 1 years parts and compressor

Fabricated metal for package unit \$6,300

REMOVED	1.0	-\$5,127.00	-\$5,127.00
Price to install 2- 18,000 BTU Daikin mini splits: \$5,127			

Subtotal	\$91,293.00
Job Total	\$91,293.00
Amount Due	\$31,293.00

Payment History

Nov 18 Mon 12:29pm Check \$60,000.00

Payment is due two weeks after time of service and may be made by cash, check, or credit card.

Overdue invoice balances will be subject to a late payment fee of \$10 for the first month, an additional \$15 for the second month, and 10% of the total amount due for each month after until the owing balance is paid.

If you are unable to make a payment for reasonable circumstances that are out of your control, contact us at 254-223-0604 and we will discuss alternative options.

Thanks for choosing Muegge Air for all of HVAC needs.

See our Terms & Conditions (<https://pro.housecallpro.com/MueggeAirConditioningHeatingLLC/67828/terms>)



Date 4/22/2025

Agenda Item #6

Resolution 2025-037

CITY COUNCIL MEMORANDUM FOR RESOLUTION

To: Mayor & Council

From: Mike Halsema, Deputy City Manager

Agenda Item: Discussion and possible action regarding membership and a professional services agreement with the Texas Coalition for Affordable Power, Inc. (TCAP)

Information:

The City is currently in a 5-year agreement for deregulated power with TXU energy, managed via a broker (Mantis Innovation). The current contract is set to expire in June of 2026. Staff researched alternatives to the broker model for negotiating power contracts. Staff discovered that other surrounding cities, counties and school districts are members of the Texas Coalition for Affordable Power, Inc. (TCAP). Joining TCAP offers significant benefits for cities and political subdivisions that purchase electricity in Texas's deregulated market. Below is a summary of the key advantages:

1. Cost Savings

TCAP members consistently achieve substantial savings on electricity rates compared to market averages. These savings often amount to tens of thousands of dollars annually, which can be redirected to essential services for residents.

TCAP's innovative power-contracting arrangements provide price stability, shielding members from volatile market fluctuations and enabling more predictable budgeting.

2. Expert Support and Resources

Members gain access to experienced legal and energy consultants who assist with:

Evaluating energy purchase options

Resolving billing disputes and switching issues

Navigating the complexities of the deregulated energy market.

TCAP also offers guidance on energy conservation programs, infrastructure upgrades, and renewable energy contracts.

3. Operational Transparency and Member Governance

TCAP operates with complete financial transparency and is governed by a voluntary 15-member board composed of city officials and executives. Members can vote for board representatives or run for positions themselves. Members have a voice in legislative and regulatory advocacy concerning energy policies that impact political subdivisions.

4. Additional Services

TCAP members benefit from tools like personalized billing portals, assistance with state-required electricity reports, and strategies for reducing energy costs. Partnering with Gexa Energy Solutions provides opportunities for infrastructure upgrades (e.g., LED lighting, solar power installations) without upfront costs, allowing savings to fund improvements directly.

5. Stability in Ancillary Services

TCAP's partnership with Broad Reach Power ensures fixed pricing for ancillary services over a five-year period, protecting members from rising costs due to market volatility caused by factors such as extreme weather or increased renewable penetration.

6. Eligibility

Membership is open to Texas cities, counties, school districts, water districts, and other political subdivisions that purchase electricity in the deregulated market.

Joining TCAP enables cities and political subdivisions to leverage collective purchasing power for lower electricity rates while benefiting from expert support, operational transparency, and innovative solutions tailored to their needs.

Financial Impact:

Future savings for deregulated energy bills

Motion:

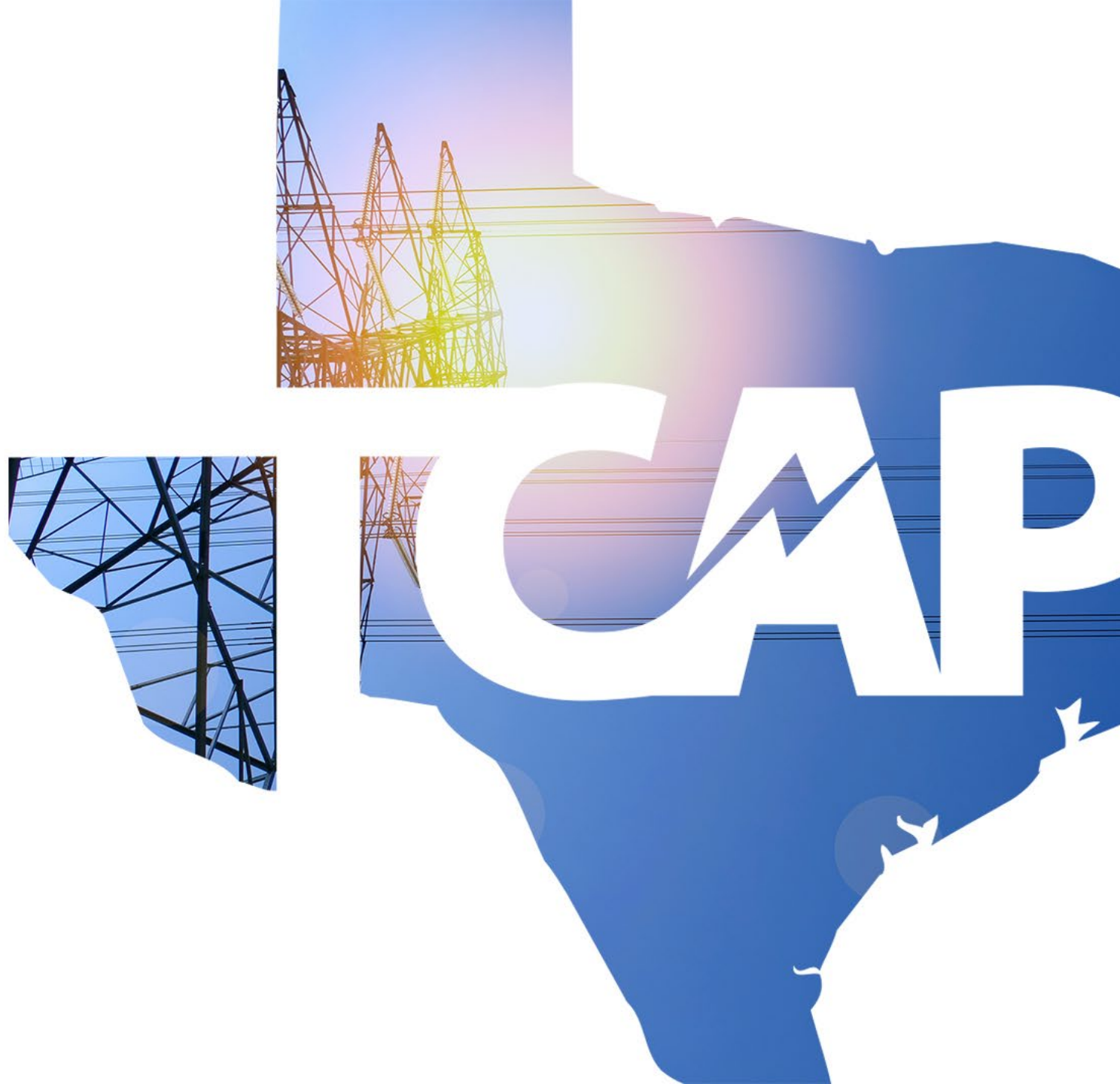
Motion to approve **Resolution 2025—037**, approving the membership and a professional services agreement with the Texas Coalition for Affordable Power, Inc. (TCAP).

Attachments:

- TCAP membership Resolution
- Exhibits A&B, TCAP Certs of filing and By Laws
- Exhibit C, TCAP PSA
- Exhibit D CESA

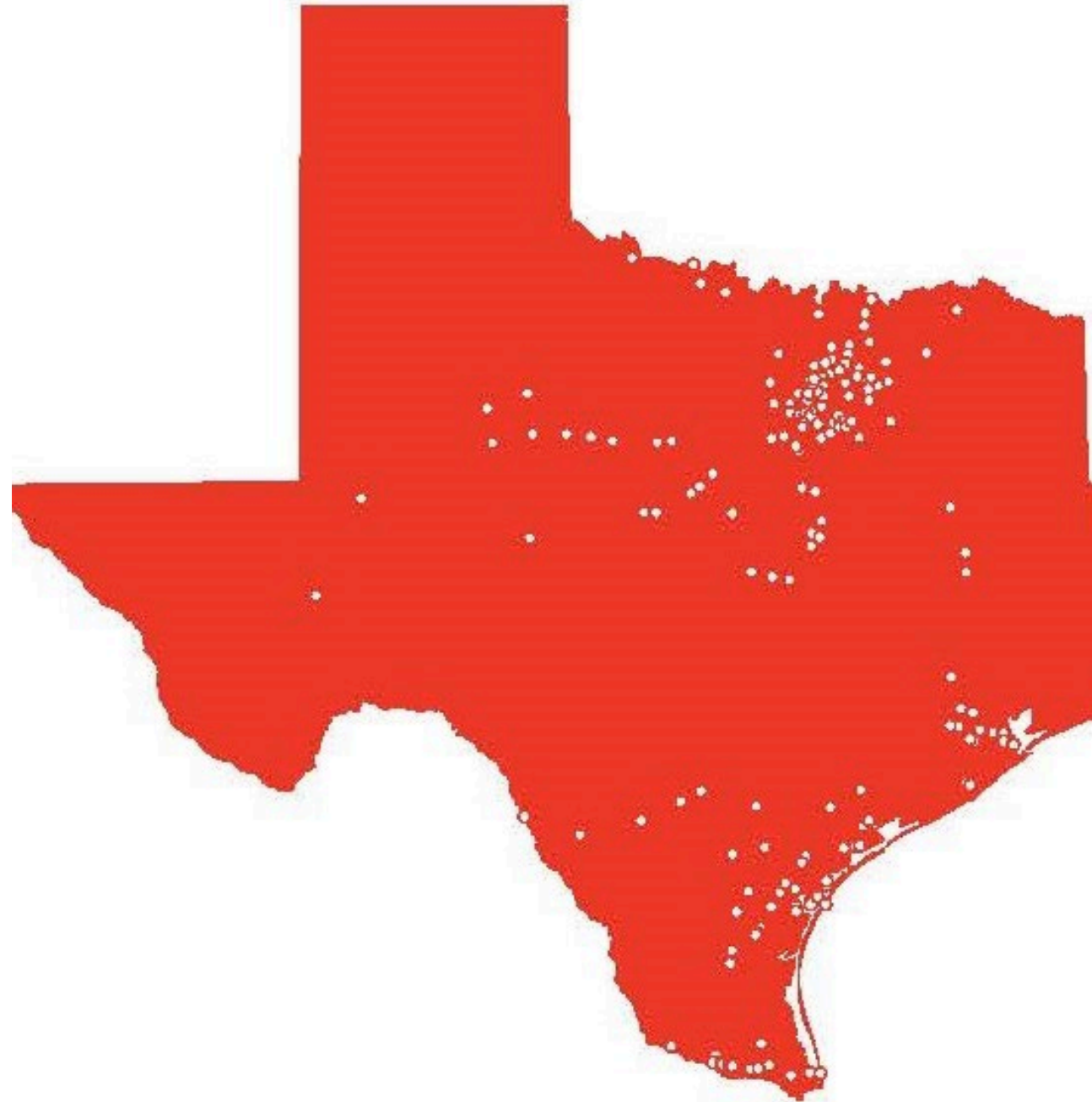
FOR CITIES, BY CITIES.

Making a Powerful Choice



Who is TCAP?

- **169 Members**
 - **148 Cities**
 - **Population from 140-200,000**
 - **21 Special Districts or Counties**
- **All ERCOT Zones represented**
- **Formed in 2001**



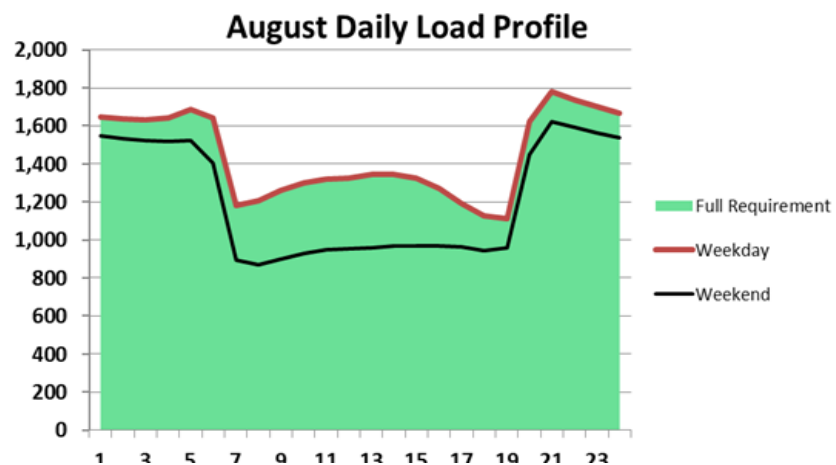
TCAP Board

Place 1- Lewisville (North)	Place 2- McAllen (South)	Place 3- Victoria (South)	Place 4- Wichita Falls (West)	Place 5- Grand Prairie (North)
Place 6- Odessa (West)	Place 7- Hurst (North)	Place 8- Kingsville (South)	Place 9- Lancaster (North)	Place 10- Edna (South)
Place 11- Anna (North)	Place 12- Tomball (Houston)	Place 13- South Texas Water Authority (South)	Place 14- Iowa Colony (Houston)	Place 15- Sugar Land (Houston)
Large Members	Medium Members	Small Members	At Large	

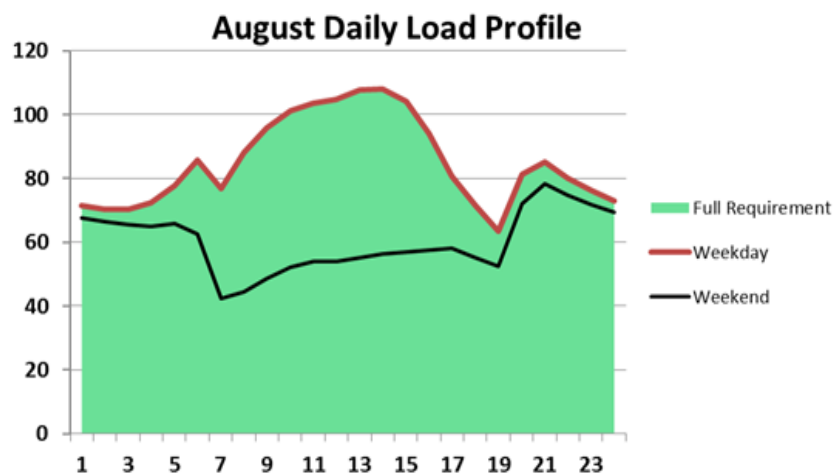


Why TCAP?

- Non-profit political subdivision organization
- Pool over 1 billion kWh of energy to negotiate low rates
- Wholesale Market Contract
- Attractive Load Profile = lower rates
- Combined – TCAP load flattens out



Member A



Member B

Average August Day Load—ERCOT vs. TCAP (Hourly Demand % of Average)



Uniquely Different

Local Government Code

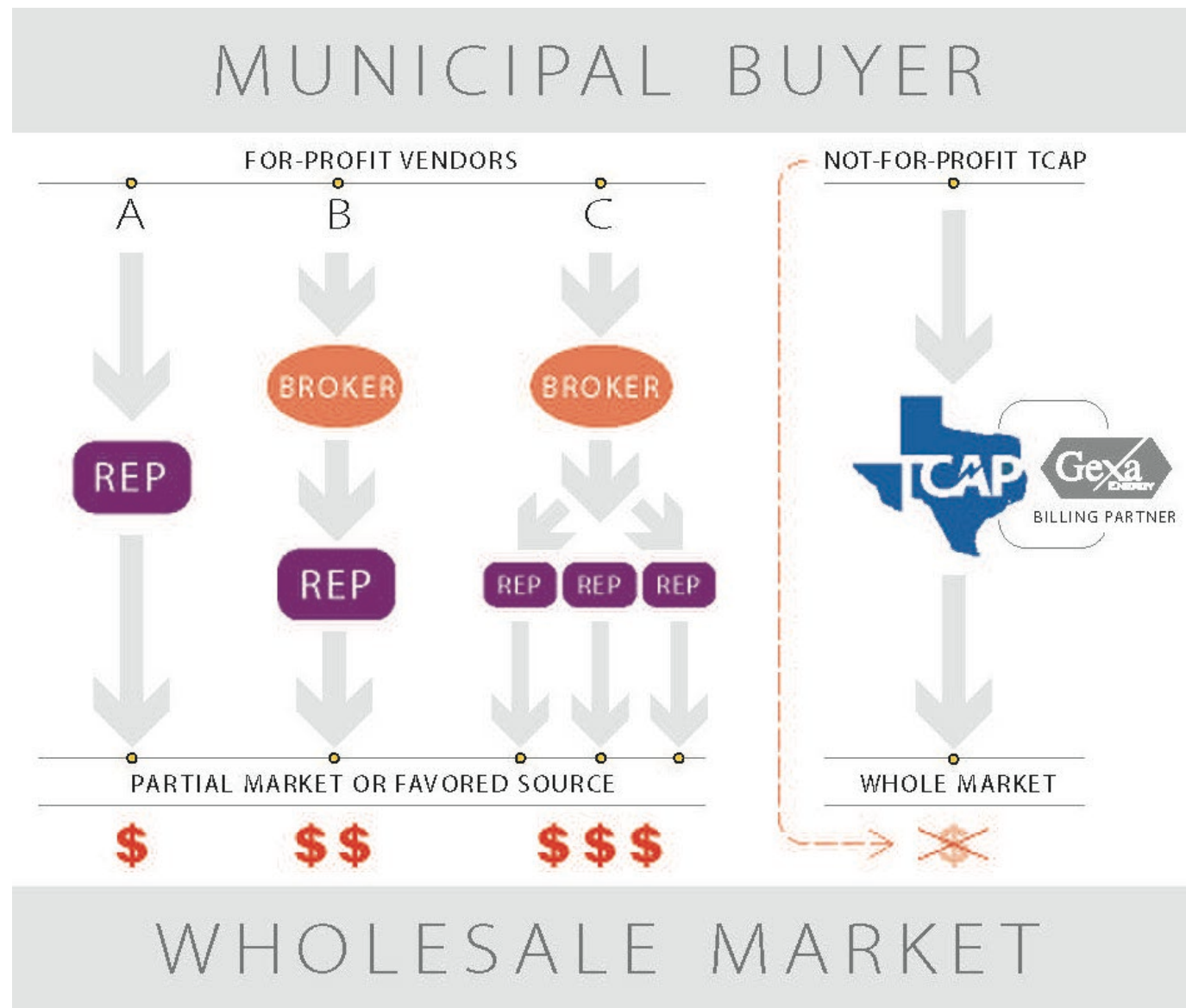
- Section 304 - Energy Aggregation for Local Governments

Bifurcated Contract

- Buy in wholesale market
- REP only a billing partner
- Can change REP and not lose price

Membership Services

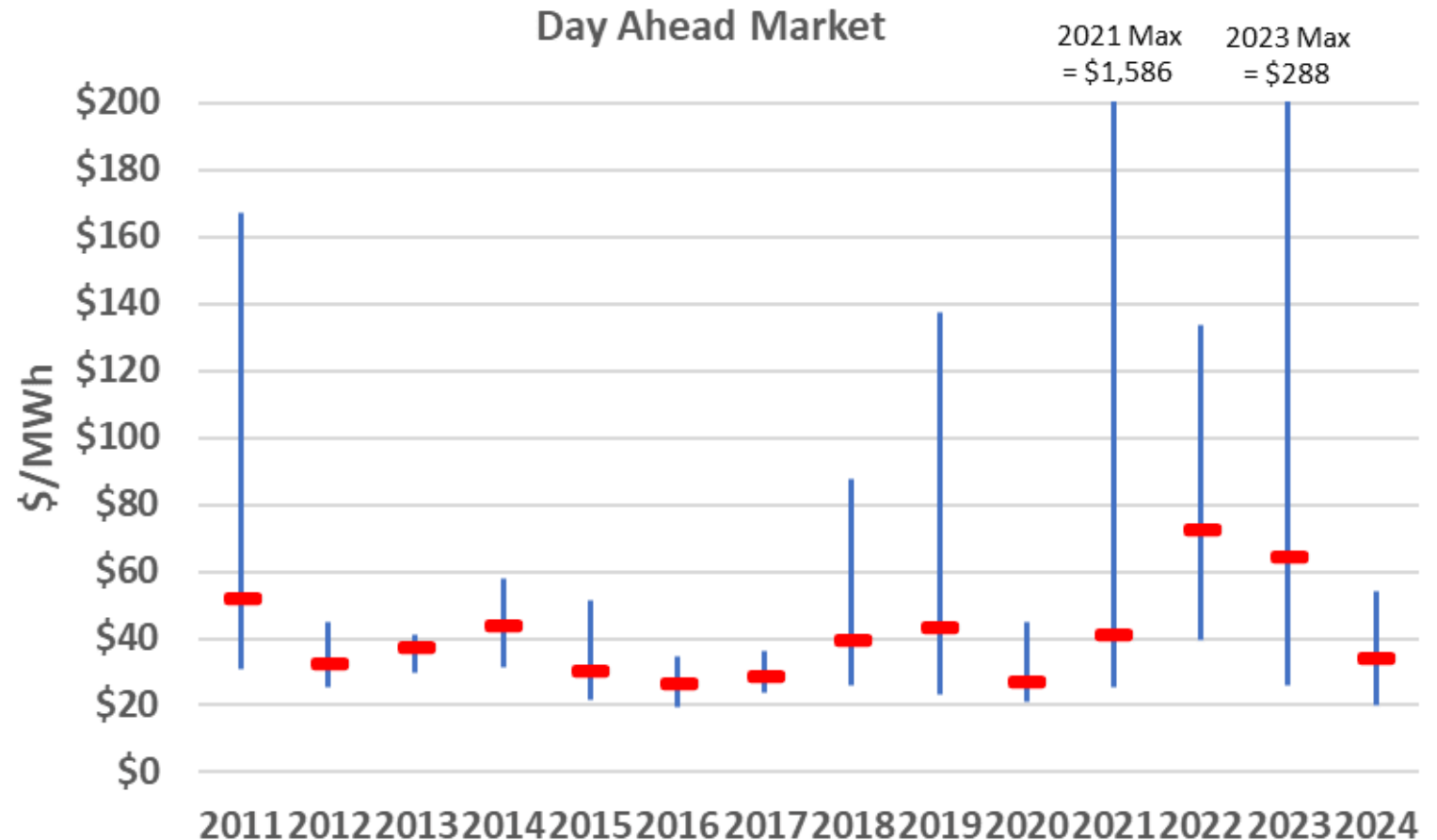
- Annual Budget estimates
- Assistance with state reporting
- Access to Energy consultants
- Review of renewable contracts
- Energy conservation programs
- TCAP billing portal
- Webinars
- Peer elected Board of Directors
- TCAP has a voice at the Legislature, PUC and ERCOT
 - HB 2962 – Exempt Counties from gross receipts tax
 - Met with PUC to get commercial consumer standards



Strategic Purchasing

- The average is much **more stable**.
- Price range **varies greatly by year**.
- But average pricing is **much less volatile**.
- Purchasing one year contracts to take **advantage of the average**
- **More flexibility**

Monthly High/Low/Average Price



2021 Max Price was \$1,586/MWh due to Winter Storm Uri
2021 Average Price Excludes Winter Storm Uri Impacts



Joining TCAP

✓ **Pass Joining Resolution with attachments**

✓ **Enjoy TCAP Pricing***

✓ **2025 – 6.607 cents**

✓ **2026 – 7.182 cents**

Market Pricing

8.610 cents

8.288 cents

✓ **TCAP's price is inclusive of all electricity commodity charges – no line items to make rate look lower or to change monthly**



QUESTIONS?

Margaret Somereve

msomereve@tcaptx.com

972-725-4114



Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Hope Andrade
Secretary of State

Office of the Secretary of State

CERTIFICATE OF FILING OF

Texas Coalition for Affordable Power
File Number: 801327832

The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Nonprofit Corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 10/05/2010

Effective: 10/05/2010



A handwritten signature in cursive script, appearing to read "Hope Andrade".

Hope Andrade
Secretary of State



Office of the Secretary of State

October 07, 2010

Attn: Cathleen C. Slack

Lloyd Gosselink, Attorneys at Law
816 Congress Avenue, Ste. 1900
Austin, TX 78701 USA

RE: Texas Coalition for Affordable Power
File Number: 801327832

It has been our pleasure to file the certificate of formation and issue the enclosed certificate of filing evidencing the existence of the newly created nonprofit corporation.

Nonprofit corporations do not automatically qualify for an exemption from federal and state taxes. Shortly, the Comptroller of Public Accounts will be contacting the corporation at its registered office for information that will assist the Comptroller in setting up the franchise tax account for the corporation. Information about franchise tax, and contact information for the Comptroller's office, is available on their web site at <http://window.state.tx.us/taxinfo/franchise/index.html>. For information on state tax exemption, including applications and publications, visit the Comptroller's Exempt Organizations web site at <http://window.state.tx.us/taxinfo/exempt/index.html>. Information on exemption from federal taxes is available from the Internal Revenue Service web site at www.irs.gov.

Nonprofit corporations do not file annual reports with the Secretary of State, but do file a report not more often than once every four years as requested by the Secretary. It is important for the corporation to continuously maintain a registered agent and office in Texas as this is the address to which the Secretary of State will send a request to file a periodic report. Failure to maintain a registered agent or office in Texas, failure to file a change to the agent or office information, or failure to file a report when requested may result in the involuntary termination of the corporation. Additionally, a nonprofit corporation will file documents with the Secretary of State if the corporation needs to amend one of the provisions in its certificate of formation. If we can be of further service at any time, please let us know.

Sincerely,

Corporations Section
Business & Public Filings Division
(512) 463-5555
Enclosure

Come visit us on the internet at <http://www.sos.state.tx.us/>

Phone: (512) 463-5555

Prepared by: Linda Gemuenden

Fax: (512) 463-5709

TID: 10286

Dial: 7-1-1 for Relay Services

Document: 332951110002

Form 202
(Revised 12/09)

Submit in duplicate to:
Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
512 463-5555
FAX: 512/463-5709
Filing Fee: \$25



Certificate of Formation
Nonprofit Corporation

This space reserved for office use.

FILED
In the Office of the
Secretary of State of Texas

OCT 05 2010

Corporations Section

Article 1 – Entity Name and Type

The filing entity being formed is a nonprofit corporation. The name of the entity is:

Texas Coalition for Affordable Power

Article 2 – Registered Agent and Registered Office

(See instructions. Select and complete either A or B and complete C.)

☐ A. The initial registered agent is an organization (cannot be entity named above) by the name of:

OR

☒ B. The initial registered agent is an individual resident of the state whose name is set forth below:

Geoffrey	M	Gay	
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>

C. The business address of the registered agent and the registered office address is:

816 Congress Avenue, Suite 1900	Austin	TX	78701
<i>Street Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>

Article 3 – Management

The management of the affairs of the corporation is vested in the board of directors. The number of directors constituting the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting of members or until their successors are elected and qualified are as follows:

A minimum of three directors is required.

Director 1				
Jay		Doegey		
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>	
101 South Mesquite St., Suite 300	Arlington	TX	76010	
<i>Street or Mailing Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Country</i>

Director 2				
Tom	J.	Blazek		
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>	
622 E. Market Street	Rockport	TX	78382	
<i>Street or Mailing Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Country</i>

Director 3				
Randy		Moravec		
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>	
5350 Belt Line Road	Addison	TX	75254-7606	
<i>Street or Mailing Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Country</i>

OR

☐ The management of the affairs of the corporation is to be vested in the nonprofit corporation's members.

Article 4 – Membership

(See instructions. Do not select statement B if the corporation is to be managed by its members.)

☒ A. The nonprofit corporation shall have members.

☐ B. The nonprofit corporation will have no members.

Article 5 – Purpose

(See instructions. This form does not contain language needed to obtain a tax-exempt status on the state or federal level.)

The nonprofit corporation is organized for the following purpose or purposes:

any and all lawful business for which non-profit corporations may be organized under the Texas Business Organizations Code; purchasing electricity; aiding or acting on behalf of its Members with respect to their own electricity use for their respective public facilities and that of their citizens; negotiating on behalf of its Members for the purchase of electricity; making contracts for the purchase of electricity; and taking any other actions necessary to purchase electricity for use in the public facilities of the political subdivision or subdivisions represented by the Corporation; acting as a local cooperative organization to purchase goods and services for its Members; and for all other purposes as may be permitted by law for political subdivision corporations.

The following text area may be used to include any additional language or provisions that may be needed to obtain tax-exempt status.

Supplemental Provisions/Information
(See instructions.)

Text Area: [The attached addendum, if any, is incorporated herein by reference.]

Organizer

The name and address of the organizer:

Cathleen C. Slack

Name

816 Congress Avenue, Suite 1900

Austin

TX

78701

Street or Mailing Address

City

State

Zip Code

Effectiveness of Filing (Select either A, B, or C.)

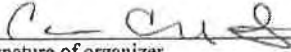
- A. ☒ This document becomes effective when the document is filed by the secretary of state.
- B. ☐ This document becomes effective at a later date, which is not more than ninety (90) days from the date of signing. The delayed effective date is: _____
- C. ☐ This document takes effect upon the occurrence of a future event or fact, other than the passage of time. The 90th day after the date of signing is: _____

The following event or fact will cause the document to take effect in the manner described below:

Execution

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized to execute the filing instrument.

Date: October 4, 2010


Signature of organizer

Cayleen C. Slack
Printed or typed name of organizer

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Hope Andrade
Secretary of State

Office of the Secretary of State
Packing Slip

October 7, 2010
Page 1 of 1

Attn: Cathleen C. Slack
Lloyd Gosselink, Attorneys at Law
816 Congress Avenue
Ste. 1900
Austin, TX 78701

Batch Number: 33295111

Batch Date: 10-05-2010

Client ID: 137735016

Return Method: Mail

Phone No: 5123225800

Document Number	Document Detail	Filing Number / Name	Page Count	Fee
332951110002	Certificate of Formation	Texas Coalition for Affordable Power	0	\$25.00
Total Document Fees				\$25.00

Payment Type	Payment Status	Payment Reference	Amount
Check	Received	15200	\$25.00
Total Payments Received			\$25.00
Total Amount Charged to Client Account			\$0.00
Total Amount Credited to Client Account			\$0.00

Note: This is not a bill. Please do not send any payments until the monthly statement is received.
Any amount credited to Client Account may be refunded upon request.
Refunds (if applicable) will be processed within 10 business days.
Acknowledgement of Filing Document(s) (if present) is attached.

User ID: LGEMUENDEN

Come visit us on the Internet @ <http://www.sos.state.tx.us/>

Phone:(512) 463-5555

FAX (512) 463-5709

Dial: 7-1-1 for Relay Services

AMENDED AND RESTATED
BYLAWS OF
TEXAS COALITION FOR AFFORDABLE POWER

WHEREAS, Texas Coalition for Affordable Power is organized pursuant to these Bylaws and to that certain Certificate of Formation filed with the Secretary of State on October 4, 2010; and

WHEREAS, South Texas Aggregation Project, Inc., a Texas non-profit corporation, and Cities Aggregation Power Project, Inc., a Texas non-profit corporation, anticipates merger with Texas Coalition for Affordable Power in accordance with that certain Certificate of Merger of Non-Profit Corporation (the "***Certificate***") to be filed with the Secretary of State of Texas in December 2010, to be effective January 1, 2011, and according to that certain plan of merger attached thereto (the "***Merger***"); and

WHEREAS, South Texas Aggregation Project, Inc. and Cities Aggregation Power Project, Inc., desire to participate in elections in the fall of 2010 for Board of Director positions for Texas Coalition for Affordable Power, which positions shall be in effect January 1, 2011; and

WHEREAS, Texas Coalition for Affordable Power desires to modify a provision relating to the election of Directors and otherwise ratify and affirm these Bylaws.

ARTICLE ONE

NAME, PURPOSES, POWERS AND OFFICES

Section 1.1. Name. The name of this corporation (the "***Corporation***") is Texas Coalition for Affordable Power.

Section 1.2. Purposes. The Corporation has been organized for any and all lawful business for which nonprofit corporations may be organized under the Texas Business Organizations Code (the "***Code***"), for the purposes of purchasing electricity, aiding or acting on behalf of its Members (as hereinafter defined) with respect to their own electricity use for their respective public facilities and that of their citizens, negotiating on behalf of its Members for the purchase of electricity, making contracts for the purchase of electricity, and taking any other actions necessary to purchase electricity for use in the public facilities of the political subdivision or subdivisions represented by the Corporation, for the purposes of acting as a local cooperative organization to purchase goods and services for its Members, and for all other purposes as may be permitted by law for political subdivision corporations.

Section 1.3. Powers. The Corporation is a nonprofit corporation and shall have all of the powers, duties, authorizations and responsibilities as provided in the Code; provided, however, the Corporation shall neither have nor exercise any power, nor engage directly or indirectly in any activity, that would invalidate its status as a corporation that is exempt from federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code (2010).

Section 1.4. Offices. The Corporation may have, in addition to its registered office, offices at such places, both within and without the State of Texas, as the Board of Directors may from time to time determine or as the activities of the Corporation may require.

ARTICLE TWO

MEMBERS OF THE CORPORATION

Section 2.1. Members. A “**Member**” of the Corporation shall be a political subdivision of the State of Texas that passes a resolution by its governing body that accepts the Certificate of Formation and Bylaws of the Corporation and contracts for energy through the Corporation. Members will be ranked by annual power usage based on the previous calendar year. A “**Large Member**” shall be the top 10% of members based on annual power usage. A “**Medium Member**” shall be the next 20% of Members after the large members based on annual power usage. A “**Small Member**” shall be Members who are the remaining 70% of membership after large and medium members. Members will be defined on a bi-annual basis in even years, prior to elections based on the previous year’s annual usage.

Section 2.2. Associate Members. The Corporation may have associate members. An “**Associate Member**” is a political subdivision of the State of Texas whose governing body resolves to support the advocacy efforts of the Corporation, and pays annual dues that may be set from time to time by the Board of Directors (“**Associate Member Dues**”), but is not served under a power contract to which the Corporation is a party. Associate Members shall **not** have the right to vote on any matters of business of the Corporation, including, but not limited to, those voting rights described in Article 3 herein. The Board may, at its sole discretion, require a reinstatement fee of any Associate Member who desires to become a Member.

Section 2.3. Suspended Members. Any Member or Associate Member who is not currently served under a power contract to which the Corporation is a party shall have its membership in the Corporation suspended and shall be considered a “**Suspended Member**”.

Section 2.4. Withdrawal of Member. Any Member or Associate Member may withdraw from participation in the activities of the Corporation at any time upon thirty (30) days prior written notice to the Board of Directors, whereupon it shall cease to be a Member or Associate Member, and shall cease to be entitled or obligated to participate in the activities of all committees of the Board of Directors and shall have no further obligations as a Member; provided, however, that if such notice is given more than thirty (30) days after such Members receipt of its statement of annual dues, fees and expenses for a fiscal year, the Member or Associate Member shall be obligated to pay for the full fiscal year within which such termination is effective. Withdrawal of membership shall have no effect on power agreements to which the withdrawing entity may be contractually obligated, including, but not limited to, the payment of the Corporation’s Aggregation Fees for the duration of the then-current electric contract.

ARTICLE THREE

BOARD OF DIRECTORS

Section 3.1. General Powers; Delegation. The activities, property and affairs of the Corporation shall be managed by its Board of Directors, who may exercise all such powers of the Corporation and do all such lawful acts and things as are permitted by statute, by the Certificate of Formation or by these Bylaws. By illustration and without limitation, included among the powers of the Board of Directors is the power to negotiate the purchase of electricity, aid or act on behalf of the political subdivisions for which the corporation is created, make contracts for the purchase of electricity, purchase electricity, and take any other action necessary to purchase electricity for use in the public facilities or by the citizens of the political subdivision or subdivisions represented by the Corporation; provided, however, no Member shall be obligated under any such contract unless the Member approves such contract.

Section 3.2. Number and Qualifications. The Board of Directors shall initially consist of fifteen (15) Directors as more particularly described in Section 3.3 herein. The Board of Directors may increase or decrease the number of Directors by a resolution of the Board, however no such resolution shall have the effect of shortening or terminating the term of a current Director. Any full-time salaried employee or elected official of a Member shall be eligible to serve as a Director. Any Director who (a) ceases to be an official or full-time salaried employee of a Member; or (b) is an official of full-time salaried employee of a political subdivision who ceases to be a Member of the Corporation, or who refuses to extend a contract authorized by the Board of Directors or who otherwise expresses a desire to exit the corporation shall immediately become disqualified to serve as a Director and shall vacate such position. Such vacancy shall be filled according to Section 3.4 herein

Section 3.3. Election and Term of Office. The Directors of the Corporation shall be selected from nominations by the Members according to the provisions of this Section 3.3. No more than one (1) nominee may be nominated by each Member. The Members shall elect six (6) Directors from nominees of Large Members (Board Positions 1-6), three (3) Directors from nominees of Medium Members (Board Positions 7-9), and two (2) Directors from nominees of Small Members (Board Positions 10-11). The remaining four (4) Directors shall be those nominees who received the greatest number of votes but were not otherwise elected (Board positions 12-15). Notwithstanding the foregoing, it is the intent of the Members that each ERCOT Zone is represented by at least one (1) Director. To that end, for example, if one ERCOT Zone is not represented by a Director after elections have proceeded according to the above provisions, then the highest numbered Board Position to be elected (*e.g.*, Board Position 15) shall go to the nominee from such unrepresented ERCOT Zone instead of the nominee who otherwise would have been elected to such Board Position. Directors shall hold office for staggered two (2) year terms and until such Director's successor is chosen and qualified, or until such Director's earlier death, resignation, retirement, disqualification or removal from office. Directors may serve any number of consecutive terms. Board positions 1, 3, 5, 7, 9, 11, 13, and 15 will be selected in odd-numbered years. Board positions 2, 4, 6, 8, 10, 12 and 14 will be selected in even-numbered years. The terms 'odd' and 'even' shall apply to the year in which such Director's term of office begins. In order to stagger the terms of office, if the initial terms of office of all Directors begin in 2011, for example, then the initial term of office for odd numbered Board Positions will be two (2) years and the initial term of office for even numbered

Board Positions will be one (1) year. At the Annual Meeting every three (3) years, the Board shall consider whether to adopt term limits.

Section 3.4. Filling of Vacancies. Any vacancy occurring in the Board of Directors resulting from the death, resignation, retirement, disqualification or removal from office of any Director or as the result of an increase in the number of Directors may be filled by the Board. Any Director appointed to fill a vacancy shall hold office until the expiration of the term of the vacating Director.

Section 3.5. Removal. Any Director absent for any two (2) meetings of the Board in a twelve (12) month period shall be automatically removed from the Board subject to the discretion of a majority vote by the Board to exclude an absence from the twelve (12) month period. Directors may be removed from office, with or without cause, by a majority vote of Directors in attendance at a meeting of the Board of Directors, but only so long as written notice that such action shall be considered is provided sixty (60) days prior to such meeting to each Director by the President or Secretary of the Board of Directors. If any Director shall violate any of the terms of Article 11 herein, such Director may be immediately removed by a majority vote of the Board.

Section 3.6. Place of Meeting. Meetings of the Board of Directors shall be held at such places, within or without the State of Texas, as may from time to time be fixed by the Board of Directors or as shall be specified or fixed in the respective notices or waivers of notice thereof.

Section 3.7. Annual Meetings. Beginning in 2011, an annual meeting of the Board of Directors (the “**Annual Board Meeting**”) shall be held in conjunction with the Annual Meeting of the Membership (“**Annual Membership Meeting**”) the first week in January (or at such other time that the Board determines to be advisable) of each year in Austin, Texas (or at such other location as the Board determines to be advisable), at such time as the Directors shall determine. At such Annual Membership Meeting, each Member shall be entitled to vote in the election of Directors and upon such other matters as may come before the Annual Membership Meeting. A quorum for the election of Directors at the Annual Membership Meeting shall be considered achieved if at least twenty percent (20%) of the total voting-eligible Members are present in person or have submitted a vote by mail, email or facsimile ballot. At the Annual Board Meeting, the Directors shall recognize new members of the Board of Directors of the Corporation in accordance with the requirements of Sections 3.2-3.5 of these Bylaws, shall elect officers, and shall transact any and all other business as may properly come before the meeting. Written or printed notice stating the place, day and hour of each Annual Membership Meeting and Annual Board Meeting shall be delivered not less than ten (10) nor more than sixty (60) days before the date of such meeting to each Member and Director entitled to vote at such meetings, respectively.

Section 3.8. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places as may be fixed from time to time by resolution adopted by the Board and communicated by notice to all Directors. The Board shall choose a location most convenient to the Directors which shall minimize travel expenses that may be reimbursed to Directors required to travel. Except as otherwise provided by statute, by the Certificate of Merger of Non-Profit Corporation, or by these Bylaws, any and all business may be transacted at any regular meeting.

Section 3.9. Special Meetings. Special meetings of the Board of Directors may be called by the President upon not less than one (1) nor more than sixty (60) days notice to each Director. Special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) or more Directors. Except as otherwise provided by statute, by the Certificate of Merger of Non-Profit Corporation or by these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 3.10. Quorum and Manner of Acting. At all meetings of the Board of Directors the presence of a majority of the number of Directors then in office shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by statute, by the Certificate of Merger of Non-Profit Corporation or by these Bylaws. The act of a majority of the Directors present in person at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by statute, by the Certificate of Merger of Non-Profit Corporation or by these Bylaws, in which case the act of such greater number shall be requisite to constitute the act of the Board. If a quorum shall not be present at any meeting of the Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At any such adjourned meeting at which a quorum shall later be present, any business may be transacted which might have been transacted at the meeting as originally convened.

Section 3.11. No Compensation. Directors shall not receive any compensation for their services as Directors or as members of a standing or special committee of the Board, but may receive reimbursement for expenses incurred on behalf of the Corporation or in attending meetings of the Board of Directors (if, and to the extent, authorized by a resolution adopted by the Directors) and may receive compensation for serving the Corporation in any other capacity (if, and to the extent, authorized by a resolution adopted by the Directors).

Section 3.12. Telephone Meetings. Subject to the provisions of applicable law and these Bylaws regarding notice of meetings, members of the Board of Directors or members of any committee designated by such Board may, unless otherwise restricted by statute, by the Certificate of Merger of Non-Profit Corporation or by these Bylaws, participate in and hold a meeting of such Board of Directors or committee by using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other or read the written text of each other's communication (e.g. email communications), and participation in a meeting pursuant to Section 3.10 shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened. Annual Membership Meetings may be similarly conducted.

ARTICLE FOUR

COMMITTEES AND ADVISORY BOARDS

Section 4.1. Executive Committee of Board of Directors. The President of the Board of Directors may appoint an Executive Committee made up of Directors. Such Executive Committee shall have and exercise the authority of the Board of Directors in the management of

the Corporation to the extent permitted by resolution adopted by a majority of the Directors in office.

Section 4.2. Advisory Boards or Committees. The President of the Board of Directors may designate one or more advisory boards or committees not having and exercising the authority, responsibility, or duties of the Board of Directors in the management of the Corporation. A Director must serve as the Chair, Co-Chair, or Vice Chair of any committees designated, but committee membership may be made up of employees or officials of Members and Associate Members. The President shall appoint the members of such advisory boards or committees. Any member thereof may be removed by the President whenever in the President's judgment the best interests of the Corporation shall be served by such removal.

Section 4.3. Term of Office. Each member of an advisory board or committee shall continue as such until the next annual meeting of the directors of the Corporation and until such member's successor is appointed or elected, unless the board or committee is sooner terminated, or unless such member is removed from such board or committee or shall cease to qualify as a member thereof.

Section 4.4. Chairman. Unless otherwise designated by these Bylaws, one or more members of each advisory board or committee shall be appointed chairman, or co-chairman of such committee, by the President of the Board of Directors.

Section 4.5. Vacancies. Vacancies in the membership of any advisory board or committee may be filled by appointments made in the same manner as provided in the case of the original appointments or elections.

Section 4.6. Quorum; Manner of Acting. Unless otherwise provided in the resolution of the Board of Directors designating an advisory board or committee, a majority of the whole board or committee shall constitute a quorum, and the act of the majority of the members present at a meeting at which a quorum is present shall be the act of the board or committee.

Section 4.7. Rules. Each committee of directors, or advisory board or committee, may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

ARTICLE FIVE

NOTICES

Section 5.1. Manner of Giving Notice. Whenever, under the provisions of any statute, the Certificate of Merger of Non-Profit Corporation or these Bylaws, notice is required to be given to any Director, advisory board member or committee member of the Corporation, and no provision is made as to how such notice shall be given, it shall not be construed to require personal notice, but any such notice may be given in writing by hand delivery, by facsimile transmission, by electronic mail or other form of electronic communication if permitted by the Code, or by mail, postage prepaid, addressed to such director or advisory board member or committee member at such person's address as it appears on the records of the Corporation. Any notice required or permitted to be given by mail shall be deemed to be delivered at the time when

the same shall be thus deposited in the United States mails, as aforesaid. Any notice required or permitted to be given by facsimile transmission or electronic mail or other form of electronic communication shall be deemed to be given upon successful transmission of such facsimile or electronic mail or other form of electronic communication.

Section 5.2. Waiver of Notice. Whenever any notice is required to be given to any Director or advisory board member or committee member of the Corporation under the provisions of any statute, the Certificate of Merger of Non-Profit Corporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE SIX

OFFICERS, EMPLOYEES AND AGENTS: POWERS AND DUTIES

Section 6.1. Elected Officers. The elected officers of the Corporation shall include a President, a Vice President, a Secretary and a Treasurer. So far as is practicable, all elected officers shall be elected by the Board of Directors at each Annual Board Meeting. The Board of Directors shall elect from among the Directors a President and Vice President. The Secretary and Treasurer need not be a Director.

Section 6.2. Appointive Officers. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and assistant officers and agents as it shall from time to time deem necessary, who shall exercise such powers and perform such duties as shall be set forth in these Bylaws or determined from time to time by the Board.

Section 6.3. Two or More Offices. Any two (2) or more offices may be held by the same person, except that the President and Secretary shall not be the same person.

Section 6.4. Compensation. The compensation, if any, of all officers of the Corporation shall be fixed from time to time by the Board of Directors. The Board of Directors may from time to time delegate to the President the authority to fix the compensation of any or all of the other employees and agents of the Corporation. Any officer of the Corporation who receives compensation for his or her services in such capacity shall abstain from all discussions and voting with respect to the amount or any other aspect of such compensation.

Section 6.5. Reimbursement. Members and agents, employees and representatives of members may be reimbursed out-of-pocket expenses associated with Board sanctioned activity or for routine labor costs associated with performance of activities benefiting the Corporation, such as but not limited to financial and accounting services.

Section 6.6. Term of Office; Removal; Filling of Vacancies. Each elected officer of the Corporation shall hold office until such officer's successor is chosen and qualified in such officer's stead or until such officer's earlier death, resignation, retirement, disqualification or removal from office. Each appointive officer shall hold office at the pleasure of the Board of Directors without the necessity of periodic reappointment. Any officer or agent may be removed

at any time by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors. If any officer of the Corporation shall violate any of the provisions of Article 11 herein, such officer may be removed by a majority vote of the Directors.

Section 6.7. President. The President shall be the chief executive officer of the Corporation and, subject to the provisions of these Bylaws, shall have general supervision of the activities and affairs of the Corporation and shall have general and active control thereof. The President shall preside when present at meetings of the Board of Directors. The President shall have general authority to execute bonds, deeds and contracts in the name of the Corporation and to affix the corporate seal thereto; to cause the employment or appointment of such employees and agents of the Corporation as the proper conduct of operations may require and to fix their compensation; to remove or suspend any employee or agent; and in general to exercise all the powers usually appertaining to the office of president of a corporation, except as otherwise provided by statute, the Certificate of Formation or these Bylaws.

Section 6.8. Vice President. The Vice President shall assist the President and shall perform such duties as may be assigned by the President or by the Board of Directors. In the absence of the President, the Vice President shall have the powers and perform the duties of the President. In addition, the Vice President shall have such other powers and duties as from time to time may be assigned by the President or by the Board of Directors.

Section 6.9. Secretary. The Secretary shall see that notice is given of all annual and special meetings of the Board of Directors and shall keep and attest true records of all proceedings at all meetings of the Board. The Secretary shall have charge of the corporate seal and shall have authority to attest any and all instruments of writing to which the same may be affixed. The Secretary shall keep and account for all books, documents, papers and records of the Corporation, except those for which some other officer or agent is properly accountable. The Secretary shall generally perform all duties usually appertaining to the office of secretary of a corporation. In the absence or disability of the Secretary, the duties of such office shall be performed and the powers may be exercised by the Assistant Secretaries in the order of their seniority, unless otherwise determined by the Secretary, the President or the Board of Directors.

Section 6.10. Assistant Secretaries. Each Assistant Secretary shall generally assist the Secretary and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to such office by the Secretary, the President or the Board of Directors.

Section 6.11. Treasurer. The Treasurer shall be the chief accounting and financial officer of the Corporation and shall have active control of and shall be responsible for all matters pertaining to the accounts and finances of the Corporation and shall direct the manner of certifying the same; shall supervise the manner of keeping all vouchers for payments by the Corporation and all other documents relating to such payments; shall receive, audit and consolidate all operating and financial statements of the Corporation and its various departments; shall have supervision of the books of account of the Corporation, their arrangements and classification; shall supervise the accounting and auditing practices of the Corporation and shall have charge of all matters relating to taxation. The Treasurer shall have the care and custody of all monies, funds and securities of the Corporation; shall deposit or cause to be deposited all such

funds in and with such depositories as the Board of Directors shall from time to time direct or as shall be selected in accordance with procedures established by the Board; shall advise upon all terms of credit granted by the Corporation; shall be responsible for the collection of all its accounts and shall cause to be kept full and accurate accounts of all receipts, disbursements and contributions of the Corporation. The Treasurer shall have the power to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange or other commercial papers payable to the Corporation, and to give proper receipts or discharges for all payments to the Corporation. The Treasurer shall generally perform all duties usually appertaining to the office of treasurer of a corporation. Any or all of the duties of the Treasurer may be delegated to one or more appointive officers or employees of the Corporation upon the approval of such delegation by the Board of Directors. In the absence or disability of the Treasurer, the duties of such office shall be performed and the powers may be exercised by the Assistant Treasurers in the order of their seniority, unless otherwise determined by the Treasurer, the President or the Board of Directors.

Section 6.12. Assistant Treasurers. Each Assistant Treasurer shall generally assist the Treasurer and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to such office by the Treasurer, the President or the Board of Directors.

Section 6.13. Additional Powers and Duties. In addition to the foregoing specially enumerated duties, services and powers, the several elected and appointed officers (e.g. an Executive Director and any other employees) of the Corporation shall perform such other duties and services and exercise such further powers as may be provided by statute, the Certificate of Formation or these Bylaws, or as the Board of Directors may from time to time determine or as may be assigned by any competent superior officer.

ARTICLE SEVEN

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 7.1. Contracts. The Board of Directors may authorize any officer or officers, or agent or agents, of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 7.2. Checks, Drafts or Orders for Payment. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, or agent or agents, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination, such instruments shall be signed by the President or the Treasurer of the Corporation.

Section 7.3. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select or as may be selected in accordance with procedures established by the Board.

Section 7.4. Conflicts of Interest. No contract or agreement may be entered into by and between the Corporation and any of the following: (a) a director, officer, committee member, or employee of the Corporation (hereinafter an “Insider”); or (b) any corporation, partnership, trust, sole proprietorship or any other entity (hereinafter an “Entity”) in which an interest is owned or held, directly or indirectly, by or for the benefit of an Insider, unless (i) the transaction is approved in accordance with Section 22.230 of the Texas Business Organizations Code; and (ii) if one or more of the parties to the contract is a “disqualified person” with respect to the Corporation with in the meaning of Section 4958 of the Internal Revenue Code, either (x) such transaction is reviewed and approved in accordance with the “rebuttable presumption safe harbor” provisions set forth in the regulations promulgated under Section 4958 of the Internal Revenue Code or (y) the Board of Directors or any committee thereof determines that such procedures are not necessary for the transaction involved and records its specific findings for making such determination; provided, however, that the following contracts and agreements shall not be subject to the foregoing prohibition: a wholly gratuitous transfer of assets or promise to transfer assets to the Corporation of any kind, including, but not limited to, a charitable contribution of cash or property to the Corporation, an interest-free loan, a wholly gratuitous lease, a pledge, a guarantee, an assumption of liability, a bailment, or a consignment. All Insiders shall, as a condition of qualifying and continuing to qualify as a director, officer, committee member and/or employee of the Corporation, abide by such conflict of interest policies as the Board of Directors may adopt from time to time.

ARTICLE EIGHT

ACTIONS WITHOUT MEETINGS

Section 8.1. Unanimous Consent. Any action required or permitted to be taken at any meeting of the Directors or the members of a committee may be taken without a meeting if a consent in writing setting forth the action to be taken shall be signed by all of the Directors or all of the committee members, as the case may be. Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any document.

Section 8.2. Other Action Without a Meeting. Any action required or permitted to be taken at any meeting of Directors or committee members may be taken without a meeting, if a consent or consents in writing, setting forth the action so taken, shall be signed by at least a majority (or such greater percentage as may be required for the particular action under the Texas Business Organizations Code or these Bylaws), of all the Directors or committee members, as the case may be, so long as at least twenty-four (24) hours' notice of the proposed action is sent to each director or each committee member at the address or facsimile number of such director or committee member that appears in the records of the Corporation. Prompt notice of the taking of any action by the directors or the members of a committee without a meeting by less than unanimous written consent shall be given to those directors or committee members who did not consent in writing to the action. Every written consent signed by less than all the directors or committee members entitled to vote with respect to the action that is the subject of the consent shall bear the date of signature of each person who signs the consent. No written consent signed by less than all the directors or committee members entitled to vote with respect to the action that is the subject of the consent shall be effective to take such action unless, within sixty (60) days after the date of the earliest dated consent delivered to the Corporation in the manner required by

law, a consent or consents signed by not less than the minimum number of directors or committee members that would be necessary to take the action that is the subject of the consent are delivered to the Corporation by delivery to its registered office, registered agent, or principal place of business, or by delivery to an officer or agent of the Corporation having custody of the books in which proceedings of meetings are recorded. Delivery shall be by hand or certified or registered mail, return receipt requested. Delivery to the Corporation's principal place of business shall be addressed to the President or principal executive officer of the Corporation. A telegram, telex, cablegram or similar transmission by a director or committee member, or a photographic, photostatic, facsimile or similar reproduction of a writing signed by a director or committee member, shall be regarded as signed by the director or committee member for purposes of this Section 8.2.

ARTICLE NINE

FUNDING OF THE CORPORATION

Section 9.1. Generally. The Corporation shall be funded through the collection of (a) fees assessed against Members based upon such Member's power consumption ("**Aggregation Fees**") as further described in this Article Nine; (b) Associate Member Dues assessed annually against Associate Members; and (c) specially assessed fees ("**Special Assessment Fees**") against Members or Associate Members that may be necessary to meet contractual or other legally enforceable obligations. Aggregation Fees (including Initial STAP Aggregation Fee and Initial CAPP Aggregation Fee as defined below), and Special Assessment Fees, may collectively be referred to herein as "**Fees.**" Associate Member Dues may collectively be referred to herein as "**Dues.**" The Board of Directors shall have the authority to set Fees and Dues and any penalties for failure to timely pay such Fees and Dues assessed against Members and Associate Members.

Section 9.2. Fees. In the first calendar year following the Merger, the Aggregation Fee for Members formerly members of South Texas Aggregation Project, Inc., shall not exceed \$00.001 per kWh per month (the "**Initial STAP Aggregation Fee**"). In the first calendar year following the Merger, the Fee for Members formerly members of Cities Aggregation Power Project, Inc., shall not exceed \$00.0013 per kWh per month (the "**Initial CAPP Aggregation Fee**"). After the expiration of such first calendar year, the Board shall set common Aggregation Fees for all Members sufficient to support the Corporation's annual budget. Associate Member Dues shall be one cent (\$00.01) per capita or \$1,000.00, whichever is greater, to be assessed annually in January. Associate Members without resident populations shall be assessed \$1,000.00 annually.

Section 9.3. Statements. Aggregation Fees shall be billed to Members on a monthly or other periodic basis by the Retail Electric Provider that is party to the current power supply agreement. Associate Member Dues shall be billed annually in January or on a pro rata basis in the month a political subdivision becomes an Associate Member. Special Assessment Fees, other fees and expenses ("**Expenses**") shall be billed to Members and Associate Members as may be appropriate. The Board shall determine due dates for Fees and Expenses.

Section 9.4. Books and Records. All Members of the Corporation shall have reasonable access to the books and records of the Corporation, including financial statements and budgets and audits. Notwithstanding the foregoing, the Board of Directors may adopt policies that

provide reasonable protection against the unreasonable disclosure of information. The Corporation's accounting shall adhere to the Generally Accepted Accounting Principals and shall be based upon the calendar year beginning January 1st and ending December 31st.

ARTICLE TEN

INDEMNIFICATION

Section 10.1. Liability. A Director, officer, employee or agent of the Corporation who performs his or her duties in good faith, in a manner he or she reasonably believes to be in the best interests of the Corporation, and with such care as an ordinarily prudent person in a like position would use under the same or similar circumstances, shall not have any liability for an action taken or omission made by such Director, officer, employee or agent of the Corporation in that person's capacity as an Director, officer, employee or agent of the Corporation. No Director, officer, employee or agent shall be liable for any action take or omitted by another Director, officer employee or agent.

Section 10.2. **INDEMNIFICATION**. EACH PERSON WHO AT ANY TIME SHALL SERVE, OR SHALL HAVE SERVED, AS A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE CORPORATION, OR ANY PERSON WHO, WHILE A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE CORPORATION, IS OR WAS SERVING AT ITS REQUEST AS A DIRECTOR, OFFICER, PARTNER, VENTURER, PROPRIETOR, TRUSTEE, EMPLOYEE, AGENT OR SIMILAR FUNCTIONARY OF ANOTHER FOREIGN OR DOMESTIC CORPORATION, PARTNERSHIP, JOINT VENTURE, SOLE PROPRIETORSHIP, TRUST EMPLOYEE BENEFIT PLAN OR OTHER ENTERPRISE, SHALL BE ENTITLED TO INDEMNIFICATION AS, AND TO THE FULLEST EXTENT, PERMITTED BY, ARTICLE 1396 SECTION 2.22A OF THE TEXAS NON-PROFIT CORPORATION ACT OR ANY SUCCESSOR STATUTORY PROVISION, AS FROM TIME TO TIME AMENDED, SUCH ARTICLE OR SUCCESSOR PROVISION, BEING INCORPORATED IN FULL IN THESE BYLAWS BY REFERENCE. THE FOREGOING RIGHT OF INDEMNIFICATION SHALL NOT BE DEEMED EXCLUSIVE OF ANY OTHER RIGHTS TO WHICH THOSE TO BE INDEMNIFIED MAY BE ENTITLED AS A MATTER OF LAW OR UNDER ANY AGREEMENT, VOTE OF DISINTERESTED DIRECTORS, OR OTHER ARRANGEMENT. IT IS EXPRESSLY ACKNOWLEDGED THAT THE INDEMNIFICATION PROVIDED IN THIS ARTICLE COULD INVOLVE INDEMNIFICATION FOR NEGLIGENCE OR UNDER THEORIES OF STRICT LIABILITY.

ARTICLE ELEVEN

CODE OF CONDUCT

Section 11.1. Policy and Purposes. It is the policy of the Corporation that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices;

that the public interest always be considered in conducting corporate business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the Corporation; and that the Board establish policies to control and manage the affairs of the Corporation fairly, impartially, and without discrimination.

This Code of Ethics has been adopted as part of the Corporation's Bylaws for the following purposes: (a) to encourage high ethical standards in official conduct by Directors and corporate officers; and (b) to establish guidelines for such ethical standards of conduct.

Section 11.2. Conflicts of Interest.

(a) Except as provided in subsection (c), a Director or officer is prohibited from participating in a vote, decision, or award of a contract involving a business entity or real property in which the Director or the officer has a substantial interest, if it is foreseeable that the business entity or real property will be economically benefitted by the action. A person has a substantial interest in a business (i) if his or her ownership interest is ten percent or more of the voting stock or shares of the business entity or ownership of \$15,000 or more of the fair market value of the business entity, or (ii) if the business entity provides more than ten percent of the person's gross income. A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more. An interest of a person related in the first degree by affinity (marriage relationship) or consanguinity (blood relationship) to a Director or officer is considered a substantial interest.

(b) If a Director or a person related to a Director in the first degree by affinity or the first degree by consanguinity has a substantial interest in a business entity or real property that would be pecuniarily affected by any official action taken by the Board, such Director, before a vote or decision on the matter, shall file an affidavit stating the nature and extent of the interest. The affidavit shall be filed with the Secretary of the Board.

(c) A Director who has a substantial interest in a business entity that will receive a pecuniary benefit from an action of the Board may vote on that action if a majority of the Board has a similar interest in the same action or if all other similar business entities in the Corporation will receive a similar pecuniary benefit.

(d) An employee of a public entity may serve on the Board. It is specifically recognized that as an official or employee of a public entity, that person's primary loyalty is to the political subdivision that employs them. It shall not be a conflict of interest for said Board member to express opinions or vote in a manner that reflects the self-interest of the public entity that the Board member represents.

Section 11.3. Acceptance of Gifts. No Director or officer shall accept any benefit as consideration for any decision, opinion, recommendation, vote or other exercise of discretion in carrying out official acts for the Corporation. No Director or officer shall solicit, accept, or agree to accept any benefit from a person known to be interested in or likely to become interested in any contract, purchase, payment, claim or transaction involving the exercise of the Director's or officer's discretion. As used here, a benefit does not include:

(a) a fee prescribed by law to be received by a Director or officer or any other benefit

to which the Director or officer is lawfully entitled or for which he or she gives legitimate consideration in a capacity other than as a Director or officer,

(b) a gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the Director or officer;

(c) an honorarium in consideration for legitimate services rendered above and beyond official duties and responsibilities if:

(i) not more than one honorarium is received from the same person in a calendar year;

(ii) not more than one honorarium is received for the same service; and

(iii) the value of the honorarium does not exceed \$50 exclusive of reimbursement for travel, food, and lodging expenses incurred by the Director or officer in performance of the services.

(d) a benefit consisting of food, lodging, transportation, or entertainment accepted as a guest if reported as may be required by law.

Section 11.4. Bribery. A Director or officer shall not intentionally or knowingly offer, confer or agree to confer on another, or solicit, accept, or agree to accept from another:

(a) any benefit as consideration for the Director's or officer's decision, opinion, recommendation, vote, or other exercise of discretion as a Director or officer;

(b) any benefit as consideration for the Director or officer's decision, vote, recommendation, or other exercise of official discretion in a judicial or administrative proceeding; or

(c) any benefit as consideration for a violation of duty imposed by law on the Director or officer.

Section 11.5. Nepotism. No Director or officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty, of an person related within the second degree by affinity or within the third degree of consanguinity to the Director or officer so appointing, voting or confirming, or to any other Director or officer. This provision shall not prevent the appointment, voting for, or confirmation of any person who shall have been continuously employed in any such office, position, clerkship, employment or duty at least thirty (30) days prior to the appointment of the Director or officer so appointing or voting.

ARTICLE TWELVE

MISCELLANEOUS

Section 12.1. Dividends Prohibited. No part of the net income of the Corporation shall inure to the benefit of any private individual and no dividend shall be paid and no part of the income of the Corporation shall be distributed to its Directors or officers. Notwithstanding the foregoing, the Corporation may reimburse reasonable expenses as provided in Sections 3.11 and 6.5.

Section 12.2. Loans to Officers and Directors Prohibited. No loans shall be made by the Corporation to its officers or Directors. Any Directors voting for or assenting to the making of any loan to a Director or officer which is prohibited by the Texas Business Organizations Code and Texas Non-Profit Corporation Act, and any officer participating in the making thereof, shall be jointly and severally liable to the Corporation for the amount of such loan until repayment thereof.

Section 12.3. Amendments. These Bylaws may be amended or repealed, or new bylaws may be adopted, at any meeting of the Board of Directors by the affirmative vote of a majority of the number of the Directors then in office. Notwithstanding the foregoing, notice of the proposed amendment, repeal or adoption must be contained in the notice of such meeting; provided, however, that the foregoing notice requirement shall not prohibit the Board of Directors from adopting the proposed amendment, effecting the proposed repeal or adopting the proposed new bylaws, as the case may be, in a modified form which is not identical to that described or set forth in the notice of such meeting.

Section 12.4. Fiscal Year. The fiscal year of the Corporation shall be based upon the calendar year beginning January 1st and ending December 31st.

Section 12.5. Seal. The Corporation's seal, if any, shall be in such form as shall be adopted and approved from time to time by the Board of Directors. The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed, imprinted or in any manner reproduced.

Section 12.6. Gender. Words of either gender used in these Bylaws shall be construed to include the other gender, unless the context requires otherwise.

Section 12.7. Invalid Provisions. If any part of these Bylaws shall be held invalid or inoperative for any reason, the remaining parts, so far as is possible and reasonable, shall remain valid and operative.

Section 12.8. Headings. The headings used in these Bylaws are for convenience only and do not constitute matter to be construed in the interpretation of these Bylaws.

ARTICLE THIRTEEN

DISSOLUTION

The resolution to dissolve the Corporation may only be made by a three-fourths ($\frac{3}{4}$) vote of the Members of the Corporation, with each Member receiving one (1) vote. Such dissolution will thereafter be governed by the Code.

* * * * *

The undersigned, being the duly elected and qualifying Secretary of the Corporation, hereby certifies that the foregoing Amended and Restated Bylaws of the Corporation were duly adopted by the Board of Directors of the Corporation on December 9, 2010.

_____, Secretary

Exhibit C

PROFESSIONAL SERVICES AGREEMENT BETWEEN
CITY OF GATESVILLE AND TEXAS COALITION FOR AFFORDABLE POWER,
INC.

This Professional Services Agreement (“AGREEMENT”) is made and entered by and between Texas Coalition for Affordable Power, Inc. (“TCAP”), a non-profit, political subdivision corporation, and City of Gatesville (“MEMBER”), a TCAP member.

SECTION 1 DURATION:

This AGREEMENT becomes effective as of signing by MEMBER and shall remain effective as long as MEMBER is being served by TCAP and MEMBER’s electric load included in a current TCAP procurement.

SECTION 2 PURPOSE OF AGREEMENT:

The purpose of this AGREEMENT is to define services and obligations of TCAP to MEMBER and obligations of MEMBER to TCAP and other members. In furtherance of this AGREEMENT, MEMBER will enter into a Commercial Electric Service Agreement (“CESA”) with a retail electric provider (“REP”) selected by TCAP pursuant to the terms set forth herein; provided that nothing in this AGREEMENT is intended to alter the price or other terms of MEMBER’s current CESA in effect through May 31, 2026.

SECTION 3 OBLIGATIONS OF TCAP TO MEMBER:

MEMBER authorizes TCAP to contract for the purchase of energy for MEMBER in the wholesale market from an energy manager selected by TCAP (“Energy Manager”) and to select an acceptable, cost-beneficial REP to serve MEMBER’s electric accounts. TCAP shall provide procurement services, which services shall consist of securing wholesale power for MEMBER through an alternative procurement strategy, such as TCAP’s Strategic Hedging Program (“SHP”), as may be authorized and defined by TCAP’s Board of Directors. MEMBER may elect to consider fixed-price, fixed-term offers for wholesale power supply, such election to be communicated to TCAP separately in writing by providing an Authorized Election Form to TCAP. If MEMBER has provided to TCAP an Authorized Election Form, TCAP’s procurement services to MEMBER shall also consist of arranging fixed-price, fixed-term offers to MEMBER following solicitation of competitive offers. TCAP consultants and attorneys will negotiate terms and conditions of all contracts, monitor performance of Energy Managers and REPs, work to avoid and remedy problems that may be encountered by MEMBER where possible, assist MEMBER with wires company issues, and represent MEMBER in energy related matters before State agencies, the courts or legislature. TCAP will provide additional customer services to MEMBER that are defined in SECTION 5.

SECTION 4 OBLIGATIONS AND RIGHTS OF MEMBER:

MEMBER will honor the terms of its CESA and promptly pay or promptly dispute invoices from its REP. MEMBER will comply with the confidentiality and non-disclosure obligations contained in its CESA and Section 7 of this AGREEMENT. MEMBER will designate one or more individuals to receive notices and updates from TCAP and will promptly update contact information. MEMBER will pay aggregation fees to support the non-profit functions of TCAP assessed annually by the TCAP Board of Directors and recovered as part of the energy charges paid to REP. Also, MEMBER will pay or receive refunds equal to the Quarterly Adjustment and the Annual Adjustment mutually agreed upon by TCAP and the Energy Manager to address certain variable costs and charges, including costs imposed by ERCOT, such payment or receipt of funds subject to the reserve account as further described herein. TCAP members will fund, and TCAP will maintain and administer, a reserve account to facilitate the reconciliation of any Quarterly Adjustments or Annual Adjustments by collecting any excess amounts paid and/or paying any deficient amounts incurred (as possible). The reserve account balance will be maintained at a minimum level to cover anticipated future needs for up to two (2) years. The TCAP Board may vote to refund to members amounts in excess of future anticipated needs. Any monies remaining in the reserve account at the dissolution of TCAP will be refunded to current membership at the time of dissolution. TCAP is owned and controlled by its members and is governed by a Board of Directors consisting of employees or elected officials of members. Consistent with TCAP's Bylaws, each MEMBER has a right to nominate its representative to serve on the Board of Directors and has a right to vote in annual elections of Board members. MEMBER has a right to attend or monitor each Board meeting. TCAP has a financial audit performed each year and MEMBER has a right to a copy of the annual audit upon request.

SECTION 5 TCAP SERVICES TO MEMBER:

A. Procurement of Energy Supplies and REP Services

1. TCAP Procurement Services and Capabilities

TCAP will assist prospective members in reviewing market conditions and in estimating the most price opportune time to contract for energy supplies. TCAP will work with MEMBER to achieve a competitive price that balances supply security and risk tolerance while maintaining superior billing and customer services. As a political subdivision corporation, offering electricity procurement to political subdivisions, TCAP has the ability to procure wholesale energy supplies and REP services separately to secure the most effective combination of competitively priced energy supplies and superior billing and customer services. TCAP may utilize either wholesale or retail sources of power, or some combination of both. TCAP may utilize multiple suppliers with different generation resources. TCAP will solicit bids from multiple sources for energy supplies. TCAP aggregates the load of all members to maximize clout in negotiating contract terms. TCAP's objective in negotiations with suppliers is to continue obtaining favorable terms

regarding band widths for annual usage based on total load of all members (rather than based on MEMBER's individual load) and to minimize fees for adding or deleting accounts. TCAP will monitor the wholesale and retail markets for favorable hedging opportunities. TCAP will also monitor, evaluate and issue requests for proposals for power development opportunities beneficial to its MEMBERS, including renewable projects (each, a "Power Project").

2. MEMBER Procurement Options

If MEMBER elects a fixed-price contract for a fixed period by submitting an Authorized Election Form, TCAP will function as MEMBER'S agent in the wholesale energy marketplace in soliciting, evaluating and negotiating each such fixed-price contract. Absent an election, MEMBER shall participate in other procurement strategy options offered by TCAP, such as TCAP's SHP, and TCAP will function as MEMBER's electric energy procurer. As such, TCAP will (i) oversee the Energy Manager, (ii) will direct the Energy Manager to solicit wholesale energy market quotes, (iii) will cause the Energy Manager to transact at the most favorable executable market quotes and (iv) will negotiate and develop the Energy Price in MEMBER'S CESA (the "CESA Energy Price"). The CESA Energy Price shall be developed and agreed upon by TCAP, the Energy Manager and the REP and shall include the wholesale energy market transactions as well as Energy Manager's estimate of any non-fixed charges, including zonal congestion charges, ancillaries service charges, and other charges in connection with MEMBER'S load. If MEMBER elects to purchase power from a Power Project solicited and chosen by TCAP via a competitive RFP process (or other similar process), TCAP will function as MEMBER'S electric energy procurer, and will direct the Energy Manager to include the value of the power procured from such projects in the development of MEMBER'S CESA price.

B. Customer and Billing Services Provided by TCAP

1. REP Portal

TCAP consultants oversee the development and presentation of the REP's portal for TCAP members; the REP will be responsible for operation of the portal. TCAP provides training and assistance regarding portal use.

2. REP Customer Service

TCAP negotiates with the REP regarding service standards and annually reviews REP performance. TCAP maintains a right to replace a REP for unsatisfactory performance without affecting the price of wholesale power, so long as the replacement REP has a credit rating acceptable to the Energy Manager. TCAP continuously monitors customer billings and will alert both the REP and MEMBER, when appropriate, of any billing errors and the adjustments needed to ensure accurate and reliable billings to MEMBER. TCAP will advocate on behalf of MEMBER when needed to resolve billing or customer service issues.

TCAP will review customer billings and make MEMBER aware of inactive accounts that MEMBER may be able to disconnect to save monthly charges.

3. TCAP Assistance with Budgets and Required Filings and Assistance with TDSP Issues

TCAP monitors Public Utility Commission (“PUC”) and ERCOT activity and will provide MEMBER a forecast of changes in non-by passable charges that may impact MEMBER’s annual budget estimates. TCAP will prepare an annual electricity cost estimate for MEMBER. TCAP will assist MEMBER in preparation of energy related reports that may be necessary for MEMBER to file in response to legislative or agency mandates. TCAP will assist MEMBER in understanding non-bypassable charges included in REP invoices, and assist in resolving issues caused by errors of MEMBER’S Transmission and Distribution Service Provider (“TDSP” aka “wires company”).

4. Information Services

TCAP maintains a member web site, www.tcaptx.com. In addition to regular blog postings on energy news relevant to MEMBER, TCAP has prepared and posted major reports on the history of deregulation in Texas and a history of ERCOT. TCAP consultants continuously monitor the Nymex gas market, ERCOT energy market, and economic conditions that may affect MEMBER, as well as activities at the PUC and ERCOT. Important trends are noted in consultant reports to the Board of Directors and are attached to Board Minutes. TCAP’s Executive Director prepares and distributes a monthly newsletter and coordinates TCAP activities with various city coalitions and Texas Municipal League (“TML”). The Executive Director monthly newsletters will also include important or trending issues in the energy markets.

5. Demand Response, Distributed Generation and Cost Savings Strategy

TCAP will work with relevant service providers to make available to MEMBER competitive demand reduction programs that facilitate MEMBER’s participation in TDSP and ERCOT cost reduction strategies approved by the PUC. Upon request, TCAP will monitor and evaluate demand reduction program performance metrics. TCAP will assist MEMBER in reviewing, analyzing and developing distributed generation programs that can reduce wires and energy costs and/or provide backup power to specific facilities. TCAP will assist MEMBER in meeting renewable energy goals established by MEMBER, including behind-the-meter solar projects and local wind projects.

6. Regulatory and Legislative Representation

TCAP will provide representation and advocacy services on energy issues relevant to MEMBER in regulatory and legislative areas including, but not limited to, ERCOT stakeholder meetings, PUC projects and dockets, and legislative actions.

7. Strategic Hedging

To the extent that there is sufficient interest and commitment of load of TCAP members within an ERCOT zone, and to the extent MEMBER has not elected a fixed-price contract for a fixed period, MEMBER will perpetually (subject to potential charter or ordinance constraints on length of contracts) commit to two-year participation obligations. MEMBER may terminate participation in the SHP, without energy price penalties and with minimal other termination fees, by providing sufficient notice as set forth herein (Section 6). A SHP price will be determined at least 9 months prior to the effective date of the price by averaging the winning bids from periodic competitive auctions that occur throughout the 24 months preceding the effective date. TCAP will direct Energy Manager to conduct the periodic competitive auctions. TCAP will have the right to audit the auction results. The auction process will be designed to identify competitively priced energy supplies from a variety of creditworthy suppliers, resulting in prices that are rarely, if ever, significantly above prevailing market prices and that should generally be less than pricing for long-term fixed priced contracts (when evaluated from a common contract start date and term). Designed to take advantage of the characteristics of the nation's well supplied energy markets, the SHP will also be flexible enough to respond to market changes when and if they occur in the future. Participation in the SHP may be viewed as a series of 24 -month forward year-to-year contracts for as long as desired by MEMBER. If MEMBER participates in the SHP, MEMBER agrees that TCAP is authorized to direct Energy Manager to procure electric energy in the wholesale market on MEMBER's behalf and that TCAP is authorized to commit MEMBER's load to periodic competitive auctions.

SECTION 6 MEMBER RIGHT OF TERMINATION:

A. Fixed-Term, Fixed-Price Contract

MEMBER may terminate a CESA prior to the end-of-term specified in a contract subject to payment of "Liquidated Damages" prescribed in MEMBER's CESA. If MEMBER commits to a fixed multi-year term, fixed-price contract and wants to terminate the agreement prior to the end of the fixed multi-year term, liquidated damages will be based on the differential in the price of electric energy futures contracts used to support the fixed-price agreement and the price of comparable electric energy contracts at time of termination and shall also include damages prescribed herein and in the CESA, as applicable. If electric energy prices are lower at the point of termination than they were at time of contracting, MEMBER should expect to pay energy price damages upon early termination. In any event, any termination payment will be calculated and assessed in accordance with MEMBER's CESA.

B. Strategic Hedging Program

Since the SHP is based on a series of one-year term contracts, MEMBER is entitled to exit the program so long as notice of termination can be given prior to inclusion of MEMBER's load in the competitive auction process for a future year's price. TCAP will periodically notify MEMBER of expected procurement schedules and provide no less than 90 days

prior notice of any upcoming solicitation, and MEMBER may notify TCAP that it wants to exclude its load from the competitive auction process by giving notice at least 60 days prior to the next procurement date. Termination of involvement in SHP without appropriate notice will require calculation of damages as prescribed by CESA under Edison Electric Institute (“EEI”) principles with the intent of making the REP and Energy Manager whole for the termination. Liquidated damages will be based on the differential in the price of electric energy futures contracts used to support the SHP price and the price of comparable electric energy contracts at time of termination and shall also include damages prescribed herein and in the CESA, as applicable. If electric energy prices are lower at the point of termination than they were at time of contracting, MEMBER should expect to pay energy price damages upon early termination. In any event, any termination payment will be calculated and assessed in accordance with MEMBER’s CESA.

C. Participation in Power Projects

If MEMBER has chosen to purchase power from a Power Project through TCAP, in accordance with a signed Project Addendum attached to MEMBER’S CESA, MEMBER’s termination rights with respect to its commitment to purchase power from the Power Project shall be contained in the Project Addendum.

SECTION 7 CONFIDENTIALITY:

MEMBER is a governmental body subject to public information laws, including Chapter 552 of the Texas Government Code. If MEMBER receives a valid request under applicable public information laws for information related to this AGREEMENT or its CESA, it shall provide TCAP notice of the request including a description the information sought prior to MEMBER’s release of information so that TCAP has the opportunity to determine whether such information is subject to an exception as trade secret, competitive, commercial, or financial information. With the exception of the preceding disclosures pursuant to public information laws, a Party (that party, the “Receiving Party”) shall keep confidential and not disclose to third parties any information related this AGREEMENT, except for disclosures to Authorized Parties or as otherwise required by law; and provided that MEMBER authorizes TCAP to provide Energy Manager and REP with any relevant information concerning MEMBER’s account, usage and billings. The provisions of this Section 7 apply regardless of fault and survive termination, cancellation, suspension, completion or expiration of this AGREEMENT for a period of two (2) years. “Authorized Parties” means those respective officers, directors, employees, agents, representatives and professional consultants of MEMBER and TCAP and each of their respective affiliates that have a need to know the confidential information for the purpose of evaluating, performing or administering this AGREEMENT.

SECTION 8 PARAGRAPH HEADINGS:

The paragraph headings contained in this AGREEMENT are for convenience only and shall is no way enlarge or limit the scope or meaning of the various and several paragraphs.

SECTION 9 COUNTERPARTS:

This AGREEMENT may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

SECTION 10 DEFINITIONS:

“Annual Adjustment” shall mean either a credit to MEMBER for the over-collection of funds, or a charge to MEMBER for under-collection of funds, related to Power Project settlements, if applicable. For those MEMBERS that participate in SHP, the Annual Adjustment shall also include (i) adjustments related to the loss factor for each specific ERCOT zone and (ii) adjustments related to load reconciliation as determined by TCAP, the Energy Manager and the REP.

“Energy Manager” means the wholesale market participant selected by TCAP to conduct SHP procurements at TCAP’s direction, in accordance with Section 5A and Section 7 of this Agreement. The Energy Manager may sell all or a portion of the required wholesale energy to TCAP or TCAP’s REP.

“Power Project” means a power generation project identified by TCAP to supply electric energy to one or more TCAP Members.

“Project Addendum” means the Addendum for a Power Project, if any, signed and attached as an Exhibit to MEMBER’S CESA.

“QSE Services Fee” means the QSE Services Fee in affect during the Delivery Term, as agreed between TCAP and Energy Manager.

“Quarterly Adjustment” shall mean either a credit to MEMBER for the over-collection of funds, or a charge to MEMBER for under-collection of funds, related to (i) ERCOT zonal congestion charges and (ii) ancillary services charges and other charges imposed by governmental agencies or ERCOT upon wholesale suppliers or REPs under statutes, regulations or courts for services within ERCOT zones. Said charges or refunds will be proportional to MEMBER’s relative contribution to TCAP load within specific ERCOT zones.

“Retail Electric Provider” or “REP” means the Retail Electric Provider that is party to (i) the REP Services Agreement with TCAP and (ii) the CESA between itself and MEMBER for the provision of retail electric service.

“Strategic Hedging Program” or “SHP” means an energy procurement strategy approved by TCAP’s Board of Directors, overseen by TCAP’s designated consultants, and administered by TCAP’s appointed Energy Manager, whereby wholesale energy is solicited and procured at agreed upon intervals, as directed by TCAP.

EXECUTED on this the _____ day of _____, 20____.

MEMBER:

By: _____

Printed Name: _____

Title: _____

TCAP:

By: _____

Printed Name: _____

Title: _____

Customer Contract Name City of Gatesville

Expected Start Date

Approved and agreed by authorized representative of Customer named above

Customer Signature

Date

Please complete, sign and scan to tcap@gexaenergy.com or fax to 866-788-4392.

ESI/UAN	Service Address	City	State	Zip
1 10443720003256085	ROGERS PARK	Gatesville	TX	76528
2 10400512710320001	1606 BRANDY LN UNIT B PUM	Gatesville	TX	76528
3 10400512715140001	243 8150 MV W/P UNIT 8150W	Gatesville	TX	76528
4 10400512715150001	11 21,500 MV O/P 1 UNIT 21500W	Gatesville	TX	76528
5 10400512728710001	202 N 8TH ST UNIT OFFICE	Gatesville	TX	76528
6 10400512728720001	110 N 8TH ST UNIT	Gatesville	TX	76528
7 10400512728730001	110 N 8TH ST UNIT CTYHAL	Gatesville	TX	76528
8 10400512728870001	803 E MAIN ST	Gatesville	TX	76528
9 10400512728870002	803 E MAIN ST UNIT 100W	Gatesville	TX	76528
10 10400512728870003	803 E MAIN ST UNIT 1000W	Gatesville	TX	76528
11 10400512728880001	805 E MAIN ST	Gatesville	TX	76528
12 10400512730410001	3500 E MAIN ST UNIT B PRK	Gatesville	TX	76528
13 10400512730420001	3400 E MAIN ST UNIT PUMP	Gatesville	TX	76528
14 10400512730790001	1000 PIDCOKE ST UNIT GYM	Gatesville	TX	76528
15 10400512731850001	811 COLLEGE ST UNIT SCOUT	Gatesville	TX	76528
16 10400512732120001	401 S 8TH ST UNIT POOL	Gatesville	TX	76528
17 10400512732120002	401 S 8TH ST UNIT 1000W	Gatesville	TX	76528
18 10400512732150001	910 BRIDGE ST UNIT LIGHT	Gatesville	TX	76528
19 10400512732180001	1100 COLLEGE ST UNIT SEWER	Gatesville	TX	76528
20 10400512732180002	SOUTH ST UNIT 400W	Gatesville	TX	76528
21 10400512732190001	FAUNTLEROY PARK UNIT LIGHT	Gatesville	TX	76528
22 10400512736520001	109 S 23RD ST UNIT FIRE	Gatesville	TX	76528
23 10400512736550001	106 S 23RD ST UNIT CTYBR	Gatesville	TX	76528
24 10400512737480001	10 21,500 MV W/P UNIT 21500W	Gatesville	TX	76528
25 10400512737490001	4 8150 MV O/P 1 UNIT 175W	Gatesville	TX	76528
26 10400512743810001	MOUNTAIN UNIT LIGHT	Gatesville	TX	76528
27 10400512744120001	401 CORYELL CITY RD UNIT LIFT S	Gatesville	TX	76528
28 10400512936890001	27,500 HPS W/P UNIT 27500W	Gatesville	TX	76528
29 10400513232640001	3929 S HWY 36 UNIT LIFT	Gatesville	TX	76528
30 10400513255390001	301 COMPLEX CIR	Gatesville	TX	76528
31 10400513255390002	301 COMPLEX CIR UNIT 175W	Gatesville	TX	76528
32 10400513255390004	301 COMPLEX CIR UNIT 400W	Gatesville	TX	76528
33 10400513255390005	301 COMPLEX CIR UNIT 100W	Gatesville	TX	76528
34 10400513317850001	1322 N HWY 36 UNIT PUMP 3	Gatesville	TX	76528
35 10400513319410001	3201 FM 929 UNIT FLOW	Gatesville	TX	76528
36 10400513319880001	3201 FM 929 UNIT TDC T	Gatesville	TX	76528
37 10400513348520001	96 9500 HPS W/P UNIT 9500W	Gatesville	TX	76528
38 10400513351180001	32 22000 HPS W/P UNIT 22000W	Gatesville	TX	76528
39 10400513381470001	3500 E MAIN ST UNIT METRLT	Gatesville	TX	76528
40 10400513419830001	498 STILLHOUSE RD UNIT PLANT	Gatesville	TX	76528
41 10400513438650001	3500 E MAIN ST UNIT B PARK	Gatesville	TX	76528
42 10400513652710001	1210 CORYELL CITY RD UNIT PUMP	Gatesville	TX	76528
43 10400513747750001	700 E MAIN ST	Gatesville	TX	76528
44 10400513825420001	727 1/2 S 7TH ST UNIT XMAS	Gatesville	TX	76528
45 10400513829270001	827 S 7TH ST UNIT XMAS	Gatesville	TX	76528
46 10400513829280001	830 S 7TH ST	Gatesville	TX	76528
47 10400513829290001	701 S 7TH ST UNIT XMAS	Gatesville	TX	76528
48 10400514117220001	203 N 34TH ST UNIT REC CT	Gatesville	TX	76528
49 10400514162880001	610 S 7TH ST UNIT XMAS	Gatesville	TX	76528
50 10400514195550001	111 N 8TH ST	Gatesville	TX	76528

Customer Contract Name_____

Expected Start Date_____

	ESI/UAN	Service Address	City	State	Zip	Initial to Delete
51	10400514286180001	805 E MAIN ST	Gatesville	TX	76528	
52	10400514699300001	1000 CHICKTOWN RD UNIT #2	Gatesville	TX	76528	
53	10400514735880001	150 S 7TH ST UNIT NE COR	Gatesville	TX	76528	
54	10400514735890001	E LEON ST UNIT SE COR	Gatesville	TX	76528	
55	10400514769610001	703 S 7TH ST	Gatesville	TX	76528	
56	10400514769620001	711 S 7TH ST	Gatesville	TX	76528	
57	10400515646480001	9500 HPS UG O/P1	Gatesville	TX	76528	
58	10400518793220001	22000 HPS O/P 1 UNIT 21500W	Gatesville	TX	76528	
59	10400518969300001	713 E MAIN ST UNIT FOODTK	Gatesville	TX	76528	
60	10400519536480001	111 S 23RD ST UNIT FIRE	Gatesville	TX	76528	
61	10400519546770001	101 VETERAN'S MEMORIA UNIT SIGN	Gatesville	TX	76528	
62	10400519609470001	9500 HPS O/P UNIT 9500W	Gatesville	TX	76528	
63	10400519715830001	LED 201-300 WT OH WP 83 KWH	Gatesville	TX	76528	
64	10400519728790001	LED 20-60 WT OH WP 15 KWH	Gatesville	TX	76528	
65	10400519732240001	LED 101-130 WT OH WP 42 KWH	Gatesville	TX	76528	
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COMMERCIAL ELECTRICITY SERVICE AGREEMENT

(SHP)

This Commercial Electricity Service Agreement, including all of the Attachments, Schedules, and Exhibits, which are attached and incorporated (collectively, the **"Agreement"**), is entered into between Gexa Energy, LP (**"Gexa"**), a Texas limited partnership, and Gatesville (**"Customer"**). Gexa and Customer may be referred to individually as a **"Party"** or collectively as the **"Parties"**.

SECTION 1: RETAIL ELECTRIC SALES AND SERVICES

1.1 Appointment and Scope. Customer appoints Gexa as its Retail Electric Provider (**"REP"**) for the ESI ID(s) served under this Agreement. Customer authorizes Gexa to: (i) act as Customer's REP for all purposes; and (ii) provide the services required of a REP including, without limitation, the procurement, scheduling and delivery of electricity throughout the Term to each of the ESI ID(s) in accordance with the terms set forth in this Agreement, including the Terms and Conditions of Service set forth in Attachment A. Customer's appointment imposes no other duties on Gexa other than those specified in this Agreement and the REP Services Agreement.

1.2 Agreement to Purchase. Customer shall purchase its electricity requirements from Gexa throughout the Term for each of the ESI ID(s) except as otherwise provided. The electricity and services Customer receives from Gexa is for Customer's exclusive proprietary use. Customer alone shall pay for electricity and services provided and for electricity and services Customer fails to take pursuant to its contractual obligations. If Gexa fails to deliver sufficient quantities of electricity to the TDSP for delivery to Customer or fails to schedule the delivery of sufficient quantities of electricity (collectively, a **"Scheduling Failure"**) the TDSP is obligated by law and by its tariff to deliver sufficient electricity to satisfy Customer's needs. If a Scheduling Failure occurs, Gexa shall financially settle, at no additional cost or expense to Customer, with its Qualified Scheduling Entity (as defined by ERCOT) for the purchase of electricity necessary to cover the Scheduling Failure.

1.3 Membership in TCAP. Customer is a current member of the Texas Coalition for Affordable Power, Inc. (**"TCAP"**), and has entered into the Professional Services Agreement (the **"PSA"**) authorizing the purchase of wholesale energy on behalf of the Customer by TCAP and/or TCAP's Energy Manager. Such wholesale energy purchases will affect the calculation of the Energy Price throughout the Term of this Agreement as described in Section 2. If, at any time during the Term, Customer elects to participate in a Power Purchase Agreement with a project to be developed for TCAP's members, and executes the Project Addendum for such project, then the Project Addendum will be attached hereto as Schedule I. Notwithstanding Customer's TCAP membership status, Customer agrees to fulfill all of its obligations under this Agreement, the PSA and, if applicable, the Project Addendum throughout the Term of this Agreement.

1.4 Term.

(a) Effective Date and Termination Date. Gexa shall provide retail electric service under this Agreement to each ESI ID beginning on the Effective Date and Terminating on the Termination Date, as further defined in this Section 1.4(a) (such period, the **"Term"**). The Effective Date will occur either (i) on the date occurring on or after the Expected Start Date stated in Attachment B on which each such ESI ID is enrolled with Gexa's service for any new customer, or (ii) if Customer is an existing customer then the Expected Start Date is the meter read date following the expiration of the Customer's prior Agreement with Gexa. Gexa shall continue to provide retail electric service to each ESI ID unless or until the Customer gives notice to TCAP and Gexa of its intent to terminate its membership with TCAP (**"Termination Notice"**). The Termination Date will occur on each respective ESI ID meter read date during the last month of the calendar year for which electricity has been purchased on Customer's behalf by either TCAP or the Energy Manager in accordance with the PSA prior to the Termination Notice, except that in no event will the Term exceed beyond December 31, 2037. For avoidance of doubt, the Termination Date for each respective ESI ID shall be the sooner to occur of (i) the meter read date occurring in the last month of the calendar year for which electricity has been purchased by either TCAP or the Energy Manager on behalf of the Customer prior to the Termination Notice or (ii) the meter read date occurring in December 2037. As a result of variations in the timing of the Effective Date described in this Section 1.4 the Term may include a partial calendar month in addition to the number of months set forth in Attachment B, if any.

(b) Delayed Effective Date. Gexa shall use commercially reasonable efforts to cause the Effective Date for each ESI ID to occur on the Expected Start Date. If the Effective Date for an ESI ID occurs more than 20 days after the Expected Start Date, Customer may provide Gexa with evidence of the amount of electricity purchased by Customer from its current REP in connection with that ESI ID during the period on and after the 21st day after the Expected Start Date until the Effective Date (the **"Delayed Effective Date Period"**), and the total amount paid by Customer to its current REP for the electricity it purchased during the Delayed Effective Date Period (the **"Delayed Effective Date Electricity Amount"**). Upon receipt of evidence from Customer Gexa shall calculate and provide Customer a credit against future purchases under this Agreement equal to the positive amount resulting from the following calculation: (a) the Delayed Effective Date Electricity Amount minus (b) the amount that Customer would have paid to Gexa pursuant to this Agreement during the Delayed Effective Date Period for the same amount of electricity purchased by Customer from its current REP during that period in connection with the affected ESI ID(s); provided, that Gexa shall not be required to

provide a credit with respect to any period during a Delayed Effective Date Period where the delay was caused by an event outside of Gexa's control.

(c) Service After Term. If, for any reason, service continues beyond the Term, it will be on a month-to-month basis, and the Agreement will continue in effect for the ESI ID(s) except that the Energy Price will be the greater of: (i) the Energy Price as set forth in Section 2.1 below, or (ii) the aggregate weighted average of the Market Rate (as defined herein) as determined for all of the ESI ID(s), for as long as service continues. If Customer has not switched from Gexa to another supplier at the expiration of the Term, Gexa shall serve Customer at the rate set forth in this Section for a minimum of 60 days. After those 60 days, Gexa may continue to serve Customer or terminate the Agreement and disconnect Customer.

1.5 Modifications to ESI IDs. Gexa shall work with Customer in good faith during the Term to reasonably accommodate and assist Customer with the management of its electricity needs. If at any time during the Term, Customer wants to i) add or delete one or more ESI IDs, ii) otherwise modify the ESI ID information as a result of a decision by Customer to open, close or sell a facility owned or leased by Customer, iii) expand an existing facility, or iv) increase an existing facility's metered load, then Customer shall provide written notice to Gexa of such change ("ESI ID Change Notice"). If such change to the ESI ID is expected to occur prior to the first month of any calendar year for which the Energy Price has been established as of the date of the ESI ID Change Notice, in accordance with Section 2.1 (a) of this Agreement, such notice shall include Customer's election of the "Special Load Threshold," as defined below, which will apply to such change in load. If, in Gexa's reasonable judgment, i) the addition is a separately metered load which does not exceed the applicable Special Load Threshold; or ii) does not result in a net increase in excess of the applicable Special Load Threshold for an existing facility, Gexa shall use commercially reasonable efforts to promptly implement such changes, including providing required notices to ERCOT. If the addition is a separately metered load which exceeds the applicable Special Load Threshold, or results in a net increase in excess of the applicable Special Load Threshold after consideration of any contemporaneous offsetting load decreases, Gexa shall provide service to that ESI ID and shall determine any incremental charge or credit to provide service to any changed ESI IDs. Gexa shall apply such charge or credit to the affected ESI IDs, after such charges have been reviewed by TCAP. "Special Load Threshold" shall mean additional peak demand that is reasonably expected during the first twelve months following commercial operations to exceed, at Customer's election, either (i) 0.25 MW at any time or an annual average load of 0.125 MW or (ii) 1.0 MW at any time or an annual average load of 0.5 MW. Gexa shall make periodic reports regarding changes to the billing status of any ESI ID(s) available to Customer and TCAP. Amendments that add or remove ESI ID(s) as a result of changes made pursuant to this section are incorporated into this Agreement, and are effective on the Effective Date for each ESI ID(s) added to this Agreement or the date that retail electric service for any removed ESI ID(s) ceases or is transferred to another REP.

SECTION 2: RETAIL ELECTRIC ENERGY SERVICE CHARGES

2.1 Energy Price.

(a) If Customer has elected to fix all or a portion of the Energy Price for a fixed term by providing an Authorized Election Form to TCAP in accordance with the PSA, the Energy Price shall equal the fixed price as determined by TCAP in accordance with the PSA, and the Authorized Election Form. Any portion of the Energy Price that is not fixed shall be noted in the Authorized Election Form, and shall be settled with Customer in accordance with Section 2.2 of this Agreement. If Customer has not made such an election, the Energy Price shall be determined in accordance with the PSA, as follows:

- (i) TCAP shall periodically solicit, or direct its designated Energy Manager to solicit, wholesale energy market quotes, and may direct the Energy Manager to transact at the lowest of the market quotes obtained for the purpose of serving customer's load, in accordance with the PSA (each such transacted quote, a **"Wholesale Transaction"**).
- (ii) Once TCAP has directed its Energy Manager to enter into Wholesale Transactions sufficient to serve Customer's load for a given calendar year, Energy Manager and TCAP shall establish the Energy Price for that Calendar Year in accordance with those procedures outlined in the PSA, which Customer hereby acknowledges it has reviewed and accepted. TCAP shall set the Energy Price for a given Calendar Year no later than nine (9) months prior to the start of such Calendar Year. If Customer elects to participate in a project and executes the Project Addendum, the Energy Price shall include an estimate of the Project Settlement for each month of the Calendar Year in accordance with the Project Addendum.

(b) For the purposes of Section 3 the Energy Price shall be converted to dollars per kWh.

2.2 Energy Price Adjustments.

(a) Energy Manager shall have the right to reconcile the revenues received from the Customer with Energy Manager's Supplier Cost on (i) a quarterly basis, by determining the Quarterly Adjustment in the manner

specified in the PSA and (ii) on an annual basis, by determining the Annual Adjustment in the manner specified in the PSA. The Quarterly Adjustment and Annual Adjustment may be either a charge or a credit, and shall be collected from or remitted to Customer, as appropriate, in the manner specified in the PSA.

- (b) TCAP and Energy Manager may mutually agree to fix certain component charges comprising Customer's Energy Price for a given Calendar Year, if TCAP determines that fixing these charges is likely to benefit Customer. Charges that are fixed by TCAP and Energy Manager for a given Calendar Year shall not be included in the calculation of either the Quarterly Adjustment or the Annual Adjustment for such Calendar Year, in accordance with the PSA.

2.3 Additional Pass-Through Charges. Gexa shall pass through and identify separately on Customer's bill with no mark-up Delivery Charges, Non-Recurring Charges, or Taxes that are not included in the Energy Price(s). All charges are exclusive of Taxes. Pass-Through charges may include charges related to amounts owed to Gexa and/or Wholesale Supplier in accordance with Section 1.3.

2.4 Tax Exempt Status. Customer shall provide Gexa with all required exemption certificates if Customer is exempt from paying any Taxes. Gexa shall not recognize an exemption without the exemption certificates and shall not be required to refund or credit previously paid Taxes unless the taxing entity sends the refund to Gexa. Gexa shall, however, assign to Customer any applicable claims for refund.

SECTION 3: BILLING AND PAYMENT

3.1 Billing and Payment. Gexa shall invoice Customer's accounts on a monthly basis and shall bill Customer on a consolidated basis for all ESI IDs upon Customer's request. Gexa shall provide a summary bill for all accounts and detailed information for each account. Customer shall remit payment within 30 days of receiving the invoice. Gexa shall base the invoice amount on actual data provided by ERCOT and the TDSP. If ERCOT or the TDSP does not provide actual data in a timely manner, Gexa shall use estimated data to calculate the invoice and, upon receipt of actual data, reconcile the charges and adjust them as needed in subsequent invoices.

3.2 Project Settlement Agent Services. Gexa shall remit the total Project Settlement to the Project on a monthly basis, in accordance with the REP Services Agreement.

3.3 Late Penalties, Interest on Overdue Payments, Invoice Disputes. If Customer fails to remit all undisputed amounts on or before the due date, interest will accrue on any due and unpaid amounts from the due date at a rate of one percent per month, or the highest rate permitted by law, whichever is less. If Customer disputes a portion of an invoice it shall provide Gexa a written explanation specifying the amount in dispute and the reason for the dispute within 20 days of the invoice date. If Customer does not provide timely notice, Customer shall owe all amounts by the due date. Notwithstanding the above, if Customer notifies Gexa of a disputed invoice, regardless of whether Customer has already paid the invoice, Gexa shall make records in its possession that are reasonably necessary for Customer to determine the accuracy of the invoice available to Customer during normal business hours; provided, however that neither party may request an adjustment or correction of an invoice unless written notice of such dispute is given within twelve months after the due date of such invoice; provided further, that such twelve month limit does not apply in the case of TDSP meter tampering charges first billed to Gexa that prevent Gexa from reasonably adjusting invoices prior to the twelve month period. In all cases, Gexa and Customer shall use good faith efforts to resolve disputes. In the event the Parties are unable to resolve a dispute within ten days of the notice date, either Party may begin legal proceedings to seek resolution. Any amounts determined owed shall be paid within three days after a decision.

3.4 Aggregator Fees. Pursuant to the REP Services Agreement between Gexa and TCAP, Gexa is obligated to pay TCAP an amount determined by multiplying a TCAP Aggregation Fee by the volume consumed in association with the ESI IDs (the "Aggregator Fee"). Customer shall pay the Aggregator Fee. The initial TCAP Aggregation Fee is \$0.001 per kWh, however, it may be changed by the TCAP Board of Directors at any time. Gexa shall state the Aggregator Fee as a separate line item on the Customer's bill.

3.5 Billing Guarantee. Gexa shall issue an invoice based on actual or estimated usage to Customer for every ESI ID at least one time per month. If, for reasons other than Force Majeure, Gexa fails to invoice an ESI ID within 120 days of any scheduled meter read, Gexa irrevocably waives its right to invoice Customer for any energy consumed at that ESI ID for the meter read cycle that should have been invoiced, unless not less than 10 days prior to the expiration of such 120 day period, Gexa provides Customer with a written explanation of the circumstances that prevent Gexa from issuing that invoice and the expected time by which an invoice can be issued. In such event, Customer and Gexa shall determine a reasonable extension period, not to exceed 30 days, within which an invoice will be issued. Gexa shall adjust or true-up each invoice no more than twice and Gexa shall issue such adjustments within 210 days of the initial issue date. Notwithstanding the foregoing, Gexa may issue an invoice or partial invoice arising from meter tampering charges without limitation and within a reasonable time after first billed to Gexa by the TDSP.

SECTION 4: CUSTOMER INFORMATION, CREDIT AND DEPOSITS

4.1 Customer Information. By entering into this Agreement and appointing Gexa as Customer's agent for electricity service, Customer authorizes Gexa to obtain certain information that Gexa may need to provide Customer's electric service, including Customer's address, telephone number, account numbers, historical usage information, and

historical payment information from Customer's TDSP, and Customer further authorizes its TDSP to release that information to Gexa.

4.2 Deposits and Other Security. A Party (the "**Requesting Party**") may require the other Party (the "**Providing Party**") to provide a deposit (or additional deposit if an initial deposit was also required), letter of credit, or other form of credit assurance reasonably acceptable to the Requesting Party (collectively, "**Performance Assurance**") during the Term of this Agreement if: (i) the Requesting Party determines in its reasonable discretion that there has been a material adverse change in the Providing Party's or its guarantor's (if applicable) credit status or financial condition (which, if applicable, will mean that its credit or bond rating has dropped lower than BBB- by Standard & Poor's Rating Group or Baa3 by Moody's Investor Services or ceases to be rated by either of these agencies); or (ii) Customer has been delinquent in paying the electric bill by more than seven days more than twice during the past twelve months. Any Performance Assurance, less any outstanding balance owed by Providing Party to the Requesting Party, will be returned to the Providing Party once the Providing Party's or its guarantor's (if applicable) credit or financial condition becomes satisfactory or, if applicable, to a credit or bond rating of BBB- or Baa3 or higher, whichever occurs earlier; or, if the Performance Assurance relates to delinquent payments, the Providing Party has paid all outstanding balances and has made all payments within the dates set forth in this Agreement for a period of six consecutive months.

SECTION 5: EARLY TERMINATION; DAMAGES

5.1 Cancellation by Customer for Insufficient Appropriations. If, during Customer's annual appropriations determination, the applicable governmental authorities do not allocate sufficient funds to allow Customer to continue to perform its obligations under this Agreement (an "**Appropriations Failure**"), then Customer or Gexa shall have the right to terminate this Agreement in full or as to any affected ESI ID upon 30 days advance written notice effective at the end of the period for which appropriations are made; provided, that if appropriations are subsequently allocated for electricity for the ESI IDs covered by this Agreement, then the termination may be revoked at Gexa's option and those appropriations shall continue to apply to this Agreement and shall not be used for an electricity supply agreement with another REP. Upon a termination of this Agreement for Appropriations Failure, in full or as to any ESI ID(s), Customer shall pay all amounts due Gexa under this Agreement, including the Customer Early Termination Damages.

5.2 Customer Early Termination Damages. Except in connection with the closure of a facility associated with an ESI ID pursuant to Section 1.4, in connection with a Force Majeure Event, or as otherwise provided or excused in this Agreement, if Customer cancels this Agreement before the end of the Term and refuses to accept electric supply delivery from Gexa for any ESI ID(s), Gexa may charge Customer early termination damages equal to the sum of (a) the Retail Termination Payment, (b) the QSE Services Termination Payment, (c) the Quarterly and Annual Adjustment Payment, and (d) the Wholesale Transaction Termination Payment, as each of these terms are defined below (the sum total of these, the "**Customer Early Termination Damages**"). The "**Retail Termination Payment**" shall equal the product of (a) the Expected Usage for each ESI ID subject to Customer's cancellation or refusal of electric supply delivery ("**Customer Terminated Usage**") multiplied by (b) the sum of (i) the Aggregator Fee and (ii) the REP Services Fee specified in the REP Services Agreement. The "**QSE Services Termination Payment**" shall equal the product of (a) the Customer Terminated Usage grossed up for losses multiplied by (b) the QSE Services Fee, as defined in the PSA. The "**Quarterly and Annual Adjustment Payment**" shall be calculated by the Energy Manager in accordance with the PSA, and shall include any Quarterly and Annual Adjustment amounts for electricity provided to the Customer under this Agreement prior to the termination of this Agreement, which have not yet been charged or credited to Customer, as appropriate. For avoidance of doubt, the Quarterly and Annual Adjustment Payment may be either a charge or a credit to Customer, as calculated in accordance with the PSA. If the Customer Early Termination Damages are charged due to an Event of Default by Customer, then the Customer Early Termination Damages will also include Gexa's reasonable costs relating to the determination and collection of Customer Early Termination Damages, including attorney and consultant fees incurred. The provisions in Section 3 related to Billing and Payment apply to the billing, due date, and collection of Customer Early Termination Damages. Customer agrees that Customer Early Termination Damages are a reasonable estimate of the damages due Gexa for failure to accept electric supply, and are not punitive in nature.

5.3 Termination for Wholesale Supply Failure. If, during the Term, the Wholesale Transactions are terminated as a result of a default by the Energy Manager ("**Wholesale Supply Failure**"), then this Agreement will also terminate effective on the date the Wholesale Agreement terminates. In the event of a termination for Wholesale Supply Failure, Gexa shall pay Customer a Wholesale Termination Payment if required by Section 5.5.

5.4 Gexa Early Termination Damages. Except for a Wholesale Supply Failure, a Force Majeure Event, or as otherwise provided or excused in this Agreement, if Gexa cancels this Agreement and refuses to provide electric supply delivery to Customer for any or all ESI ID(s), Customer shall have the right to charge Gexa an early termination penalty equal to the amount determined as follows: the product of (i) the Expected Usage for each ESI ID subject to Gexa's cancellation or refusal of electric supply delivery ("**Gexa Terminated Usage**") multiplied by (ii) the REP Services Fee specified in the REP Services Agreement (that result the "**Gexa Early Termination Damages**"). If the Gexa Early Termination Damages are charged due to an Event of Default by Gexa, then the Gexa Early Termination Damages will also include Customer's reasonable costs relating to the determination and collection of Gexa Early Termination Damages, including attorney and consultant fees incurred. Gexa agrees the Gexa Early Termination Damages are a reasonable estimate of the damages due Customer for failure to deliver electric supply, and are not punitive in nature.

5.5 Wholesale Transaction Termination Payment. If the Wholesale Transactions are terminated then Gexa shall calculate the portion of the termination payment paid under each Wholesale Transaction attributable to Customer's load. The termination payment under each Wholesale Transaction shall be calculated by subtracting the Wholesale Supplier's actual cost for the portion of the Wholesale Transaction still outstanding for the remainder of the Term from the current market value of comparable electric energy futures contracts. Energy Manager, in its sole discretion, shall determine the current market value of a comparable electricity futures contract within three (3) business days of the termination of a Wholesale Transaction, and shall be either (i) the value of the Wholesale Transaction actually sold to a third-party market participant or (ii) a third-party market quote for a comparable electricity energy future contracts. Energy Manager shall sum Customer's prorata share of each termination payment for each Wholesale Transaction attributable to Customer's Load to determine a total Wholesale Transaction Termination Payment under this Agreement (the "**Wholesale Transaction Termination Payment**"). Customer or Gexa shall pay the Wholesale Transaction Termination Payment to the other, as appropriate, in the manner described below and without regard to who is a defaulting party. If the Wholesale Transaction Termination Payment is negative, Customer shall pay Gexa the Wholesale Transaction Termination Payment. If the Wholesale Transaction Termination Payment is positive, Gexa shall pay Customer the Wholesale Transaction Termination Payment. To the extent a termination payment due from Gexa to the Energy Manager is adjusted in Gexa's account to reflect the full benefit of TCAP transacting with a replacement REP, Gexa shall make corresponding adjustments to the Wholesale Transaction Termination Payment on a pro-rata basis. Gexa shall remit a Wholesale Transaction Termination Payment due Customer, within 30 days of Gexa receiving the payment from the Energy Manager. Customer shall remit a Wholesale Transaction Termination Payment due Gexa within 30 days of Gexa's invoice. Gexa shall use commercially reasonable efforts to collect Termination Payments from the Energy Manager that include amounts due Customer.

SECTION 6: NOTICES AND PAYMENT

6.1 General Notice. Except as otherwise required by Applicable Law, all notices are deemed duly delivered if hand delivered or sent by United States, prepaid first class mail, facsimile, or by overnight delivery service. Notice by facsimile or hand delivery is effective on the day actually received, notice by overnight United States mail or courier is effective on the next business day after it is sent, and notice by U.S. Mail is effective on the second day after it is sent. The Parties shall send notices to the addresses below or any other address one Party provides to the other in writing:

a. **If to Customer (type customer address below):**

b. If to Gexa:
Gexa Energy, LP
601 Travis Street – Suite 1400
Houston, Texas 77002

6.2 Payments. The Parties shall send payments to the addresses below or any other address one Party provides to the other in writing:

a. **If to Customer (type customer address below):**

b. If to Gexa:
Gexa Energy, LP
601 Travis Street – Suite 1400
Houston, Texas 77002

SECTION 7: DEFINITIONS

7.1 Definitions. In addition to terms defined elsewhere in this Agreement, when used with initial capitalization, whether singular or plural, capitalized terms have the meanings set forth in this Section 7.1. All other capitalized terms

not otherwise defined shall have the meanings given them in the following documents, with any conflicting definitions contained in those documents applied in the following order: PURA, the PUCT Substantive Rules, and the ERCOT Protocols.

1. **“Actual Usage”** means the actual amount of electric energy (in kWh) used at the ESI ID(s) as determined by the TDSP.
2. **“Delivery Charges”** means those charges or credits from the TDSP pursuant to its tariff, including, but not limited to: Transmission and Distribution Charges, System Benefit Fund Charge, Nuclear Decommissioning Charge, Competitive Transition Charge, Standard Customer Metering Charge, Customer Charge, Merger Savings and Rate Reduction Credit, Excess Mitigation Credit and Utility Imposed Reactive Power Charges.
3. **“EEI Master Agreement”** mean an EEI Master Agreement between Gexa and the Energy Manager governing the Wholesale Transactions entered into by the Energy Manager in accordance with Section 2.1 and transferred by the Energy Manager to Gexa.
4. **“Effective Date”** means the date of the first meter reading of an ESI ID provided to Gexa by the TDSP after the TDSP and ERCOT shall have timely performed any required enrollment and cancellation procedures necessary to switch Customer’s REP to such ESI ID to Gexa.
5. **“Electricity Related Charges”** means, unless noted otherwise: Ancillary Services Charge, Congestion, ERCOT Administrative Fee, Delivery Loss Charge, Transmission Loss Charge, Renewable Energy Credit Charge, Residential Energy Credit Charge, Unaccounted For Energy Charge, Qualified Scheduling Entity Charge, Imbalance Settlement Charge.
6. **“Energy Manager”** means the wholesale market participant designated by TCAP to perform the services described in the PSA.
7. **“Energy Price(s)”** means the rates per unit of measure specified in Section 2.1 and includes all Electricity Related Charges.
8. **“ERCOT”** means the Electric Reliability Council of Texas.
9. **“ERCOT Protocols”** means the document adopted, published, and amended from time to time by ERCOT, and initially approved by the PUCT, to govern electric transactions in the ERCOT Region, including any attachments or exhibits referenced in the document, that contains the scheduling, operating, planning, reliability, and settlement policies, rules, guidelines, procedures, standards, and criteria of ERCOT, or any successor document thereto.
10. **“ESI ID(s)”** means the Electric Service Identifiers for the property service addresses identified on Attachment B to this Agreement or if Customer is an existing Gexa customer then the list of service addresses currently served by Gexa, as such list may be modified from time to time as provided in Section 1.4.
11. **“Expected Usage”** means either the amount stated in Attachment B calculated for the remaining Term, or if no amounts are stated or Customer is an existing Gexa customer then the average actual monthly Customer energy usage from the comparable month from the previous year (or if an average cannot be computed due to limited service by Gexa or other circumstances, an average monthly usage as is reasonably determined by Gexa) times the number of months remaining in the Term as outlined in Section 1.4.
12. **“kWh”** means kilowatt hour.
13. **“LMP” or “Locational Marginal Price”** means the price calculated for the applicable trading hub pursuant to the ERCOT Protocols.
14. **“Market Rate”** means 135% of the load-weighted average of the hourly LMPs at the corresponding load zone, as determined for any delivery period.
15. **“Nodal Market”** means the implementation of wholesale market design by ERCOT with locational marginal pricing for resources.
16. **“Nodal Congestion”** means the positive difference in price between the real-time settlement point price as determined by ERCOT for the trading hub and the real-time settlement point price as determined by ERCOT for the load zone associated with the customer Facilities.
17. **“Non-Recurring Charges”** means any charges imposed by the TDSP or other third parties on a non-recurring basis for services, repairs or additional equipment needed for Customer’s electric service.
18. **“PUCT”** means Public Utility Commission of Texas.
19. **“Project Settlement Payment”** means the Project Settlement Payment as defined in the Project Addendum, attached as Schedule I to this Agreement.

20. **“QSE Services Fee”** means the fee owed from Customer to Gexa, and remitted from Gexa to Energy Manager, for QSE Services performed by Energy Manager for the Term, as mutually agreed between TCAP and Energy Manager, the Customer having authorized TCAP to negotiate such fee on behalf of Customer in the PSA. The QSE Services Fee shall be included in the Energy Price for the Term.

21. **“REP Services Agreement”** means the REP Services Agreement currently in effect during the Term, as amended from time to time, between Gexa and TCAP.

22. **“REP Services Fee”** means the fee owed from Customer to Gexa, for REP services rendered during the Term, as mutually agreed between TCAP and Gexa, the Customer having authorized TCAP to negotiate such fee on behalf of Customer in the PSA. The REP Services Fee shall be included in the Energy Price for the Term.

23. **“Taxes”** means all taxes, assessments, levies, duties, charges, fees and withholdings of any kind levied by a duly-constituted taxing authority and all penalties, fines, and additions to tax, and interest thereon that are directly related to the services provided under this Agreement, but does not include the System Benefit Fund fee and fees and charges imposed by ERCOT. By way of example only, Taxes includes: Sales Tax, Miscellaneous Gross Receipts Tax, PUCT Assessment Fees and Franchise Fees.

24. **“TCAP”** means Texas Coalition for Affordable Power, an aggregation pool of governmental and other entities organized and administered by TCAP of which Customer is a member for the ESI IDs.

25. **“TDSP”** or **“Transmission and Distribution Service Provider”** means an entity regulated by the State of Texas, which transmits or distributes electric energy.

“

Attachments:

Attachment A

Attachment B (for new TCAP Customers only)

Terms and Conditions of Service

Offer Sheet (ESI ID list and Expected Start Date)

CUSTOMER (type Customer name in field below):	GEXA: Gexa Energy, LP, By its General Partner Gexa Energy GP, LLC
By:	By:
Printed:	Printed:
Title:	Title:
Date:	Date:

State-Required Acknowledgement of Risk

(Market Energy Index and Holdover Pricing)

Customer hereby agrees and acknowledges that the Energy Price (per unit) charged with respect to the ESI IDs will be based on ERCOT wholesale energy prices in these cases: during the Term, Customer pays Gexa Energy the Energy Price (per unit) under an energy index or market price structure; and/or after the end of the Term, Customer pays Gexa Energy the greater of the Energy Price (per unit) or the aggregate weighted average of the Market Rate (per unit), as such terms are defined in the CESA.

Accordingly, the undersigned, on behalf of Customer, hereby acknowledges and agrees as follows: **I understand that the volatility and fluctuation of wholesale energy pricing may cause my energy bill to be multiple times higher in a month in which wholesale energy prices are high. I understand that I will be responsible for charges caused by fluctuations in wholesale energy prices.**

(Ancillary Service Charges)

If costs and charges for Ancillary Services Charges are Pass-Through Charges or subject to reconciliation or adjustment pursuant to Section 2 of the CESA for which Customer is required to pay, Customer hereby agrees and acknowledges that such costs and charges are variable and potentially volatile.

I understand that my energy bill may include a separate assessment of ancillary service charges, which may cause my energy bill to be multiple times higher in a month in which ancillary services charges are high. I understand that I will be responsible for charges caused by fluctuations in ancillary service charges.

Customer Name:
AUTHORIZED SIGNATURE: _____
PRINT NAME: _____
TITLE: _____
DATE: _____

Terms and Conditions of Service Attachment A

These Terms and Conditions of Service form an integral part of the Commercial Electricity Service Agreement between Customer and Gexa. In addition to the terms defined elsewhere in this Agreement, when used with initial capitalization, whether singular or plural, capitalized terms have the meanings set forth in Section 7.1 of this Agreement. Customer should thoroughly review the entire Agreement, including these Terms and Conditions of Service, before executing this Agreement.

A. REPRESENTATIONS AND WARRANTIES

A.1 Customer's Representations and Warranties. As a material inducement to entering into this Agreement, Customer represents and warrants to Gexa as follows: (a) it is a duly organized entity and is in good standing under the laws of Texas; (b) the execution and delivery of the Agreement are within its powers, have been duly authorized by all necessary action, and do not violate the terms or conditions of contracts it is party to or laws applicable to it; (c) performance of this Agreement will be duly authorized by all necessary action and will not violate the terms or conditions of contracts it is party to; (d) as of the date sales of electricity by Gexa to Customer under the Agreement start, Customer will have all regulatory authorizations necessary for it to legally perform its operations and such performance will not violate the terms or conditions of contracts it is party to or laws applicable to it; (e) this Agreement is a legal, valid, and binding obligation of Customer enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, and other laws affecting creditor's rights generally, and with regard to equitable remedies, subject to the discretion of the court before which proceedings to obtain the same may be pending; (f) there are no bankruptcy, insolvency, reorganization, receivership, or other similar proceedings pending or being contemplated by it, or to its knowledge threatened against it; (g) there are no suits, proceedings, judgments, rulings, or orders by or before any court or any government authority that could materially adversely affect its ability to perform the Agreement; and (h) as of the Effective Date and throughout the Term, there is no other contract for the purchase of electricity by Customer for the ESI ID(s), or, if such a contract presently exists, that it will terminate prior to delivery under this Agreement.

A.2 Gexa's Representations and Warranties. As a material inducement to entering into this Agreement, Gexa represents and warrants to Customer as follows: (a) it is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its formation and is qualified to conduct its business in those jurisdictions necessary to perform the Agreement; (b) the execution and delivery of the Agreement are within its powers, have been duly authorized by all necessary action, and do not violate the terms or conditions of its governing documents or contracts it is party to or any laws applicable to it; (c) performance of the Agreement will be duly authorized by all necessary action and will not violate the terms or conditions of its governing documents or contracts it is party to; (d) as of the date sales of electricity by Gexa to Customer under the Agreement start, Gexa will have all regulatory authorizations necessary for it to legally perform its operations and such performance will not violate the terms or conditions of its governing documents, contracts it is party to, or laws applicable to it; and (e) the Agreement constitutes a legal, valid, and binding obligation of Gexa enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, and other laws affecting creditor's rights generally, and with regard to equitable remedies, subject to the discretion of the court before which proceedings to obtain the same may be pending.

A.3 Forward Contract. (i) This Agreement constitutes a forward contract within the meaning of the United States Bankruptcy Code ("Code"); (ii) Gexa is a forward contract merchant; and (iii) either Party is entitled to the rights under, and protections afforded by, the Code.

B. DISCLAIMERS OF WARRANTIES; LIMITATION OF LIABILITIES

B.1 LIMITATIONS OF LIABILITY. LIABILITIES NOT EXCUSED BY REASON OF FORCE MAJEURE OR AS OTHERWISE PROVIDED, ARE LIMITED TO DIRECT ACTUAL DAMAGES. GEXA IS NOT LIABLE TO CUSTOMER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES OR LOSS OF REVENUES OR PROFIT. THESE LIMITATIONS APPLY WITHOUT REGARD TO THE CAUSE OF ANY LIABILITY OR DAMAGE. EXCEPT FOR (a) THE GEXA EARLY TERMINATION DAMAGES DUE IF GEXA DEFAULTS, (b) THE CUSTOMER EARLY TERMINATION DAMAGES DUE IF CUSTOMER DEFAULTS, AND (c) THE WHOLESALE TRANSACTION TERMINATION PAYMENT, THE LIABILITY OF EITHER PARTY TO THE OTHER FOR ANY OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE AGGREGATE AMOUNT OF ALL DOLLARS PAID BY CUSTOMER TO GEXA (IF CUSTOMER) OR RECEIVED BY GEXA (IF GEXA) PURSUANT TO THIS AGREEMENT. THERE ARE NO THIRD PARTY BENEFICIARIES TO THIS AGREEMENT.

B.2 Duty to Mitigate. Each Party shall mitigate damages and use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's performance or non-performance.

B.3 WAIVER OF CUSTOMER PROTECTION RULES AND CONSUMER RIGHTS. THE PARTIES FURTHER ACKNOWLEDGE THAT THE CUSTOMER PROTECTION RULES ADOPTED BY THE PUBLIC UTILITY COMMISSION (AS CONTAINED IN ITS SUBSTANTIVE RULES 25.471 ET SEQ.) ("**CUSTOMER PROTECTION RULES**") THAT PERTAIN TO RETAIL ELECTRIC SERVICE RELATED TO RESCISSION RIGHTS, CUSTOMER DISCLOSURES, DELIVERY OF CUSTOMER CONTRACTS TO CUSTOMERS, RECORDKEEPING, INTEREST PAID ON DEPOSITS AND CUSTOMER NOTICES DO NOT APPLY TO THIS AGREEMENT. EXCEPT AS SET FORTH IN THIS SECTION, CUSTOMER EXPRESSLY WAIVES THE CUSTOMER PROTECTION RULES THAT PERTAIN TO RETAIL ELECTRIC SERVICE RELATED TO RESCISSION RIGHTS, CUSTOMER DISCLOSURES, DELIVERY OF CUSTOMER CONTRACTS TO CUSTOMERS, RECORDKEEPING, INTEREST PAID ON DEPOSITS AND CUSTOMER NOTICES TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW. CUSTOMER FURTHER WAIVES ITS RIGHTS UNDER THE DECEPTIVE TRADE PRACTICES--CONSUMER PROTECTION ACT, SECTION 17.41, ET. SEQ., BUSINESS & COMMERCE CODE, A LAW THAT GIVES CONSUMERS

SPECIAL RIGHTS AND PROTECTIONS. CUSTOMER REPRESENTS AND WARRANTS TO GEXA THAT: (a) CUSTOMER IS NOT IN A SIGNIFICANTLY DISPARATE BARGAINING POSITION IN RELATION TO GEXA; (b) CUSTOMER IS REPRESENTED BY LEGAL COUNSEL THAT WAS NEITHER DIRECTLY NOR INDIRECTLY IDENTIFIED, SUGGESTED OR SELECTED BY GEXA; AND (c) CUSTOMER VOLUNTARILY CONSENTS TO THIS WAIVER AFTER CONSULTATION WITH ITS LEGAL COUNSEL.

B.4 UCC/Disclaimer of Warranties. The electricity delivered is a "good" as that term is understood in the Texas B&CC (UCC §2.105). The Parties waive the UCC to the fullest extent allowed by law and the UCC requirements do not apply to this Agreement, unless otherwise provided. If there is a conflict between the UCC and this Agreement, this Agreement controls. Neither Party controls nor physically takes possession of the electric energy prior to delivery to Customer's ESI ID(s). Therefore, neither Party is responsible to the other for any damages associated with failure to deliver the electric energy, nor for damages it may cause prior to delivery to Customer's ESI ID(s). Once the electric energy is delivered to Customer's ESI ID(s) it is deemed in possession and control of Customer. ELECTRICITY SOLD UNDER THIS AGREEMENT WILL MEET THE QUALITY STANDARDS OF THE APPLICABLE LOCAL DISTRIBUTION UTILITY AND WILL BE SUPPLIED FROM A VARIETY OF SOURCES. GEXA MAKES NO REPRESENTATIONS OR WARRANTIES OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT, AND GEXA EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. GEXA EXPRESSLY NEGATES ALL OTHER REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING ANY REPRESENTATION OF WARRANTY WITH RESPECT TO CONFORMITY, TO MODELS OR SAMPLES, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE.

B.5 Force Majeure. Gexa shall make commercially reasonable efforts to provide electric service, but does not guarantee a continuous supply of electricity. Gexa does not generate electricity nor does it transmit or distribute electricity. Causes and events out of the control of Gexa and Customer ("**Force Majeure Event(s)**") may result in interruptions in service or the ability to accept electricity. If either Party is unable to perform its obligations, in whole or in part, due to a Force Majeure Event, then the obligations of the affected Party (other than the obligation to pay any amounts owed to Gexa that relate to periods prior to the Force Majeure Event) are suspended to the extent made necessary by such Force Majeure Event. Therefore, neither Party is liable to the other Party for damages caused by Force Majeure Events, including acts of God, acts of, or the failure to act by, any governmental authority (including the PUCT or ERCOT and specifically including failure by ERCOT to make Customer meter read data available), accidents, strikes, labor troubles, required maintenance work, events of "force majeure" or "uncontrollable force" or a similar term as defined under the applicable transmission provider's tariff, inability to access the local distribution utility system, non-performance by the supplier or the local distribution utility, changes in laws, rules, or regulations of any governmental authority (including the PUCT or ERCOT) that would prevent the physical delivery of energy to Customer's facilities, or any cause beyond such Party's control. The Parties agree that Appropriations Failures and Scheduling Failures are not Force Majeure Events.

C. CONFIDENTIALITY AGREEMENT

C.1 Confidentiality. Customer is a governmental body subject to public information laws, including Chapter 552 of the Texas Government Code. If Customer receives a valid request under applicable public information laws for information related to this Agreement, it shall provide Gexa notice of the request including a description of the information sought prior to Customer's release of information so that Gexa has the opportunity to determine whether such information is subject to an exception as trade secret, competitive, commercial, or financial information. With the exception of the preceding disclosures pursuant to public information laws, a Party (that party, the "**Receiving Party**") shall keep confidential and not disclose any to third parties Confidential Information which is disclosed to the Receiving Party by the other Party (that party, the "**Disclosing Party**") except for disclosures to Authorized Parties or as required by law. "**Confidential Information**" means information in written or other tangible form which is marked as "Confidential" when it is disclosed to the Receiving Party, except that Confidential Information shall not include information which (i) is available to the public, (ii) becomes available to the public other than as a result of a breach by the Receiving Party of its obligations hereunder, (iii) was known to the Receiving Party prior to its disclosure by the Disclosing Party, or (iv) becomes known to the Receiving Party thereafter other than by disclosure by the Disclosing Party. The provisions of this Section apply regardless of fault and survive termination, cancellation, suspension, completion or expiration of this Agreement for a period of two (2) years. Customer authorizes Gexa to provide TCAP with all information requested by TCAP about Customer's account and billings. "**Authorized Parties**" means those officers, directors, employees, agents, representatives and professional consultants of the Parties, and of the Parties' affiliates, that have a need to know the Confidential Information for the purpose of evaluating and performing this Agreement.

D. DEFAULT AND REMEDIES

D.1 Events of Default. An event of default ("**Event of Default**") means: (a) the failure of Customer to make, when due, any payment required under this Agreement for any undisputed amount if that payment is not made within fifteen (15) business days after receipt of written notice (facsimile or electronic mail are valid forms of notice for this paragraph) from Gexa; or (b) any representation or warranty made by a Party proves to be false or misleading in any material respect; (c) except as provided in clause (a) above or otherwise in this section D.1, the failure of any Party to perform its obligations under this Agreement and that failure is not excused by Force Majeure and remains uncured following 20 business days written notice of the failure; (d) the defaulting Party (i) makes an assignment or any general arrangement for the benefit of creditors; or (ii) files a petition or otherwise commences, authorizes or acquiesces to a bankruptcy proceeding or similar proceeding for the protection of creditors, or has such a petition filed against it and that petition is not withdrawn or dismissed within 20 business days after filing; or (iii) otherwise becomes insolvent; or (iv) is unable to pay its debts when due; or (v) fails to establish, maintain or extend Credit in form and in an amount acceptable to Gexa when required; or (e) the Wholesale Transaction is terminated due to a default by Gexa under CESAs with other TCAP members or due to a default by the Energy Manager under the

Wholesale Transaction. If an Event of Default listed in subsection (d) of this Section occurs, it is deemed to have automatically occurred prior to such event.

D.2 Remedies upon an Event of Default. If an Event of Default occurs and is continuing, upon written notice to the defaulting Party, the non-defaulting Party may (a) commence an action to require the defaulting Party to remedy such default and specifically perform its duties and obligations in accordance with the Agreement; (b) exercise any other rights and remedies it has at equity or at law, subject to the Agreement's Limitations of Liabilities; and/or (c) suspend performance; provided, however, that suspension shall not continue for longer than ten (10) Business Days unless the non-defaulting Party has declared an early termination with proper notice. If Customer is responsible for an Event of Default and fails to cure within ten (10) days of written notice (such additional cure period does not apply to default for non-payment), in addition to its other remedies, Gexa may (i) terminate this Agreement; and (ii) charge Customer the Customer Early Termination Penalty pursuant to Section 5 of this Agreement. Notwithstanding the above, Gexa shall not disconnect or order disconnection of service to Customer unless the following events have all occurred: (1) Customer has an Event of Default for nonpayment under Section D.1(a) above, (2) Gexa gives Customer a ten (10) day written disconnection notice; and (3) Customer does not pay all undisputed outstanding payments owed by the end of the ten (10) day notice period. .

E. MISCELLANEOUS PROVISIONS

E.1 Disclaimer. This Agreement does not constitute, create, or otherwise recognize the existence of a joint venture, association, partnership, or other formal business entity of any kind among the Parties and the rights and obligations of the Parties are limited to those set forth in this Agreement.

E.2 Headings. The descriptive headings of the Articles and Sections of this Agreement are inserted for convenience only and are not intended to affect the meaning, interpretation or construction of this Agreement.

E.3 Waiver. Except as otherwise provided, failure of a Party to comply with an obligation, covenant, agreement, or condition may be waived by the other Party only in a writing signed by the Party granting the waiver, but that waiver does not constitute a waiver of, or estoppel with respect to a subsequent failure of the first Party to comply with that obligation, covenant, agreement, or condition.

E.4 Assignment. Except as provided in the REP Services Agreement, Customer shall not assign this Agreement, in whole or in part, or any of its rights or obligations pursuant to the Agreement without Gexa's prior written consent, which shall not be unreasonably withheld. Gexa may withhold consent if a proposed assignee fails to be at least as creditworthy as Customer as of the Effective Date. Gexa may: (a) transfer, sell, pledge, encumber or assign the revenues or proceeds of this Agreement in connection with any financing or other financial arrangement; (b) transfer or assign this Agreement to a Gexa affiliate with operating capability and financial condition substantially similar to Gexa; (c) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of Gexa with an operating capability and financial condition substantially similar to Gexa as of the execution date of this Agreement; and/or (d) transfer or assign this Agreement to a certified REP with an operating capability and financial condition substantially similar to Gexa as of the execution date of this Agreement. In the case of (b), (c), or (d), any such assignee shall agree in writing to be bound by these Terms and Conditions of Service, and upon assignment, Gexa shall have no further obligations under this Agreement. Gexa shall not assign the Agreement to a non-affiliated entity (including its guarantor) that has a credit rating lower than BBB- without the prior written consent of TCAP, which shall not be unreasonably withheld.

E.5 No Third-Party Beneficiaries. This Agreement does not confer any rights or remedies on any person or party other than the Parties, their successors and permitted assigns; except that the Parties recognize that TCAP is entitled to receive the Aggregator Fee .

E.6 Severability. If a provision of this Agreement is held to be unenforceable or invalid by a court or regulatory authority of competent jurisdiction, the validity and enforceability of the remaining provisions are unaffected by that holding, and the Parties shall, to the extent possible, negotiate an equitable adjustment to the provisions of this Agreement in order to preserve the original intent and purpose of this Agreement.

E.7 Entire Agreement; Amendments. This Agreement constitutes the entire understanding between the Parties, and supersedes any and all previous understandings, oral or written, with respect to the subjects it covers. This Agreement may be amended only upon the mutually signed, written agreement of the Parties.

E.8 Further Assurances. The Parties shall promptly execute and deliver, at the expense of the Party requesting such action, any and all other and further instruments and documents which are reasonably requested in order to effectuate the transactions contemplated in this Agreement.

E.9 Emergency, Outage and Wire Service. In the event of an emergency, outage or service need, Customer shall call the TDSP for the service area of the ESI ID experiencing the emergency, outage or service need.

E.10 Customer Care. Customer may contact Gexa Customer Care if Customer has specific comments, questions, disputes, or complaints toll free at 1-866-961-9399, Monday to Friday 7:00 a.m. – 8:00 p.m. CST and Saturday from 8:00 a.m. – 2:00 p.m.. Gexa shall assist and cooperate with Customer regarding communications with a TDSP relating to service to any ESI ID served by Gexa under this Agreement.

E.11 Governing Law.

a. This Agreement is governed by and construed and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas, without regard to the State of Texas conflict of laws provisions.

b. All disputes between the Parties under this Agreement which are not otherwise settled will be decided by a court of competent jurisdiction in Harris County, Texas, and the Parties submit to the jurisdiction of the courts of the State of Texas and the Federal District Courts in Houston, Harris County, Texas. All disputes are governed under the laws of the State of Texas.

c. Subject to the provisions of E.11.a. above, this Agreement is subject to, and in the performance of their respective obligations under this Agreement the Parties shall comply with, all applicable federal, state and local laws, regulations and requirements (including the rules, regulations and requirements of quasigovernmental and regulatory authorities with jurisdiction over the Parties, including ERCOT) (collectively, "*Applicable Law*").

E.12 No Presumption Against Drafting. Both Parties contributed to the drafting of this Agreement. The rule of construction that any ambiguity is construed against the party who drafted this Agreement does not apply to this Agreement.

E.13 Counterparts; Facsimile Copies. This Agreement may be executed in counterparts, all of which constitute one and the same Agreement and each is deemed an original. A facsimile copy of either Party's signature is considered an original for all purposes, and each Party shall provide its original signature upon request.

E.15 Offer for Electric Service; Refusal of Service. This Agreement, including these Terms and Conditions of Service, constitute an offer for electric service, and is expressly conditioned on acceptance of this Agreement by Gexa. Gexa may refuse to provide electric service to Customer subject to the requirements of Applicable Law.

RESOLUTION NO. 2025-037

A RESOLUTION OF THE CITY OF GATESVILLE APPROVING A PROFESSIONAL SERVICES AGREEMENT WITH TEXAS COALITION FOR AFFORDABLE POWER, INC. (TCAP); COMMITTING TO BUDGET FOR ENERGY PURCHASES FOR CITY ELECTRICAL NEEDS THROUGH TCAP; ADOPTING TCAP'S GTEXA ENERGY'S COMMERCIAL ELECTRIC SERVICE AGREEMENT FOR POWER TO BE PROVIDED ON OR AFTER APRIL 2025; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, Chapter 304 of the Texas Local Government Code, entitled Energy Aggregation Measures for Local Governments, allows political subdivisions to form a political subdivision corporation to act as an agent to negotiate the purchase of electricity, or to likewise aid or act on behalf of the political subdivisions for which the corporation is created, with respect to their own electricity use for their respective public facilities; and

WHEREAS, Texas Coalition for Affordable Power ("TCAP") is a political subdivision corporation organized under said Chapter; and

WHEREAS, more than one hundred-sixty (160) cities and other political subdivisions have joined TCAP since the Texas electric retail market was deregulated January 1, 2002; and

WHEREAS, TCAP members work collaboratively with the assistance of attorneys and procurements experts hired by TCAP to negotiate lower cost, reliable electric power with price stability; and

WHEREAS, the negotiation for electricity by the corporation should result in lower, more stable electricity costs to the City of Gatesville; and

WHEREAS, City staff recommends that the City of Gatesville take advantage of the benefits offered by becoming a Member of TCAP; and

WHEREAS, TCAP has designed a new procurement strategy that will involve TCAP initially committing to purchase power two years in advance of delivery on behalf of its members who desire participation in a strategic Hedging Program ("SHP") that will involve a series of monthly competitive auctions; and

WHEREAS, Gexa Energy's Commercial Electricity Service Agreement ("GESA") will facilitate participation in the SHP effective for power deliveries in and beyond April 2025; and

WHEREAS, TCAP has prepared a Professional Services Agreement ("PSA") that, in addition to enumerating services and benefits to members of TCAP, provides TCAP with specific authority to procure power in the wholesale market on behalf of members; and

WHEREAS, the City Council finds it will serve the public welfare to become a member of TCAP and to approve participation in the SHP;

NOW THEREFORE, BE IT RESOLVED BY THE CITY OF GATESVILLE.

Section 1. The recitals contained in the preamble of this Resolution are determined to be true and correct and are hereby adopted as a part of this Resolution.

Section 2. The Professional Services Agreement with the Texas Coalition for Affordable Power (“TCAP”), attached hereto as Exhibit “A” is hereby approved and the City Manager is hereby authorized to sign said Agreement, in substantially the form of Exhibit A on behalf of the City.

Section 3. The Gexa Energy’s Commercial Electricity Service Agreement (CESA), attached hereto and incorporated herein by this reference as Exhibit “B” is hereby approved and the City Manager is hereby authorized to sign said CESA in substantially the form of Exhibit B on behalf of the City.

Section 4. The City will commit to purchase power to meet all of its electricity needs eligible for competition pursuant to the TCAP approved supply agreement and approve funds necessary to pay electricity costs proportionate to the City’s load under the supply agreement (whether wholesale or retail) arranged by TCAP and signed by TCAP’s Executive Director or President or other TCAP representative authorized by the TCAP Board; and

Section 5. This Resolution shall take effect immediately from and after its adoption and it is accordingly so resolved.

Section 6. The City Secretary is hereby directed to transmit a copy of this Resolution along with the Professional Services Agreement and Gexa Energy’s CESA to TCAP, 15455 Dallas Parkway, Suite 600, Addison, Texas 75001.

PASSED AND APPROVED this _____ day of _____, 2025

Gary Chumley, Mayor

ATTEST:

Holly Owens, City Secretary

APPROVED AS TO FORM:

Victoria Thomas, City Attorney

Exhibit A
Professional Services Agreement with TCAP

EXHIBIT B
Gexa Energy's CESA

4911-0880-7223, v. 2



Date 4/22/2025

Agenda Item #7

Resolution 2025-038

CITY COUNCIL MEMORANDUM FOR RESOLUTION

To: Mayor & Council

From: Mike Halsema

Agenda Item: Discussion and possible action regarding Resolution 2025-038, establishing a Comprehensive Economic Development Policy and Program.

Information:

A. Purpose and General Information

(1) These policies and procedures are established in an effort to develop and expand the local economy by promoting and encouraging development and redevelopment projects that enhance the City's economic base and economic diversity and expand job opportunities. The goal and public purpose of a program established pursuant to these policies and procedures is to promote state or local economic development and to stimulate commercial activity in the municipality.

(2) In furtherance of these objectives, the City will, on a case-by-case basis, give consideration upon request to providing economic incentives to applicants in accordance with these policies and procedures, as authorized by Chapter 380 of the Texas Government Code, as may be amended from time to time. These policies and procedures are not intended to obligate the City to provide economic incentives to any applicant. The decision whether to approve or deny economic incentives for any applicant shall be at the discretion of the Council; no program or agreement is effective unless and until it is approved by the Council.

(3) Nothing in these policies and procedures, the application process, or the negotiation process creates any property, contract, or other legal right in any person to have the Council consider or grant incentives. Nothing in these policies and procedures, the application process or the negotiation process creates any vested right in any person.

(4) A failure on the part of the City to strictly comply with these policies and procedures shall not be the basis for invalidating a program or agreement approved by the Council. These policies and procedures are intended as guidelines for negotiation purposes.

(5) Chapter 380 of the Texas Local Government Code does not define the term "program." The City defines the term "program" to include any project that receives incentives, singularly or in some combination, pursuant to Chapter 380 of the Texas Local Government Code, as embodied in an agreement between the City and applicant. The term "program" includes these policies and procedures.

B. Minimum Program Requirements

To be considered for incentives as a Chapter 380 Economic Development Program under these policies and procedures, a project must meet the following minimum requirements:

- (1) Either the project:
 - (a) will result in an increased taxable value for the City in real property taxes and/or increased sales and use tax (excluding inventory and supplies);
 - (b) is determined by the City Council to bring benefit to the City in that it will make a unique contribution to the development efforts in the City, due to its magnitude, significance to the community or aesthetic quality; or
 - (c) will result in increased jobs in the City.
- (2) Incentives established under a program will be provided only to the extent that the public benefit or amount of revenue realized by the City and attributable to a program is commensurate with the value of any incentives granted in the agreement.

C. Additional Considerations

Additional factors to be considered by the City Council in determining whether to approve an agreement for incentives for a Chapter 380 Economic Development Program may include:

- (1) the amount of sales and use tax generated;
- (2) the number and types of jobs to be created or retained;
- (3) enhancement of public roads and/or other public infrastructure desired by the City;
- (4) substantial compliance with current Resolutions when otherwise possibly exempt;
- (5) voluntary agreement to annex the project or substantial portions thereof;
- (6) applicant waives any rights it may have to develop under prior development agreement or grandfathered Resolutions;
- (7) the financial capacity of the applicant to undertake and complete the proposed program;
- (8) other incentive programs for which the applicant has applied, qualified for or received;
- (9) the market conditions and growth potential for the business activity; and
- (10) any other factors the Council finds helpful and relevant to accomplishing the City's economic development objectives as stated herein or as stated in other City resolutions, policies, rules, regulations, or Resolutions.

D. Request for Incentive Process

- (1) A written request for the consideration of an incentive by the City shall be submitted to the City Manager. An applicant may be required to provide additional information at the request of the City Manager to show compliance with minimum program requirements. If the City Manager

determines the application meets the minimum program requirements, the incentive request shall be presented to the City Council.

(2) Any incentive agreement negotiated by the City Manager shall not be effective unless it is approved by the City Council.

E. Agreement Terms and Conditions

An agreement established for a program may include any or all of the following:

(1) a list of the kind of improvements or development that the program will include and a related timetable;

(2) conditions to assure the program meets or exceeds the City's requirements pertaining to property values and revenues, which in no event shall be less than the minimum program requirements established herein;

(3) a complete description of the location of the proposed program;

(4) a description of the kind and amount of property values, sales and use taxes, revenues, incomes, or other public benefits the program will provide and a related timetable;

(5) a provision establishing the term or duration of the agreement;

(6) a provision identifying the method for calculating and the source of funding for any incentives provided by the City in the agreement, as well as the legal authorization for the expenditure or action;

(7) a provision establishing a method for measuring whether the applicant and any related parties have met their obligations under the agreement;

(8) a provision providing for access to and inspection of applicant's property, business or financial records by City employees or agents in order to determine compliance with the agreement;

(9) a provision for cancellation of the agreement and/or nonpayment of incentives if the program is determined to be in noncompliance with the agreement;

(10) a provision for early payment of the agreement once complete compliance has been established;

(11) a provision for recapturing City incentives including, but not limited to, grants, waivers, and loans, if the applicant does not comply with the terms of the agreement;

(12) a provision that applicant will comply with all Resolutions in effect at the time of the agreement, unless otherwise provided in the agreement, as allowed by law and/or City

Resolution;

- (13) a provision that the program will substantially adhere to the goals and objectives of the City's Comprehensive Plan;
- (14) any other provision the Council deems appropriate; and
- (15) annexation, if the program is outside the corporate limits of the City.

F. Miscellaneous Requirements

- (1) Before any incentive is provided to an applicant, the Council shall provide for the same in the original City budget or pursue a budget amendment. Such budget action does not have to occur prior to executing an agreement but must occur before an incentive is actually provided to an applicant.
- (2) Before any incentive is offered at a reduced or no-cost basis, the City shall review any bond documents, debt instruments, grant agreements or similar instruments that may have been executed with regard to those incentives to analyze whether such incentive is permitted.
- (3) Incentives may be withheld until the first anniversary of the date of the opening of the business or development or in lieu thereof, a bond may be required to guarantee completion of any public improvements.
- (4) The City may require the applicant to provide copies of financial records upon which any incentive is based and/or allow the City to audit such financial records.

All provisions of the resolutions of the City of Gatesville, Texas, in conflict with the provisions of this Resolution be, and the same are hereby, repealed, and all other provisions of the resolutions of the City not in conflict with the provisions of this resolution shall remain in full force and effect.

Should any word, sentence, paragraph, subdivision, clause, phrase, or section of this Resolution or previous resolutions, as amended hereby, be adjudged or held to be voided or unconstitutional, the same shall not affect the validity of the remaining portions of said Resolutions of the City, as amended hereby, which shall remain in full force and effect.

This Resolution shall take effect immediately from and after its passage.

Staff Recommendation: Staff recommends approval of **Resolution 2025-038**.

Motion: Motion to approve Resolution 2025-038, establishing a Comprehensive Economic Development Policy and Program for economic development activities for the City as authorized by Section 380.001, Texas Local Government Code, providing a repealing clause, providing a severability clause, providing a savings clause, and providing for an effective date.

Date 4/22/2025

Agenda Item #7

Resolution 2025-038

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GATESVILLE:

That the above stated recommendation is hereby approved and authorized.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Gatesville, Texas, this the ____ day of _____, _____, at which meeting a quorum was present, held in accordance with provisions of V.T.C.A, Government Code, § 551.001 *et seq.*

APPROVED

Gary Chumley, Mayor

ATTEST:

Holly Owens, City Secretary



Date 4/22/2025

Agenda Item #8

Resolution 2025-039

CITY COUNCIL MEMORANDUM FOR RESOLUTION

To: Mayor & Council

From: Mike Halsema, Deputy City Manager

Agenda Item: Discussion and possible action regarding a resolution to authorize the City Manager to execute a Chapter 380 Economic Development Program Agreement with Laerdal Medical Corporation.

Information:

The company, Laerdal Medical Corporation, is a global corporation that has been dedicated to supporting the advancement of Resuscitation Science for over 60 years and owns an approximately 18-acre tract of real property situated at 226 FM 116 in the City of Gatesville, Coryell County, Texas.

The company desires to construct an approximately 47,000 square feet warehouse space, costing a total of approximately \$5,500,000 on the Property as generally depicted on the site plan.

The Project will relocate or create approximately 20 full-time employment positions with benefits ("FTEs") within 6 months of initial occupancy, which number may be exceeded by the addition of as many as 10 additional FTEs over a five year period, with all referenced FTEs paying at least \$100% of the Coryell County median wage (\$19.82/hour or \$41,226 annually as of 2023).

The company has advised City that a contributing factor that would induce Company to construct the Project on the Property would be an agreement by the City to provide an economic development grant to Company to defray a portion of the Projects costs and the promotion of creation, retention, and expansion of businesses within the city will promote economic development, stimulate commercial activity, generate additional taxes, and enhance the property tax base and economic vitality of the City.

Motion: Motion to approve **Resolution 2025-039**, authorizing the City Manager to execute a Chapter 380 Economic Development Program Agreement with Laerdal Medical Corporation.

Attachments:

- Agreement
- Resolution

RESOLUTION NO. 2025-039

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GATESVILLE, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE A CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM AGREEMENT WITH LAERDAL MEDICAL CORPORATION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Gatesville is committed to the attraction and promotion of quality development of new and expanded business, and desires to provide economic development incentives and to establish various programs to ensure the City remains competitive in the marketplace, encourages the increase and retention of quality jobs, encourages revenue streams from commercial, industrial, and manufacturing businesses that maintain or increase the taxable values of their real property and improvements and business personal property in the City; and

WHEREAS, the City Council of the City of Gatesville has adopted a Comprehensive Economic Development Policy addressing, among other things, business incentives (the “Policy”) which provides that the City of Gatesville may, on a case-by-case basis, give consideration to providing economic development incentives to individuals and businesses meeting the stated guidelines; and

WHEREAS, the Chapter 380 Economic Development Incentive Agreement with Laerdal Medical Corporation conforms to the requirements of Chapter 380 of the Texas Local Government Code and the City’s Policy;

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

Section 1. That the City Council hereby approves the Chapter 380 Economic Development Agreement between the City of Gatesville, Texas and Laerdal Medical Corporation attached hereto and incorporated herein by this reference as Exhibit “A” and authorizes the City Manager to execute the Agreement, in substantially the form of Exhibit A, on behalf of the City.

Section 2. That this Resolution shall take effect immediately from and after its passage, and it is, accordingly, so resolved.

DULY RESOLVED AND ADOPTED by the City Council of the City of Gatesville,
Texas, this the ____ day of _____, 2025.

CITY OF GATESVILLE, TEXAS

Gary Chumley, Mayor

APPROVED AS TO FORM:

ATTEST:

Victoria Thomas, City Attorney

Holly Owens, City Secretary

ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT

This Economic Development Incentive Agreement (the "Agreement") is made by and between the City of Gatesville, Texas ("City"), and Laerdal Medical Corporation, a New York for-profit corporation duly registered and authorized to business in the State of Texas ("Company"), acting by and through their respective authorized officers and representatives. City and Company may each be referred to herein as a "Party" and collectively as the "Parties."

WHEREAS, Company, Laerdal Medical Corporation is a global corporation that has been dedicated to supporting the advancement of Resuscitation Science for over 60 years; and

WHEREAS, Company owns an approximately 18-acre tract of real property situated at 226 FM 116 in the City of Gatesville, Coryell County, Texas (the "Property"); and

WHEREAS, Company desires to construct an approximately 47,000 square feet warehouse space, costing a total of approximately \$5,500,000 on the Property as generally depicted on the site plan, attached hereto and incorporated herein by this reference for all purposes as Exhibit "A," (the "Project"); and

WHEREAS, Company anticipates that the Project will relocate or create approximately 20 full-time employment positions with benefits ("FTEs") within 6 months of initial occupancy, which number may be exceeded by the addition of as many as 10 additional FTEs over a five year period, with all referenced FTEs paying at least \$100% of the Coryell County median wage (\$19.82/hour or \$41,226 annually as of 2023); and

WHEREAS Company has advised City that a contributing factor that would induce Company to construct the Project on the Property would be an agreement by the City to provide an economic development grant to Company to defray a portion of the Projects costs; and

WHEREAS, the promotion of creation, retention, and expansion of businesses within the city will promote economic development, stimulate commercial activity, generate additional taxes, and enhance the property tax base and economic vitality of the City; and

WHEREAS, City has adopted programs for promoting economic development, and this Agreement and the economic development incentives set forth herein are given and provided by City pursuant to and in accordance with those programs; and

WHEREAS, City is authorized by Article III, Section 52-a of the Texas Constitution and Texas Local Government Code Chapter 380 to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City; and

WHEREAS, City has determined that making the grants to Rebate Grant to the Company (as hereinafter defined) in accordance with this Agreement is in accordance with the City Economic Development Program and will (i) further the objectives of the City; (ii) benefit the City and the City's inhabitants; and (iii) promote local economic development and stimulate business and commercial activity in the City;

NOW THEREFORE, in consideration of the foregoing, and on the terms and conditions hereinafter set forth, and for and consideration of the mutual promises, covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Company, intending to be legally bound, hereby covenant and agree as follows:

Article I Definitions

For purposes of the Agreement, each of the following terms shall have the meaning set forth herein unless the context clearly indicates otherwise:

“Bankruptcy or Insolvency” shall mean the dissolution or termination of a Party’s existence as a going business, insolvency, appointment of receiver for any part of such Party’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such Party and such proceeding is not dismissed within ninety (90) days after the filing thereof.

“Capital Investment” shall mean monetary investment by Company, through cash, assets, or loans, to purchase the Property and construct or install the Improvements thereon.

“City” shall mean the City of Gatesville, Texas.

“Commencement Date” shall mean the date the City has issued a certificate of occupancy for the Property and the Improvements made by Company.

“Commencement of Construction” shall mean that (i) the construction plans have been prepared and all approvals thereof required by applicable governmental authorities have been obtained for the Improvements; (ii) all necessary permits for the Improvements have been issued by all applicable governmental authorities; and (iii) clearing and/or grading of the Property or the construction of vertical elements of the Improvements has commenced.

“Company” shall mean Laerdal Medical Corporation, a New York for-profit corporation duly registered and authorized to do business in the State of Texas.

“Company Affiliate” shall mean any entity that is directly or indirectly controlled by or is under common control with Company.

“Completion of Construction” shall mean that (i) substantial completion of the Improvements has been achieved; (ii) the final, permanent certificate of occupancy has been issued by the City for the occupancy of the Improvements by the Company; (iii) Company is operating the Improvements for the Required Use; and (iv) Company has provided City with a written notice of the date of Completion of Construction.

“Effective Date” shall mean the last date of execution of this Agreement.

“Eligible Property” shall mean the Improvements as defined herein. Eligible Property shall not include the Property, Tangible Personal Property (also sometimes referred to as Business Personal Property) or Inventory of Company located on the Property or in the Improvements.

“Employment Period” shall mean each twelve (12) consecutive month period following the Commencement Date during the Term of this Agreement.

“Employment Position” shall mean FTE Position eligible for employee benefits and FTEs paying at least \$100% of the Coryell County median wage (\$19.82/hour or \$41,226 annually as of 2023) that have been created, maintained, and filled at the Property per Employment Period.

“Expiration Date” shall mean the fifth anniversary of the Commencement Date.

“Force Majeure” shall mean any contingency or cause beyond the reasonable control of a Party including, without limitation, acts of God or the public enemy, war, riot, terrorism, civil commotion, insurrection, government or de facto governmental action, restrictions or interferences (unless caused by the intentional acts or omissions of the Party), fires, explosions, floods or other inclement weather, strikes, slowdowns or work stoppages, incidence of disease or other illness that reaches outbreak, epidemic, or pandemic proportions or similar causes that results in a reduction of labor force or work stoppage in order to comply with local, state, or national disaster orders, construction delays, shortages or unavailability of supplies, materials or labor, necessary condemnation proceedings, or any other circumstances which are reasonably beyond the control of the Party obligated or permitted under the terms of this Agreement to do or perform the same, regardless of whether any such circumstances are similar to any of those enumerated or not, the Party so obligated or permitted shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such obligation or performance shall be extended for a period of time equal to the period such Party was delayed, provided the Party whose performance is delayed provides written notice to the other Party not later than fifteen (15) business days after the last day of the month of the occurrence of the event(s) or condition(s) causing the delay or the date the Party whose performance has been delayed becomes aware or should have reasonably known of the event, describing such event(s) and/or condition(s) and the date on which such event(s) and/or condition(s) occurred.

“Freeport Goods” shall have the same meaning as assigned by Section 11.251 of the Tax Code and Article VIII, Section 1-j of the Texas Constitution.

“FTE Position” or “FTE” means an Employment Position filled by an individual scheduled to work for a combined total of at least 2,080 hours during an Employment Period.

“Grant” shall mean up to five(5) economic development grants to be provided by City to Company, each in an amount equal to the percentage as set forth in the table included herein of the value of the ad valorem taxes assessed and collected by the City against the

Eligible Property for the applicable Tax Year, commencing with the Tax Year which begins on January 1 of the first full calendar year following the Commencement Date and to be paid as set forth herein. For the purposes of calculation of the value of the Grant, the following percentages apply:

Grant Year	Percentage
1	80%
2	60%
3	40%
4	20%
5	10%

“Grant Year” shall mean a given Tax Year, with the first Grant Year commencing on January 1 of the first full calendar year following the date of Completion of Construction and continuing every consecutive year thereafter for a total period of ten (10) Tax Years. For illustrative purposes only, if the date of Completion of Construction is June 1, 2025, then the first Grant Year would be Tax Year 2026 and Company would be eligible to receive ten (10) Grants, one each for Grant Years 2026 through 2036, with the Grant for the first Grant Year to be paid following March 1 of 2027 and within thirty (30) days after receipt by City of the applicable Payment Request.

“Impositions” shall mean all taxes, assessments, use and occupancy taxes, charges, excises, license and permit fees, and other charges by public or governmental authority, general and special, ordinary, and extraordinary, foreseen, and unforeseen, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on the Company or any property or any business owned by Company within the City.

“Improvements” shall mean real property improvements on the Property, whether classified as fixtures or otherwise, including but not limited to the following elements constructed, installed, and/or located on the Property: an approximately 47,000 square feet warehouse, all plumbing, electrical, HVAC (as applicable), landscaping, paved/improved driveways, paved/improved parking areas, signage, all required fire lanes, and related appurtenances as required by City ordinances and/or building and other associated equipment and systems integrated with and serving the warehouse facility, all in accordance with the elevations and plans attached hereto and incorporated herein by this reference as Exhibit “A.”

The Improvements shall have an estimated value of approximately \$_____ and in no event less than \$_____ without consideration to depreciation.

“Payment Request” shall mean a written request from Company to City for payment of the applicable Grant accompanied by copies of tax statement and/or receipt(s) and/or other evidence reasonably satisfactory to City to establish that the ad valorem taxes assessed and collected by City against the Eligible Property have been timely paid for the Grant Year and the amount/value of such ad valorem taxes paid.

“Property” shall mean the approximately 18-acre tract of real property situated at 226 FM 116 in the City of Gatesville, Coryell County, Texas owned by Company, being more particularly described and depicted in Exhibit “B” attached hereto and incorporated herein by this reference.

“Related Agreements” shall mean any agreement (other than this Agreement) by and between City and Company and/or an Affiliate of Company.

“Required Use” shall mean Company’s continuous occupancy and use of the Property and the Improvements as a fully functioning and operating warehouse for Company’s business enterprise.

“Tangible Personal Property” shall have the same meaning assigned by Tax Code, Section 1.04, and shall mean all tangible personal property, equipment, fixtures, and machinery owned or leased by Company and located at the Property. Tangible Personal Property, for the purposes of this Agreement, includes Freeport Goods, goods-in-transit, inventory, and supplies owned or leased by Company and located on the Property or in the Improvements on January 1 of a given Tax Year.

“Tax Year” shall have the meaning assigned to such term in Section 1.04 of the Texas Tax Code (i.e., the calendar year).

“Taxable Value: shall mean the appraised value as certified by the appraisal district or its successor for a given year.

Article II

Term

The term of this Agreement shall begin on the Effective Date and continue until February 28, 2030 (the "Term"), unless sooner terminated as provided herein.

Article III

Economic Development Grant

3.1 Grant. Subject to the Company’s continued satisfaction of all the terms and conditions of this Agreement and the Company’s obligation to repay the Grants pursuant to Article V hereof, the City agrees to provide the Company with up to five(5) annual economic development grants, each in an amount equal to the percentage, set forth in the table hereinbelow, of the value of the ad valorem taxes assessed and collected by the City against the Eligible Property for the

applicable Tax Year, commencing with the Tax Year which begins on January 1 of the first full calendar year following the Completion of Construction and to be paid as set forth herein, provided City has timely received (i) the City ad valorem taxes assessed against the Eligible Property in full for the respective Grant Year (i.e. the Tax Year immediately preceding the year in which the Grant is to be made) and (ii) the applicable Payment Request. Company may submit the Payment Request for a given Grant Year no earlier than March 1 of the following calendar year and no later than sixty (60) days thereafter. Failure by Company to timely submit a Payment Request for a given Grant Year, after written notice from City and thirty (30) day cure period, shall operate as a forfeiture of the annual Grant for such Grant Year, at the discretion of the City. The Grant shall be paid within forty-five (45) days of City's receipt of a timely Payment Request, provided the City has timely received the City ad valorem taxes assessed against the Eligible Property in full for the Tax Year immediately preceding the year in which the Grant is to be paid. The amount of such ad valorem taxes with respect to the immediately preceding Tax Year is used to determine the amount of the Grant. For illustrative purposes only, assume that the Completion of Construction date is February 15, 2025, and that the City ad valorem taxes assessed and collected against the Eligible Property for tax year 2026 is \$50,000.00. In that case, the amount of the first Grant would be \$25,000.00, to be paid after March 1, 2027, and in accordance with a timely submitted Payment Request. In no event shall City's obligation to pay a Grant be earlier than thirty (30) business days after the Company delivers to City a true and correct copy of the receipt from the Coryell County Tax-Assessor Collector showing the timely payment in full of the City ad valorem taxes assessed against the Eligible Property for the relevant tax year.

3.2 Tax Protest. In the event Company or another party timely and properly protests or contests (including any motion to correct the appraisal roll) the Taxable Value and/or the taxation of the Eligible Property or any portion thereof with the applicable appraisal district (or its successor), Company shall have an obligation to immediately notify City of the filing of said protest or contest and the obligation of City to provide the Grant for such Tax Year/Grant Year shall be abated until a final determination has been made of such protest or contest. In the event Company's or another party's protest and/or contest results in a final determination that changes the appraised value and/or the Taxable Value of the Eligible Property or any portion thereof, or the amount of ad valorem taxes assessed and due for the Eligible Property or portion thereof after an annual Grant has been paid for such Tax Year: (i) the Grant for such Tax Year shall be adjusted (increased or decreased as the case may be), and said adjustment shall be reflected in calculation of the amount and the payment of the next Grant (i.e. added to or subtracted from that next Grant amount) or (ii) in the event that no further Grants are due under this Agreement, the appropriate payments by Company or City in accordance with such determination shall be made within thirty (30) days of said final determination.

3.3 Refunds and Underpayments of Grants. In the event City reasonably determines that the amount of a Grant paid by City to Company was incorrect, Company shall, within sixty (60) days after receipt of written notification thereof from City specifying the amount by which such annual Grant exceeded the correct amount to which Company was entitled (together with such records, reports, and other information necessary to support such determination), pay such amount to City. If City reasonably determines that the amount of a Grant paid by City to Company was less than the correct amount to which Company was entitled, City shall, within thirty (30) days, pay the adjustment to Company. Not precluding any equitable or legal remedy by the Company in an appropriate court of jurisdiction, the City's determination of an underpayment or overpayment of a Grant shall be final.

3.4 Grant Limitations. Under no circumstances shall City obligations hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision. Further, City shall not be obligated to pay any commercial bank, lender or similar institution for any loan or credit agreement made by the Company. None of the City's obligations under this Agreement shall be pledged or otherwise encumbered in favor of any commercial lender and/or similar financial institution.

3.5 Current Revenue. The Grants made hereunder shall be paid solely from lawfully available funds that have been appropriated by the City; provided, however, the City agrees during the term of this Agreement to make a good faith effort to appropriate funds each year to pay the Grants for the then ensuing fiscal year. Consequently, notwithstanding any other provision of this Agreement, the City shall have no obligation or liability to provide the value of or pay any Grants except as allowed by law. The City shall not be required to pay or provide the value of any Grants if prohibited under federal or state legislation or a decision of a court of competent jurisdiction.

Article IV Conditions to Grants

The obligation of City to provide the Grants or any of them shall be conditioned upon the continued compliance with and satisfaction of each of the terms and conditions of this Agreement by Company including, without limitation, each of the conditions set forth in this Article.

4.1 Good Standing. The Company shall not have an uncured breach or default of this Agreement or a Related Agreement.

4.2 Payment Request. Company shall, as a condition precedent to the payment of each annual Grant, timely provide the City with the applicable written Payment Request.

4.3 Capital Investment. As of the date of Completion of Construction, Company shall have made a capital investment into the Project, said Project consisting of the construction of the Improvements, of at approximately \$_____ but in any event not less than \$_____. Company shall, within thirty (30) days of Completion of Construction, provide City with copies of invoices, bills, receipts and such other information as may reasonably be requested by City to document and confirm the required Capital Investment.

4.4 Construction of Improvements. Company shall, subject to events of Force Majeure, cause Commencement of Construction of the Improvements to occur no later than _____ and, subject to events of Force Majeure, cause Completion of Construction of the Improvements to occur not later than May 1, 2025.

4.5 Continuous Required Use. During the term of this Agreement, from Completion of Construction and continuing thereafter until the Expiration Date or any earlier termination provided by this Agreement, Company shall continuously use the Property and the Improvements only for the Required Use, as defined herein. Further, during the term of this Agreement, such use shall not cease for more than thirty (30) days except in connection with, and to the extent of, an event of Force Majeure.

4.6 Continuous Occupancy. During the term of this Agreement, from the Completion of Construction and continuing thereafter until the Expiration Date or any earlier termination provided by this Agreement, the Property and the Improvements shall be continuously occupied by the Company. Further, during the term of this Agreement, such occupancy shall not cease for more than thirty (30) days except in connection with, and to the extent of, an event of Force Majeure.

4.7 FTE Positions. Company shall, no later than six (6) months after the Commencement Date, create, fill and maintain a cumulative total of at least twenty (20) FTE Positions, as that term is defined in this Agreement, at the Improvements and maintain those FTE positions for the Term of this Agreement.

Article V

Termination; Repayment

5.1 Termination. This Agreement terminates on the Expiration Date, and may, prior to the Expiration Date, be terminated upon any one or more of the following:

- (a) by mutual written agreement of the Parties;
- (b) upon written notice by either Party, if the other Party defaults or breaches any of the terms or conditions of this Agreement or a Related Agreement and such default or breach is not cured within thirty (30) days after written notice thereof;
- (c) upon written notice by City, if any Impositions owed to the City or the State of Texas by Company shall have become delinquent (provided, however, Company retains the right to timely and properly protest and contest any such taxes or Impositions);
- (d) upon written notice by City if Company suffers an event of Bankruptcy or Insolvency; or
- (e) upon written notice by either Party if any subsequent Federal or State legislation or any decision of a court of competent jurisdiction declares or renders this Agreement invalid, illegal or unenforceable.

5.2 Repayment Following Termination Under Section 5.1(b). In the event the Agreement is terminated by the City pursuant to Section 5.1(b), the Company shall immediately refund to the City the following amounts as applicable, plus interest at the rate of interest periodically announced by the Wall Street Journal as the prime or base commercial lending rate, or if the Wall Street Journal shall ever cease to exist or cease to announce a prime or base lending rate, then at the annual rate of interest from time to time announced by Citibank, N.A. (or by any other Texas money center bank selected by City) as its prime or base commercial lending rate, from the Effective Date until paid:

- (a) an amount equal to one hundred percent (100%) of the total Grant received by Company from the Effective Date to the date of termination if Company fails to cause Commencement of Construction of Improvements or fails to reach Completion of Construction of Improvements on the Property on or before the respective deadlines therefore set forth in Section 4.4; and

- (b) an amount equal to one hundred percent (100%) of the total Grant received by Company from the Effective Date to the date of termination if the final actual total Capital Investment for a Property, as reasonably verified by the City, is less than the Capital Investment required in Section 4.3; and
- (c) if termination is due to a breach of an obligation set forth in section 4.1, 4.5, 4.6, 4.7, or any obligation under this Agreement other than those set forth in sections 4.3 and 4.4, an amount equal to one hundred percent (100%) of the value of the grant received by Company in the current Tax Year/Grant Year and the previous Tax Year/Grant Year.

The repayment obligations of Company set forth in this Section 5.2 hereof shall survive termination.

5.3 Repayment Following Termination Under Section 5.1(c), (d), and/or (e). In the event the Agreement is terminated by City pursuant to Section 5.1(c), (d), and/or (e), the Company shall immediately refund to City an amount equal to the Grant paid by City to the Company in the current Tax Year/Grant Year and in the prior Tax Year/Grant Year, plus interest at the rate of interest periodically announced by the *Wall Street Journal* as the prime or base commercial lending rate, or if the *Wall Street Journal* shall cease to exist or cease to announce a prime or base lending rate, then at the annual rate of interest from time to time announced by Citibank, N.A. (or by any other New York money center bank selected by the City) as its prime or base commercial lending rate from the date on which the Grant is paid by City until refunded by the Company. The repayment obligation of Company set forth in this Section 5.3 shall survive termination of this Agreement.

5.4 Offsets. The City may at its option, offset any amounts due and payable under this Agreement against any debt (including but not limited to taxes and fees) lawfully due to the City from the Company, regardless of whether the amount due arises pursuant to federal, state or local law, the terms of this Agreement, a Related Agreement or otherwise and regardless of whether or not the debt due the City has been reduced to judgment by a court.

Article VI Miscellaneous

6.1 Binding Agreement. The terms and conditions of this Agreement are binding upon the Parties and their successors and permitted assigns.

6.2 **Limitation on Liability/ Indemnity.** It is understood and agreed between the Parties that the Company and City, in satisfying the conditions of this Agreement, have acted independently, and the City assumes no responsibilities or liabilities to third parties in connection with these actions. **Company agrees to indemnify and hold City harmless from all such claims, suits, and causes of action, liabilities and expenses, including reasonable attorney's fees, of any nature whatsoever arising out of Company's performance of the conditions under this Agreement.**

6.3 No Joint Venture. It is acknowledged and agreed by the Parties that the terms hereof

are not intended to and shall not be deemed to create a partnership or joint venture among the Parties.

6.4 Authorization. Each Party represents that it has full capacity and authority to grant all rights and assume all obligations that are granted and assumed under this Agreement. The undersigned officers and/or agents of the Parties hereto are the properly authorized officials and have the necessary authority to execute this Agreement on behalf of the Parties hereto.

6.5 Notice. Any notice required or permitted to be delivered hereunder shall be deemed received three (3) days after being placed in the United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the Party at the address set forth below (or such other address as such Party may subsequently designate in writing), or on the day actually received if sent by courier or otherwise hand delivered.

If intended for City, to:

City of Gatesville
Attn: City Manager
803 E. Main Street
Gatesville, Texas 76528

With a copy which shall not constitute notice to:

Victoria W. Thomas
Nichols | Jackson LLP
1800 Ross Tower
500 North Akard
Dallas, Texas 75201

If intended for Company, to:

Laerdal Medical Corporation
Attn: Victor Carillo
226 FM 116
Gatesville, Texas 76528

With copies which shall not constitute notice to:

6.6 Entire Agreement. This Agreement is the entire Agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written Agreement between the Parties that in any manner relates to the subject matter of this Agreement, except as provided in any Exhibits attached hereto.

6.7 Governing Law. The Agreement shall be governed by the laws of the State of Texas, without giving effect to any conflicts of law rule or principle that might result in the application of the laws of another jurisdiction; and exclusive venue for any action concerning this Agreement shall be in the State District Court of Coryell City, Texas. Subject to and without waiving any available immunities, the Parties otherwise agree to and do hereby submit to the personal and subject matter jurisdiction of said court.

6.8 Amendment. This Agreement may only be amended by the mutual written agreement of the Parties.

6.9 Legal Construction. 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 other provisions, and it is the intention of the

Parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

6.10 Exhibits. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

6.11 Successors and Assigns. This Agreement may not be assigned without the prior written consent of the City. Such consent is not required if the assignment is to a wholly-owned Affiliate of Company or an entity that directly or indirectly acquires, through merger, sale of stock, purchase or otherwise, all or more than ninety percent (90%) of the assets of the Company, as long as the assignee has a net worth at least as great as that of the Company as measured as of the date immediately prior to any such purchase, merger or sale transaction and the assignee agrees to be bound by the terms and conditions of this Agreement

6.12 Recitals. The recitals to this Agreement are incorporated herein.

6.13 Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

6.14 Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

6.15 Employment of Undocumented Workers. During the term of this Agreement, the Company agrees not to knowingly employ any undocumented workers, and if convicted of a violation under 8 U.S.C. Section 1324a (f), the Company shall repay the Grants provided herein and any other funds received by the Company from the City as of the date of such violation within one hundred, twenty (120) business days after the date the Company is notified by the City of such violation, plus interest at the rate of six percent (6%) compounded annually from the date of violation until paid. The Company is not liable for a violation of this section by a subsidiary, affiliate, or franchisees of the Company or by a person with whom the Company contracts.

6.16 Prohibition of Boycott of Israel. Company verifies that it does not boycott Israel and agrees that during the term of this Agreement it will not boycott Israel as that term is defined in Texas Government Code section 808.001, as amended.

6.17 Prohibition of Boycott of Energy Companies. Company verifies that it does not boycott energy companies and agrees that during the term of this Agreement it will not boycott energy companies as these terms are defined in Texas Government Code Section 809.001, as amended. This section does not apply if Company is a sole proprietor, a non-profit entity, or a governmental entity; and only applies if: (i) Company has ten (10) or more fulltime employees and (ii) this Agreement has a value of \$100,000.00 or more to be paid under the terms of this Agreement

6.18 Prohibition of Discrimination against Firearm Entities and Firearm Trade Associations. Company verifies that it does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and (ii) will not discriminate

during the term of the Agreement against a firearm entity or firearm trade association. This section only applies if: (i) Company has ten (10) or more fulltime employees and (ii) this Agreement has a value of \$100,000.00 or more to be paid under the terms of this Agreement; and does not apply: (i) if Company is a sole proprietor, a non-profit entity, or a governmental entity; (ii) to a contract with a sole-source provider; or (iii) to a contract for which none of the bids from a company were able to provide the required certification.

6.19 Conditions Precedent. The obligations of the City under this Agreement are subject to and conditioned on the following: The City Council of the City of Gatesville, Texas, by resolution or other appropriate action of record, has approved this Chapter 380 Economic Development Agreement.

EXECUTED on this _____ day of _____, 2025.

CITY OF GATESVILLE, TEXAS

By: _____
Bradford Hunt, City Manager

APPROVED AS TO FORM:

By: _____
Victoria Thomas, City Attorney
4912-8574-9303, v. 2

EXECUTED this the _____ day of _____, 2025.

LAERDAL MEDICAL CORPORATION


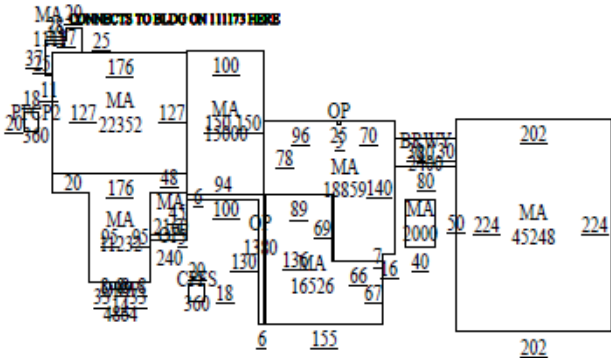
By: _____
Name: _____
Title: _____

EXHIBIT A
Elevations and Plans for the Improvements

EXHIBIT B
Legal description and/or Survey of the Property

4912-8574-9303, v. 2

Exhibit "A"

REMARKS / SKETCH COMMANDS						SKETCH FOR IMPROVEMENT #1					
ADDED NEW MA WAREHOUSE PER FIELDCHECK, BREEZEWAY, PUT AT % COMP JLZ 11/22/2024 NO CHANGE PER SKV25, JLZ											
MA XSD1SR2,MD23,ML94,R48DD,D45,L48DD,U45DD MA MD3,ML222,D20,R48DD,D95,R33,D8,R14,U8,R33,U95,R48 .U20DD,L178DD MA XSU13SR20,MD26,MR54,U78,R96,D5DD,R5,U5DD,R70,D140											
		PICTURE									
JSTRIAL WAREHOUSE COVERED WALKWAY OR OFFICE REMOD						<p>CONNECTS TO BLDG ON 111175 HERE</p> 					
INC VALUE											
11/21/2024, 10:30:00 AM		111175									
DRY											
4D IMPRV		GRANTOR		CONSID		DEED		DEED INFO			



Date 4/22/2025

Agenda Item #9

Resolution 2025-040

CITY COUNCIL MEMORANDUM FOR RESOLUTION

To: Mayor & Council

From: Bradford Hunt, City Manager

Agenda Item: Discussion and possible action regarding proposed new police facility, including consideration of approval of a resolution stating the City's intent to pursue an application with the USDA Rural Development to construct a new police station

Information:

Review

On March 11, 2025, staff and MRB Architects presented information to the Council that indicated the options for a police facility. City staff has been considering two possible sites for construction of a new police facility. One site involves an entirely new facility, and the other is a remodel and expansion of the existing facility.

- Site A: construction of a new police facility. If approved, construction of a new police building will occur at 2525 Osage Road in Gatesville, TX. This location formerly housed the Rotunda Nursing Home. MRB's initial cost estimate for this site is \$8.1 million.
 - Pros:
 - Adjacent to GISD
 - Shorter period & more space for construction
 - Clean-sheet design
 - Parking, parking, and more parking
 - More central to east/south growth areas
 - Room for growth (7,500 add-on wing is part of MRB's design), and/or collaborative spaces with EMS, DPS, or others
 - Demo of old PD will create parking for Municipal Campus concept (see next slide)
 - 25- to 75-year solution for PD building needs
 - Cons:
 - Not downtown
 - Higher initial cost
 - Some traffic concerns during school hours
- Site B: remodel and expansion of existing police facility. If construction of an entirely new police facility proves cost-prohibitive, the police department will seek approval for remodeling and expanding the existing police facility, located at 200 North 8th Street, Gatesville, TX. MRB's initial cost estimate for this site is \$7.2 million.
 - Pros:
 - Remains in known downtown location

- Lower initial cost
- Less traffic concerns
- Cons:
 - Not adjacent to GISD
 - Longer period & confined space for construction
 - Condensed and non-clean-sheet design
 - No room for future growth or collab spaces
 - Less centrally located (see next slide)
 - 20-year solution, then back to square one
 - Parking very limited
 - While initially considered a viable option for cost-effectiveness, we now know the initial cost will not be as low as CM previously estimated.

New Information

Site B did not prove as cost-effective as originally thought, while Site A provides for a project that will provide a greater benefit over a much longer period of time. Therefore, staff and MRB now propose Site A for further consideration.

Our core message remains the same as presented in March: we are doing our due diligence for *consideration* of the PD building project, but we will not *recommend* moving forward until we consider all available information and impacts city-wide. While this overall impact is under review, MRB recommends taking the next steps to secure financial assistance in the project.

The means of financial assistance under current consideration comes from the US Department of Agriculture's Rural Development Program (please see attached one-page Fact Sheet). With Gatesville's 2020 Census population listed as 16,135 and our Median Household Income listed as \$54,802, now is the time to take advantage of the program. Once our population exceeds 20,000 or our Median Household Income exceeds 80% of the state-listed \$72,284, the City will be less eligible for grants and/or loans from USDA.

Key points from the program, (as listed at <https://www.rd.usda.gov/programs-services/community-facilities/community-facilities-direct-loan-grant-program>), as relative to the City of Gatesville, are:

- This program provides affordable funding to develop essential community facilities in rural areas.
- Eligible borrowers include public bodies.
- Rural areas including cities, villages, townships and towns including Federally Recognized Tribal Lands with no more than 20,000 residents according to the latest U.S. Census Data are eligible for this program.
- Funds can be used to purchase, construct, and / or improve essential community facilities, purchase equipment and pay related project expenses - public safety services such as fire departments, police stations, prisons, police vehicles, fire trucks, public works vehicles or equipment.

- Low interest direct loans and grants are available. These may be combined with commercial financing to finance one project if all eligibility and feasibility requirements are met.
- What are the funding priorities?
 - Priority point system based on population, median household income
 - Small communities with a population of 5,500 or less
 - Low-income communities having a median household income below 80% of the state nonmetropolitan median household income.
- Funding is provided through a competitive process.
- Direct Loan:
 - Loan repayment terms may not be longer than the useful life of the facility, state statutes, the applicants authority, or a maximum of 40 years, whichever is less
 - Interest rates are set by Rural Development, contact us for details and current rates
 - Once the loan is approved, the interest rate is fixed for the entire term of the loan, and is determined by the median household income of the service area and population of the community
 - There are no pre-payment penalties.
- Grant Approval:
 - Maximum of 35 percent when the proposed project is:
 - Located in a rural community having a population of 20,000 or fewer; and
 - The median household income of the proposed service area is below the higher of the poverty line or 80 percent of the State nonmetropolitan median household income.

City Manager Hunt, Deputy CM Mike Halsema, and representatives from MRB Architects met with USDA Loan Specialists in March to discuss options and next steps. The resolution included herein is the next step in the USDA funding application process.

Financial Impact: As proposed, our contracted architects and the USDA Loan Specialists envision the most likely scenario as: Grant funding likely ranging from \$800,000 up to \$2.8 million. Direct loan funding for \$5.3 to \$7.3 million, 40-year term, approximately 4.125% APR, with no pre-payment penalty.

Staff Recommendation: As this resolution is not approving a promissory note but, rather, is a statement of intent, staff recommends a motion to approve **Resolution 2025-040**, stating the City of Gatesville's intent to pursue an application with USDA Rural Development through the Community Facility Program, granting City Manager Bradford Hunt authority to take all action necessary including the execution of all written instruments as may be required in regard to or as evidence of such application for loan and/or grant, agreeing to provide matching funds, if necessary; and, agreeing to operate the facility under the terms offered in said grant agreement(s).

Motion: Motion to approve **Resolution 2025-040**, stating the City of Gatesville's intent to pursue an application with USDA Rural Development through the Community Facility Program, granting City Manager Bradford Hunt authority to take all action necessary for such application and confirming the City's

Date 4/22/2025

Agenda Item #9

Resolution 2025-040

agreement to provide matching funds, if necessary and to operate the facility under the terms offered in any loan or grant agreement(s).

Attachments: USDA quick fact sheet

Resolution

WHEREAS, the City of Gatesville, Texas desires to pursue an application with USDA Rural Development through the Community Facility Program for funding assistance in the form of grants and/or loans to be utilized for construction and/or renovation and expansion of a police department facility.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF GATESVILLE, TEXAS THAT:

SECTION 1. The Council hereby directs, authorizes and empowers the City Manager, Bradford Hunt, to take all action necessary or appropriate in preparing and submitting an application with the USDA Rural Development through the Community Facility Program seeking funding assistance in the form of grants and/or loans to be utilized for construction and/or renovation and expansion of a police department facility (the "Project"), said authorization to include the authority to execute all documents as may be required in regard to said application.

SECTION 2. The City Council hereby confirms the City of Gatesville, Texas's agreement, as may be required for the USDA Rural Development application, to provide required matching funds, as may be necessary, for the Project.

SECTION 3. The City Council hereby confirms the City of Gatesville, Texas's agreement, as may be required for the USDA Rural Development application, to operate the Police Department facility that is the subject of the Project under the terms offered in any applicable loan and/or grant agreement(s).

SECTION 4. This resolution shall be effective from and after the date of adoption.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Gatesville, Texas, this the ____ day of _____, _____, at which meeting a quorum was present, held in accordance with provisions of V.T.C.A, Government Code, § 551.001 *et seq.*

APPROVED

Gary Chumley, Mayor

ATTEST:

Holly Owens, City Secretary



Date 4/22/2025

Agenda Item #10

Ordinance 2025-010

CITY COUNCIL MEMORANDUM FOR ORDINANCE

To: Mayor & Council

From: Holly Owens, City Secretary

Agenda Item: Discussion and possible action to consider Ordinance 2025-010, Repealing Sec. 10-21 of Chapter 10, and Repealing Section 5 of Ordinance 1995-17, dissolving the Board of Adjustment and the Construction Board of Appeals.

Information: This marks the third and final reading of the item. The second reading and public hearing took place on April 8th. Public notice was published in the Gatesville Messenger on March 29th—ten days prior to the hearing—and was also posted on the city’s website on March 31st, eight days before the hearing. During the second reading, the Council was presented with two options and ultimately chose to dissolve both the Board of Adjustment and the Construction Board of Appeals without making any changes to the proposal as presented.

Financial Impact: There is no financial impact.

Staff Recommendation: Staff’s recommendation is to pass **Ordinance 2025-10**, amending the Gatesville Code of Ordinances by Repealing Sec. 10-21 of Chapter 10, and Repealing Section 5 of Ordinance 1995-17, dissolving the Board of Adjustment and the Construction Board of Appeals.

Motion: Motion to pass **Ordinance 2025-10**, amending the Gatesville Code of Ordinances by Repealing Sec. 10-21 of Chapter 10, and Repealing Section 5 of Ordinance 1995-17, dissolving the Board of Adjustment and the Construction Board of Appeals.

Attachment(s):

- Draft Ordinance

ORDINANCE 2025-10

AN ORDINANCE OF THE CITY OF GATESVILLE, TEXAS, AMENDING THE GATESVILLE CODE OF ORDINANCES BY REPEALING SEC. 10-21 OF CHAPTER 10, DISOLVING THE CONSTRUCTION BOARD OF APPEALS; REPEALING SECTION 5 OF ORDINANCE 1995-17, DISOLVING THE BOARD OF ADJUSTMENT; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING A SAVINGS CLAUSE.

WHEREAS, the City of Gatesville is a Home Rule Municipality operating under the laws of the State of Texas; and

WHEREAS, Ordinance 2001-07 was adopted June 12, 2001, establishing a Construction Board of Appeals; and

WHEREAS, Ordinance 1995-17 was adopted in 1995, establishing a Board of Adjustment; and

WHEREAS, the City Council of the City of Gatesville would like to repeal Ordinance 2001-07 which is noted as Sec. 10-21 "Creating a construction board of adjustment and appeals." in the Gatesville Code of Ordinances; and

WHEREAS, the City Council of the City of Gatesville would like to repeal Section 5 "Board of Adjustment" of the Zoning Ordinance.

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

SECTION 1. The findings set forth in the above preamble to this Ordinance are true and correct and are hereby adopted and incorporated herein by this reference.

SECTION 2. The Code of Ordinances of the City of Gatesville, Texas is hereby amended at Chapter 10, Article II, Division 1, "Generally", Repealing Sec. 10-21. "Creating a construction board of adjustment and appeals."

SECTION 3. The Zoning Ordinance, Section 5 "Board of Adjustment" is Repealed.

SECTION 4. If any section, subsection, paragraph, sentence, clause, phrase, or word in this Ordinance, or the application thereof to any person or under any circumstances is held invalid by any court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council of the City of Gatesville, Texas, hereby declares it would have enacted such remaining portions despite any such invalidity.

SECTION 5. It is officially found and determined that the meeting at which this Ordinance was passed was open to the public as required by law, and public notice of the time, place and purpose of this meeting was given as required by law.

SECTION 6. This Ordinance shall become effective immediately upon its passage and approval.

The foregoing **Ordinance No. 2025-10** was read the first time and passed to the second reading
this **11th day of March 2025**.

The foregoing **Ordinance No. 2025-10** was read the second time and passed to the third reading
this **8th day of April 2025**.

The foregoing **Ordinance No. 2025-10** was read the third time and was passed and adopted as
an Ordinance to the City of Gatesville, Texas, **this 22nd day of April 2025**.

BY: _____
GARY M. CHUMLEY, MAYOR

ATTESTED:

APPROVED AS TO FORM:

HOLLY OWENS, T.R.M.C.
CITY SECRETARY

VICTORIA THOMAS
CITY ATTORNEY



Date 4/22/2025

Agenda Item #11

Ordinance 2025-008

CITY COUNCIL MEMORANDUM FOR ORDINANCE

To: Mayor & Council

From: Holly Owens, City Secretary

Agenda Item: Discussion and possible action to approve Ordinance 2025-08, adding Chapter 3, "Boards and Commissions".

Information: This is the third and final reading of the item. The public hearing was held on April 8th, with public notice published in the *Gatesville Messenger* on March 29th —ten days prior to the hearing— and on the city website on March 28th, eleven days before the hearing. During the second reading, the Council requested a 4/3 composition for commission membership—requiring four members to reside within city limits and allowing up to three members to live within the ETJ. No additional changes were requested.

Financial Impact: There is no financial impact.

Staff Recommendation: Staff recommends passing **Ordinance 2025-08**, adding Chapter 3, "Boards and Commissions" to the Code of Ordinances.

Motion: Motion to pass **Ordinance 2025-08**, adding Chapter 3, "Boards and Commissions" to the Code of Ordinances.

Attachment(s):

- Draft Ordinance

ORDINANCE 2025-08

AN ORDINANCE OF THE CITY OF GATESVILLE, TEXAS, AMENDING THE GATESVILLE CODE OF ORDINANCES BY ADDING CHAPTER 3, “BOARDS AND COMMISSIONS”; PROVIDING DUTIES AND POWERS; MEETINGS AND QUORUM; RULES AND PROCEDURES; APPLICATIONS; AND AMENDMENTS; REPEALING SECTION 4 OF ORDINANCE 1995-17; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING A SAVINGS CLAUSE.

WHEREAS, the City of Gatesville is a Home Rule Municipality operating under the laws of the State of Texas; and

WHEREAS, the City Council has determined that it would be advantageous and beneficial to the citizens and developers of the City of Gatesville to characterize the Planning and Zoning Commission; and

WHEREAS, defining duties and powers, meetings and quorums, procedures, applications, and amendments; and

WHEREAS, this ordinance is repealing Section 4 of Ordinance 1995-17;

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

SECTION 1. The findings set forth in the above preamble to this Ordinance are true and correct and are hereby adopted and incorporated herein by this reference.

SECTION 2. The Code of Ordinances of the City of Gatesville, Texas is hereby amended adding a Chapter 3 “Planning and Zoning” which shall read in its entirety as follows:

ARTICLE I. PLANNING AND ZONING COMMISSION

Sec. 48-150. - GENERAL

This Chapter addresses the duties and responsibilities of the Planning and Zoning Commission, hereafter referred to as “the Commission”, and other such officials and agencies, with respect to the administration of this code. The establishment of the Commission shall be in accordance with the policies and procedures as set forth in state law.

Sec. 48-151. - ESTABLISHMENT OF THE COMMISSION

Terms for members

The Commission shall consist of seven members, for two-year terms each. The terms of office for the Commission members shall be staggered at intervals so as to provide continuity in policy and personnel.

1. The terms of four (4) of the members shall begin on May 1st of each odd-numbered year and expire on April 30th two years thereafter and the terms of three of the members shall begin on May 1st of each even-numbered year and shall expire on April 30th two years thereafter.
2. The members of the Commission shall be identified by place numbers one (1) through seven (7). The odd-numbered places shall expire in odd-numbered years and the even places shall expire in even-numbered years.

Compensation

Members of the Commission shall serve without compensation, except for reimbursement for authorized expenditure as attendant to the performance of their duties and shall not hold any other office or position with the City while serving on the Board.

Selection of Members

Members shall be appointed and approved by the City Council by Resolution.

- a) Members shall have the following qualifications:
 1. Own property within the city limits and;
 2. Resident citizen or ETJ citizen within 5 miles of the city limits.
 - a. 4 members are required to live within the city limits.
 - b. Allowing up to 3 members to reside within the ETJ.
 3. Not indebted to the City of Gatesville (taxes paid, no citations, no code violations, no liens).
- b) The Council may appoint members to fill unexpired terms in the case of vacancies for any member whose term is not completed. A member shall continue to serve until a successor has been appointed and approved by the City Council.
- c) Appointments shall be made at the second council meeting during April or as soon thereafter as practical, and the terms of office shall commence on May first. No member shall be appointed for a single term in excess of two years. Newly appointed members shall be installed at the first regular Commission meeting after their appointment.

Removal

Members of the Commission shall be removed for cause by the Council upon written charges after a public hearing before the Council following reasonable notice of the charges. Members may be removed by City Council following three consecutive unexcused absences or more during their term. A vacancy on the Commission shall be filled for the unexpired term.

Commission Liaison

The Zoning Code Official shall serve as liaison to the Commission. The Zoning Code Official shall have the right to attend all meetings and take part in all discussions but shall not vote on Commission decisions.

Chairperson Election and Rules Adoption

The Commission shall hold an organizational meeting in May of each year and shall elect a Chairman and Vice-Chairman from among its members before proceeding to any other matters of business. The Commission shall meet regularly and shall designate the time and place of its meetings, as stipulated hereinafter. The Commission shall adopt its own rules of procedure and keep a public record of its proceedings consistent with the provisions of this ordinance and the requirements of the law.

Commission Secretary

A secretary to assist the Commission shall be appointed by the Zoning Code Official. The secretary shall keep minutes of the Commission meetings for public record and conduct all correspondence, including the notification of decision. The secretary shall certify records. The secretary shall prepare and submit the minutes of Commission meetings to the chairperson and the Commission.

Sec. 48-152. - DUTIES AND POWERS

Comprehensive Plan

It shall be the duty of the Commission, after holding public hearings, to recommend to the City Council with Staff recommendation a comprehensive plan for the development of the City, which shall be permitted to include areas outside of its boundaries that bear consideration to the planning jurisdiction. The Commission shall be permitted to recommend amendments to the comprehensive plan regarding the administration or maintenance of this code with Staff recommendation.

Zoning Code

It shall be the duty of the Commission to develop and recommend to the City Council for its adoption a zoning code, in accordance with the guidelines of the comprehensive plan, establishing zoning districts within the City with Staff recommendation. Such a code shall be made in regards to the character of each district and the most appropriate use of land within the City. The Commission shall make periodic reports and recommendations to the City Council with Staff recommendations.

Division of Land Regulations

It shall be the duty of the Commission to develop and certify regulations governing the division of land. Divisions of land shall be in accordance with the adopted regulations. The Commission shall also approve or disapprove plans, plats, or re-plats and vacating of plans, plats or re-plats set out in statutes of the State of Texas, and with consideration for the requirements of the City's Subdivision Ordinance, Standard Construction Specifications, and Design Criteria.

Conditional-Use Permits [Special Use Permits (SUP)]

It shall be the duty of the Commission to review all conditional-use permit applications and provide the City Council with a recommendation. The application shall be accompanied by maps, drawings, or other documentation in support of the request. The granting of a conditional-use permit shall not exempt the applicant from compliance with other relevant provisions of related ordinances. Each zoning district shall specify which conditional uses may be permitted upon review.

Official Zoning Map

The City Council shall adopt an official zoning map for all areas included within the City based upon the recommendation of the Commission. The Commission shall initiate for consideration at public hearings all proposals for the original zoning of annexed areas; and any change of zoning district boundaries on an area-wide basis with Staff recommendation.

Variances

To authorize upon appeal in specific cases such variance from the development controls set forth in this ordinance will not be contrary to the public interest. In reaching its decision the Board shall not grant the variance appeal if it finds:

1. That the literal enforcement of the controls will not create an unnecessary hardship or practical difficulty in the development of the affected property, or
2. That the situation causing the hardship or difficulty is neither financial in nature, not unique to the affected property or is self-imposed, or
3. That the relief sought will injure the permitted use of adjacent conforming property, or
4. That the granting of the variance will not be in harmony with the spirit and purposes of this ordinance.

Other

It shall be the responsibility of the Commission to perform other duties as the City Council may designate.

Sec. 48-153. - MEETINGS AND QUORUM

General

A quorum for the conduct of business shall consist of four members of the Commission. The members shall regularly attend meetings and public hearings of the Commission and shall serve without compensation, except reimbursement of authorized expenses attendant to the performance of their duties. The Commission shall meet monthly, unless deemed not necessary, at a regularly scheduled time on regularly scheduled dates, and shall conduct special meetings and hearings as may be necessary. A minimum of four (4) votes shall be required for approval of any motion before the Commission.

Agenda

An agenda shall be prepared by the Secretary for each meeting of the Commission. A copy of the agenda shall be posted in the City Hall as required by law for a period of three full calendar days not counting the day of the meeting or the day of posting.

Regular Meetings

Regular meetings shall be held on the first Monday at the established time at a location designated by the Commission.

Special Meetings

Special meetings for any purpose may be held: on the call of the Chairman; or on request of two or more members having given written notice to all members deposited in the mail at least 72 hours before the meetings; or as may be scheduled by a majority of the Commission at any previous meeting. The time and place of the special meeting shall be determined by the convening authority.

Public Meetings

All meetings shall be held in full compliance with the provisions of State law, ordinances of the City and these Rules of Procedure. Any party in interest may appear in their own behalf or be represented by counsel or agent.

Planning Sessions

The Commission may be convened as a committee of the whole in the same manner as prescribed for the calling of a special meeting for the purpose of holding a planning session provided that no official action shall be taken there, and no quorum shall be required.

Sec. 48-154. - RULES AND PROCEDURE

Order of Business

The chairman shall call the Commission to order, and the members present and absent shall be recorded. The minutes of any proceeding meeting shall be submitted for approval. The public shall be advised of the procedures to be followed in the meeting. The Secretary shall publicly advise the Commission of any communications received pertaining to any matter before the Commission. The Commission shall then hear and act upon those proposals scheduled for consideration or public hearing together with such other matters of business and report as the Commission requires.

Procedure

First - The Commission shall call, or cause to be called by the secretary, each proposal in such order as to be in accord with the hearing time specified in the notice of public hearing.

Second - The Chairman shall next call on the staff for a factual summary and presentation relative to the proposal and shall afford the staff an opportunity to call to the attention of the Commission any additional pertinent communications.

Third - The Chairman shall then call on persons present who wish to speak for or against the proposal and shall direct that they speak in the following order:

1. The applicant and/or their representative,
2. Those persons in support,
3. Those persons in opposition. Whenever necessary the chairman shall direct that all remarks shall be germane to the proposal. No rebuttal shall be permitted by either side, but the Commission may direct questions to any speaker in order to clarify statements and facts presented.

Fourth - The Chairman shall then declare the public presentation or hearing closed, as to that proposal.

Disqualification from Voting

A member shall disqualify himself from voting whenever he or she finds that they have a personal interest in the property under appeal or will be directly affected by the decision of the Commission.

A member may disqualify themselves from voting whenever any applicant, or their agent, has sought to influence the vote of the member on their application, other than in the public hearing.

If a member does disqualify themselves, they must fill out and sign an Abstention Affidavit.

Rules of order

~~Roberts Rules of Order, the latest revision, shall be the Commission's final authority on all questions of procedure and parliamentary law not covered by this code.~~

Sustentation of Rules

~~Any provision of these rules not governed by City Ordinance may be temporarily suspended by a favorable two-thirds vote of all members of the Commission, which vote shall be entered upon the minutes.~~

Motions

- a) A motion may be made by any member except the presiding officer.
- b) A motion to approve any matter before the Commission or to recommend approval of any request requiring Council action shall require a minimum of four affirmative votes by the Commission.
- c) When fewer than all members are present for voting and when all motions to recommend on a given application fail to carry a majority of votes, consideration of the application shall be continued to the next regular meeting upon motion carried by a majority of those present.
- d) No request or application shall be continued under this rule beyond the next regular meeting; failure of the Commission to secure a majority of concurring votes to approve or recommend approval at said next regular meeting shall be recorded in the minutes as a denial of the proposal under this rule.

Action by the Commission

The concurring vote of four members of the Commission shall be necessary to decide in favor of the applicant on any matter upon which the Commission is required to pass or recommend under this ordinance.

Sec. 48-155. - APPLICATIONS

Applications

An application requiring Commission action or recommendation shall be made in writing using forms prescribed by the city and shall be accompanied by an application fee in accordance with the City Council's adopted fee schedule, and any information as may be requested to properly review the application. Applications shall be complete in all respects before being accepted for filing.

Schedules and Instructions

Every proposal or request for Commission action or recommendation shall be filed, processed and considered in accordance with specific schedules and instructions adopted as Chapter 48 - Subdivisions Rules of Procedure, and to the pertinent requirements of the City's Subdivision Ordinance and Rules.

Submission of Supporting Information

Information supporting a request or recommendation to approve or disapprove any proposal before the Commission shall be submitted only through the City Secretary in writing or to the Commission in a public meeting.

Proposal Withdrawal

When any applicant desires to withdraw their proposal, they may do so by filing a written request to that effect with the City Secretary.

- a) Such request shall be effective upon the date of its official receipt, provided that no such request shall be valid after notices have been mailed, except on action of the Commission.
- b) Withdrawal of a proposal at any stage of its processing shall terminate all consideration of it by the City, and the case file shall then be closed.

Official Submission Date and Completeness of Application

The “official submission date” shall be the date on which a complete application of a zoning change request (that contains all elements and information required by this Code) is submitted to the Zoning Code Official.

- a) No application shall be considered officially submitted until the Zoning Code Official determines that the application is complete and the appropriate fee received.
- b) Failure by the Zoning Code Official to make a determination of incompleteness within 10 calendar days following the date on which the application was first received by the City shall result in the application being deemed complete and the official submission date shall become the 11th calendar day following initial receipt of the application by the City.
- c) Applications which do not include all required information shall be considered incomplete, shall not be accepted for official submission and shall not be scheduled on the Commission agenda until the proper information is provided to the Zoning Code Official.

Repeat applications

No application for a request may be received or filed, if six months prior thereto, the same request has been denied.

Time limitations

Where a request is granted by the Commission under this ordinance and no action is taken within one year after the date of the hearing thereon, said request becomes null and void and of no force or effect.

Appeals

Any person with standing aggrieved by any decision of the Commission shall have the right to make such appeals as shall be permitted to be provided by this code or state law. Such appeals shall be based on the record.

Sec. 48-156. - AMENDMENTS

General

The City Council may from time to time, after receiving a final report thereon by the Commission and after public hearings required by law, amend, supplement, or change the regulations herein provided or the boundaries of the zoning districts specified on the Official Zoning Map. Any Ordinance regulations or Official Zoning Map amendments may be ordered for consideration by the City Council, the Commission, or requested by the owner of real property or the authorized representative of an owner of real property.

Application

Each application for a change to the Official Zoning Map or for an amendment or change to the existing regulations of this Zoning Ordinance shall be made in writing on an application form available at the City, filed with the City and shall be accompanied by payment of the appropriate fee as established by the City. Applications for a change to the Official Zoning Map must be signed by the owner of the property, when not initiated by the Commission or to the City Council.

Planning and Zoning Commission

The Planning and Zoning Commission shall hold a Public Hearing at which parties in interest and citizens have an opportunity to be heard. For Amendments to the regulations of the Zoning Ordinance notice of the Public Hearing shall be placed in the official newspaper or a newspaper of general circulation in the City before the 15th day before the date of the hearing. For Amendments to the Official Zoning Map written notice of the Public Hearing shall be sent to each owner, as indicated by the most recently approved municipal tax roll, of real property affected by the proposed change of zoning classification and real property owners within 200 feet of the property on which the change in classification is proposed. The notice may be served by its deposit in the City, properly addressed with postage paid, in the United States mail before the 10th day before the date

of the hearing. After the Public Hearing the Commission shall submit a final report to the City Council for approval or disapproval of any proposed amendment.

Planning and Zoning Commission Consideration and Report

The Planning and Zoning Commission, after the public hearing is closed, shall prepare its report and recommendations on the proposed change stating its findings, its evaluation of the request and of the relationship of the request to the Comprehensive Plan.

City Council

After Planning and Zoning Commission consideration the amendment shall be presented to the City Council for final action. City Council shall hold a Public Hearing before acting on any amendment to the Zoning Ordinance or Official Zoning Map. Notice of the Public Hearing shall be placed in the official newspaper or a newspaper of general circulation in the City before the 15th day before the date of the hearing.

- a) The affirmative vote of three-fourths of all members of City Council is required for the approval of any proposed change to the Official Zoning Map when it is opposed in writing and signed by the owners of at least 20 percent of either: the area of the lots or land covered by the proposed change; or the area of the lots or land immediately adjoining the area covered by the proposed change and extending 200 feet from that area. In computing the percentage of land area, the area of streets and alleys shall be included.
- b) The City Council may not hold a public hearing until it receives the final report of the Commission, unless the public hearing will be held jointly by the Commission. In either case, the City Council may not act on the matter until it receives the final report of the Commission.

Other Public Hearing Notice Considerations

If the City Council conducts a hearing, the City Council may, by a two-thirds vote, prescribe the type of notice to be given of the time and place of the public hearing.

- a) Notice requirements prescribed under this subsection are in addition to the notice requirements listed above.
- b) The City Council, by a two-thirds vote, may prescribe the type of notice to be given of the time and place of a public hearing held jointly by the City Council and the Commission.

SECTION 3. If any section, subsection, paragraph, sentence, clause, phrase, or word in this Ordinance, or the application thereof to any person or under any circumstances is held invalid by any court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council of the City of Gatesville, Texas, hereby declares it would have enacted such remaining portions despite any such invalidity.

SECTION 4. It is officially found and determined that the meeting at which this Ordinance was passed was open to the public as required by law, and public notice of the time, place and purpose of this meeting was given as required by law.

SECTION 5. This Ordinance shall become effective immediately upon its passage and approval.

The foregoing **Ordinance No. 2025-08** was read the first time and passed to the second reading
this **11th day of March 2025.**

The foregoing **Ordinance No. 2025-08** was read the second time and passed to the third reading
this **8th day of April 2025.**

The foregoing **Ordinance No. 2025-08** was read the third time and was passed and adopted as
an Ordinance to the City of Gatesville, Texas, this **22nd day of April 2025.**

BY: _____
GARY M. CHUMLEY, MAYOR

ATTESTED:

APPROVED AS TO FORM:

HOLLY OWENS, T.R.M.C.
CITY SECRETARY

VICTORIA THOMAS
CITY ATTORNEY



Date 4/22/2025

Agenda Item #12

Resolution 2025-041

CITY COUNCIL MEMORANDUM FOR RESOLUTION

To: Mayor & Council

From: Holly Owens, City Secretary

Agenda Item: Discussion and possible action to re-appoint members to the Planning and Zoning Commission/Building Standards Commission.

Information: The Planning and Zoning Commission consists of seven members that serve for two (2) years. The commission members are appointed by Resolution and approved by the City Council.

Terms of Office: The terms of four (4) of the members shall begin on May 1st of each odd-numbered year and expire on April 30th two years thereafter and the terms of three of the members shall begin on May 1st of each even-numbered year and shall expire on April 30th two years thereafter. The members of the Commission shall be identified by place numbers one (1) through seven (7). The odd-numbered places expire in odd-numbered years and the even places expire in even-numbered years. Newly appointed members shall be installed at the first regular Commission meeting after their appointment.

Planning and Zoning Commission	Place	Term Expires	History
Teresa Johnson Chair	1	April 30, 2025	July 2017 - current
Wyllis Ament	2	April 30, 2026	March 2019 - current
Charles Ament	3	April 30, 2025	March 2019 - current
Loni Jones	4	April 30, 2026	February 2025 - current
Yvonne Williams	5	April 30, 2027	February 2025 - current
John Westbrook Vice-Chair	6	April 30, 2026	May 2023 - current
Niki Foster	7	April 30, 2027	February 2025 - current

Financial Impact: There is no financial impact.

Staff Recommendation: Staff recommends approving **Resolution 2025-041**.

Motion: Motion to approve **Resolution 2025-041**, re-appointing Teresa Johnson and Charles Ament to the Planning and Zoning Commission.

Attachments: There are no attachments.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GATESVILLE:

That the above stated recommendation is hereby approved and authorized.

Date 4/22/2025

Agenda Item #12

Resolution 2025-041

PASSED AND APPROVED at a regular meeting of the City Council of the City of Gatesville, Texas, this the ____ day of _____, _____, at which meeting a quorum was present, held in accordance with provisions of V.T.C.A, Government Code, § 551.001 *et seq.*

APPROVED

Gary Chumley, Mayor

ATTEST:

Holly Owens, City Secretary



Date 4/22/2025

Agenda Item #13

CITY COUNCIL MEMORANDUM

To: Mayor & Council

From: Bradford Hunt

Agenda Item: City Manager's Report

Information: The purpose of this report is to keep the public, city council, and staff informed about ongoing projects and initiatives. Please see the attached report.



April 22, 2025

City Manager Report to City Council

Welcome

This document is intended as an overall look at City of Gatesville operations from the City Manager's perspective. It is intended to concisely summarize the operations of each department within the city government and provide updates on current and future projects being undertaken by your city government. Its intended audience includes the City Council as well as all community members and stakeholders in Gatesville.

Please call me at 254.220.4628, or email me at bhunt@gatesvilletx.com, if you have any questions about any of the information provided herein.

Thank you,
Bradford Hunt
City Manager

Table of Contents

- Department Updates
 - City Manager
 - Public Works
 - Police Department
 - Fire Department
 - Parks and Recreation
 - Library, Civic Center, Auditorium, Airport
 - City Hall
 - City Secretary, Permits & Code Compliance
- Development Update
- Upcoming Community Events

Department Updates – City Manager

City-Wide Staffing: 3 full-time position openings

- 2 in Police Department – candidates identified
- 1 in Street Department – candidates identified
- Lifeguard seasonal positions – over 27 applicants so far

Priority items

- TDEM/FEMA process – 4th different FEMA Project Manager; top 5 projects identified & commencement of projects soon
- Fiber internet subcontractors – safety meeting conducted 3/24
- Conference Room expanded to accommodate up to 25 people
- Leadership training for all 18 supervisors in April & June – 9 total hrs.
- Intro meetings with all new employees, formalizing on-boarding process
- Court procedures review
- Development
 - 2-3 more inquiries in last 30 days
 - Permit Tech position re-initiated
 - Identifying process to sell 6-10 city-owned properties that are viable for development (approx. \$150-200,000 value)
- Parks Master Plan & Comprehensive Plan updates
- Water rates study, preparations for contract renegotiations
- Pre-planning phase for FY 25-26 budget – focusing on personnel, vehicles/equipment, & long-term CIPs
- Strieber land acquisition at airport – complete

Communication

- City Facebook; CTCOG, Crime Stoppers, & other boards

Department Updates – Public Works

PW Director:
Chad Newman

Water Distribution & Street
Maintenance:
Dale Allen

Water Production:
Zeb Veazey

Wastewater:
Bobby Buster

Fleet Maintenance:
Derek Lawrence

Projects

- Stillhouse WWTP
- Lakewood Force main reroute
- Fort Gates sewer expansion
- FNI mini-CIP planning
- FEMA Projects at Stillhouse, Leon WWTPs + culvert at Leon/South Levita Rd.

Current Activity

- Drainage issues
- Marking lines for fiber internet subcontractors
- Special projects at Kalyn, Strieber family land, others
- Water Conservation Annual Report, Water Conservation Utility Profile, and Water Conservation Plan due May 1st, 2025

3-Month look-ahead

- Lakewood reroute project
- Downtown feeder street pavement overlay
- Reach an agreement with TDCJ for inmate trustee crews to assist city departments.
- East trunk line rehab.
- Working on our GIS mapping in NOVO which will take lots of time

Long-term planning

- 5-year CIP for public works

Department Updates – Public Works

Street Department

Projects

- Internet subcontractors – marking lines, repairing strikes
- Sewer main on N. 15th St.
- Mowing & tree trimming

Monthly Report

- Open hole pavement repair- Repaired five open holes in the street due to water leaks with cold mix asphalt.
- Drainage ditches cleaned- Removed all settlement and debris, cleaned all tin horns that had debris or clogged with dirt on Old Waco Road, Veazey Drive, Brown Park/East Leon street, Green acres, Golf Course Road and Ash drive.
- Streets that were cleaned with the street sweeper- Golf Course area, Jackson, Powell, Mears, Lowrey, North 26th-31st.
- Brush removal on City right of ways- East Leon, River road, North 9th to North Lutterloh.
- Helped move shelving back to the library.
- Chipped brush at North 19th for two days.
- Mowed all city owned lots that needed mowing.

3-Month look-ahead

- Asphalt overlays in & near downtown
- Work on drainage ditches on Brown street, Veazey drive, Gateway circle, Mulberry avenue.
- Replace storm drain at W. Leon St. and S. Levita Rd.

Department Updates – Public Works

Water Distribution /
Sewer Collections

Monthly Report

- Water main leak repairs – Bauman St. water main hit by Rise, 10” Prison water main, 104 Surrey Ln, Faunt Leroy Park, 1100 block of west Main, N 31st & Main St., 2324 Business 36. Total of 7 water main leaks 1- 10” main, 2- 6” mains, 4- 2” mains.
- Water service leak repairs – 108 Inwood dr. Rise strike, 500 block of Andrews St., 2526 Lowrey dr., 3420 Empress dr., 1505 W Main St., 214 N Lutterloh, 1122 Baldrige, 110 n 28th St., 1607 Venus, 122 Elm, 2515 Jackson dr., 301 N 11th St., 2511 Mears, 1304 Baldrige. Total of 14 service leaks.
- Sewer stop up’s- 218 N 14th St., 302 s 14th St., 131 n 28th St., 1706 Waco, Dog Pound, 108 Willow, 321 Valley view GAC strike, 106 state school rd., 115 n 28th St., 1400 Woodville, 104 Creek cliff. Total of 11 sewer stop ups. 8- services, 3- Mains.
- Sewer gravity line breaks- 110 south 6th street- replaced 4 feet of 10” sewer main and 3 feet of sewer service. 2417 Oak drive- replaced 7 feet of 4” service line that collapsed.
- Sewer force main leaks- We had no sewer force main leaks this month.
- Sewer taps made- 209 Chicktown rd., 416 Old Pidcocke rd.
- Water taps made- Chicktown rd., 416 Old Pidcocke rd.

3-Month look-ahead

- Start replacing the city-owned galvanized service lines from our required Lead Service Line inventory report, as mandated through TCEQ
- Lakewood force main reroute project

Department Updates – Public Works

Water Production

Production Plant

- Renewing the release water permit by May 2025. The application has been submitted to TCEQ and the public announcement has been submitted to The Temple Daily Telegram for publishing. MRB wants to handle all publishing and certifications of delivery as part of their services.
- The 2024 CCR has been delivered to the wholesale customers to meet the April 1st deadline and the certificate of delivery has been sent to TCEQ to meet the April 30th deadline.
- We will remove wet sludge from Lagoon #1 during April

Water Intake

- Ongoing repairs and maintenance.

3-Month look-ahead

- Walker Partners, B5, and Tenemic crews are onsite and working. They are power washing and sandblasting, then recoating Clarifier #1. The City will not be taking on any additional costs as Walker Partners are still holding the final payment until the work is complete.
- We will be moving all out of service equipment and unused materials from the Raw Water Intake Pump Station by boat back to the plant to be scrapped or disposed of.
- Generating and delivering the 2024 CCR to all wholesale customers by April 1st and to all residential and distribution customers by July 1st along with providing the certificates of delivery to TCEQ by May 1st and August 1st.

Department Updates – Public Works

Wastewater Treatment

Stillhouse WWTP

- Walker Partners / Matous plant rehabilitation project is relatively on-track
- Cleaned the bar screen, Clarifiers, vaults and grit trailer daily.
- Fixed a leak on the cl2 chamber.
- Avg Flow 1.176 MGD

Leon WWTP

- Hauled all biosolids 910 yards
- Avg flow .912 MGD

Collection System

- Cleaning & degreasing all lift stations, sewer plants, and sewer mains

3-Month Look-Ahead

- FEMA repair projects to begin as soon as funding approved, at Stillhouse & Leon
- Repair conveyer for biosolids
- RAS pump vault cleaning
- Work on lowering blankets in clarifiers

Department Updates – Public Works

Fleet Maintenance

Fleet Status

- Vehicles/Equipment down- Street Sweeper

Monthly Report

- Oil changes- Water Dist-2020 Chevrolet 2500. Police dept- Unit 406, Unit 423, Unit 430, Unit 422, Unit 407, Unit 415. Recreation dept- 2023 Chevrolet 1500.
- Lawn mower oil changes- Changed oil in 4 street department mowers.
- Recreation department brought 2 soccer goals to be shortened and welded.
- Rebuilt 4 of the Water departments gas powered trash pumps for fixing water main leaks.
- Brush truck #3- replaced pony motor pump used to pump water from truck to fight fires.
- Engine 3- replaced hydraulic line and fixed CAF system that mixes foam with the water to fight fires.
- Replaced pump, packing and seals on the oil distributor truck for paving and open holes.

Department Updates – Police Department

Chief:
Jeff Clark

Administration

Personnel Summary		Budgeted	*Actual	Lmt/FMLA	
Sworn Law Enforcement		19	18	0	
Non-Sworn		12	11	0	
Total		31	29	0	
Property & Evidence	March 2025	March 2026	2025 YTD	2026 YTD	% Changed
Items Disposed	6		76		
Items Received	16		47		
Total # of Items	1963		1963		
Records Unit	March 2025	March 2026	2025 YTD	2026 YTD	% Changed
Open Records Requests	107		307		
False Alarm Program		March 2025	March 2026		
Total number of alarms		18			
Total number of FALSE alarms		12			
Total balance of delinquent accounts (Past 30 Days)		\$2150.00			
Community Events Attended	March 2025	March 2026	2025 YTD	2026 YTD	% Changed
Community Events	0		1		

Personnel note: Sgt. Post promoted to Lieutenant; Capt. Mueller begins May 1

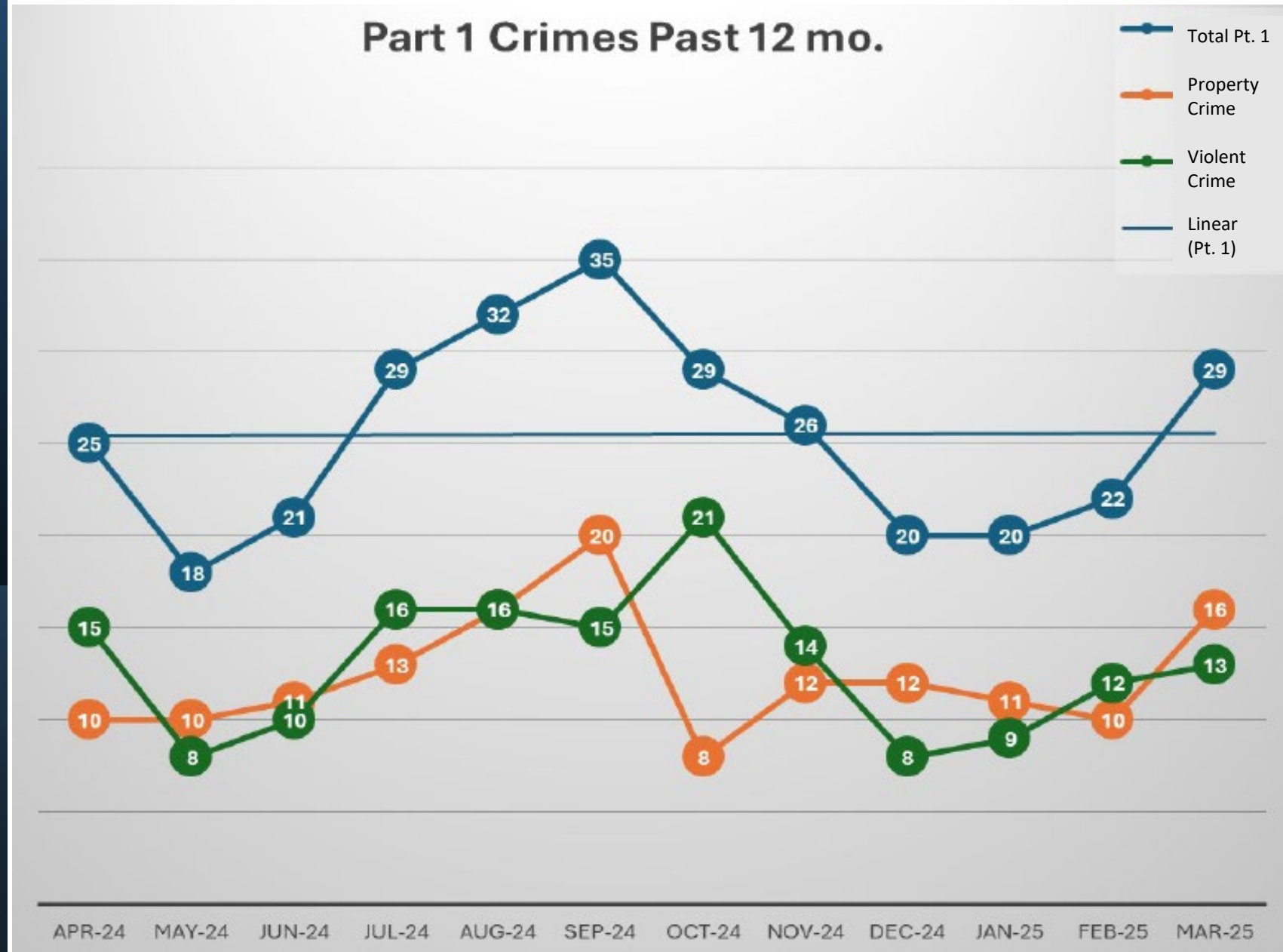
Equipment note: Dispatch consoles being built

Department Updates – Police Department

Patrol

Use of Force Report	March 2025	March 2026	2025 YTD	2026 YTD	% Changed
Total # of Use of Force Incidents	0		0		
Computer Aided Dispatch	March 2025	March 2026	2025 YTD	2026 YTD	YTD % Changed
Calls for Service	512		1378		
Self-Initiated Activity	1734		4521		
Total Events	2246		5899		
Activities	March 2025	March 2026	2025 YTD	2026 YTD	% Changed
Total Arrests (# of Offenders)	34		79		
Misdemeanor	27		62		
Felony	19		32		
Class C	6		24		
Federal	0		0		
Total Offense Charges	52		118		
Department Traffic Enforcement	March 2025	March 2026	2025 YTD	2026 YTD	% Changed
Citation (Tickets)	51		221		
Citation Charges	67		264		
Citation Warnings	270		653		
Traffic Stops (CAD data)	313		779		
DWI Arrests	1		3		
Accidents Reported by Officers (CRIS)	7		23		
Accident Exchange Information	20		39		
Fatality Accident	0		0		

Department Updates – Police Department



Department Updates – Police Department

Animal Services

Administrative Activities	March 2025	March 2026	2025 YTD	2026 YTD	% Changed
Calls for Service	146		302		
Warnings	2		6		
Citations	2		5		
Criminal Investigations	1		1		
Dogs	March 2025	March 2026	2025 YTD	2026 YTD	% Changed
Field Intake	25		57		
Total Dogs Received	25		57		
Reclaimed	13		27		
Adopted	12		27		
Transferred Out	3		7		
Total Live Outcomes	25		55		
Euthanized	0		2		
Died in Shelter	0		0		
Total Dogs Euthanized	0		2		
Cats	March 2025	March 2026	2025 YTD	2026 YTD	% Changed
Field Intake	25		49		
Total Cats Received	25		56		
Reclaimed	0		0		
Adopted	4		16		
TNR	19		36		
Transferred Out	1		3		
Total Live Outcomes	25		56		
Euthanized	0		0		
Died in Shelter	0		0		
Other (Wildlife/Livestock)	March 2025	March 2026	2025 YTD	2026 YTD	% Changed
Intake	0		0		
Released to Owner (Livestock)	0		0		
Released (Wildlife)	4		5		
Euthanized	0		1		

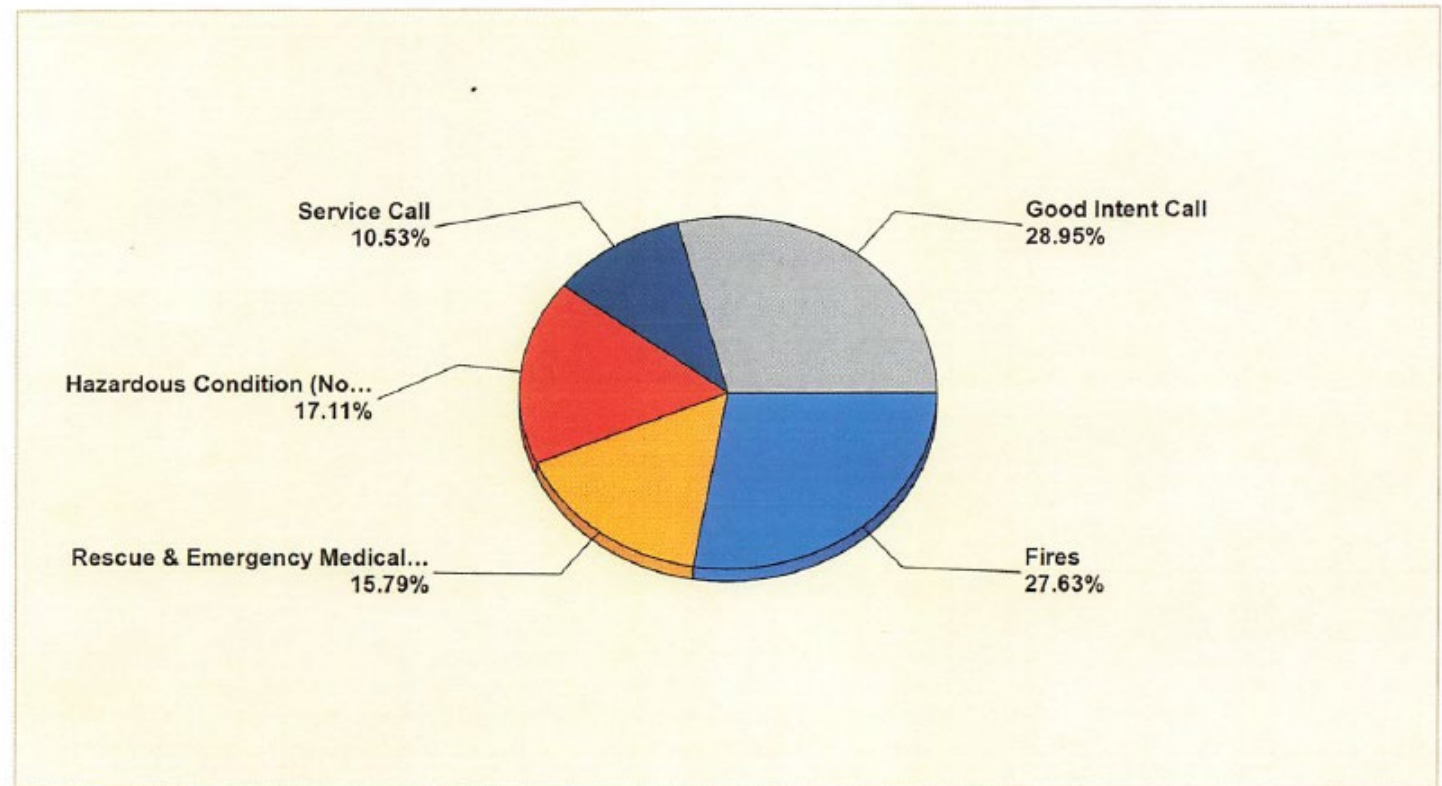
Department Updates – Fire Department

Chief:
Billy Vaden

Projects, General Info.

- We did narrow our decision on which New Engine we would like to purchase. We will now get a quote on the cost from two different vendors , Pierce and Sutphen.
- Implementation of a new fire reporting system.

Breakdown by Major Incident Types for Date Range
Zone(s): All Zones | Start Date: 03/01/2025 | End Date: 03/31/2025



Department Updates – Parks and Recreation

Parks & Rec Director:
Seth Phillips

Athletics / Aquatics:
Marte Bailey

Fitness Center:
Patrice Gilbert

Maintenance Supervisor:
Levi Cole

Projects

- Faunt Le Roy Park lower portion reopened Friday, April 11
- Lions Club donated \$15,000 for sidewalk improvements at Sports Complex
- Parks Master Plan – first draft reviewed with City Manager
- Sports Complex field maintenance and repairs
- Ronnie Viss Gazebo – no change in past 30 days
- NFC Recreation Center Agreement – no change in past 30 days

Maintenance

- Faunt Le Roy Park Restrooms (May flood repairs)
- Mowing of City parks and facilities
- Faunt Le Roy Park reopening
- City Pool
- Routine cleaning and water chemistry maintenance
- Fitness Center
- Pool dehumidifier and exhaust fan repairs
- Pool pump replacement

Upcoming Events

- Keep Gatesville Beautiful Spring Clean (April 5)
- Summer Sounds (April 26, May 31, June 28, July 26, August 30, September 27)
- Assisting Chamber with Shivarree (June 7)
- Texas Teen Age State T-Ball Tournament (June 30-July 4)

Department Updates – Parks and Recreation

Athletics & Aquatics



**GATESVILLE
CITY POOL**

**AGE 15+
NOW HIRING
LIFEGUARDS**



POSITIONS AVAILABLE:

- ✓ Lifeguard
- ✓ Head Guard
- ✓ Assistant Manager
- ✓ Front Desk Associate

REGISTER TODAY

MBAILEY@GATESVILLETX.COM **254.499.1015**

The advertisement features a background image of a lifeguard assisting a swimmer. It includes a QR code and two hexagonal icons: one showing a lifeguard with a swimmer and another showing a lifeguard with a rescue tube.

Youth Sports Registration

- Soccer – ended April 1
- Youth Baseball/Softball begins on April 14
 - 65 Teams
 - 238 Volunteer Coaches
 - 699 Participants

Youth Baseball & Softball Tournaments

- 23 (up from 11 last month) scheduled select tournaments (March 8-December 14)
- **TTA State T-Ball Tournament (June 30-July 4)**
- TTA District Tournament applications have been submitted
- 3MT/NCS Tournaments (March 8-9 & March 15-16)
 - 27 Teams, 2,106 attendees (4-day total)

Aquatics

- Lifeguard Registration- January 21-April 25
 - We currently have 26 applications
 - Lifeguard certification classes- April 22-May 11
- Swimming Pool opens on May 24
- Pool party and swim lesson reservations begin on May 1
- Splash Pad opens on May 1

Department Updates – Parks and Recreation

Fitness Center

Stats

- 923 Memberships
- 38 New Members
- 78 Renewals
- 4,394 Member visits
- 81 Classes
- 732 Class participants
- Sales
 - \$2,024 – Retail
 - \$1,601 – Short term passes (Day, Week, 10 Visit)
 - \$17,845 – Memberships
 - \$772.50 – Insurance Reimbursement

General Information

- 7 Part-Time Staff
- Pool dehumidifier and exhaust fan repairs
- Pool pump replacement

Department Updates – Library, Civic Center, Auditorium, Airport

Library – Shea Harp, Director

- Library Rehabilitation Project is near completion, goal to be open by beginning of GISD summer break

Civic Center & Auditorium – Morgan Smart

- Civic Center – Earth Day & other events, training, and other uses scheduled into summer
- Auditorium – assessment of current condition, options for future
- Downtown Historic District – awaiting word from US Park Service

Airport – Miguel Gamez, Brad Hunt, and Mike Halsema

- TXDOT grant funding meetings in progress
- Airport advisory board – concept in discussion

Department Updates – City Hall

Finance – Mike Halsema, Deputy City Manager

- Audit complete; working on personnel and other inventories for budget prep
- Project management for current sites at Stillhouse, Water Distribution, and others

Human Resources – Lori McLaughlin

- All job descriptions in process of being reviewed in relation to compensation & classification study
- City handbook edits & additions in progress

Courts, Water, Cemeteries, Permits – Mike H. & Lori M.

- Cemetery management procedures & forms all updated and in use

Department Updates – Planning, Code Enforcement

City Secretary:
Holly Owens

Planning

- Zoning/Development Ordinances: Ordinance 2025-09 BSC
- Plats Processed: 0
- Annexation Applications: 0

*All minor plats listed were reviewed and processed in-house.

Permits & Inspections

- 10 permits - \$3,362,695 (value)
- Inspections
 - Starbucks
 - OSO Clean Carwash
 - Ward Insurance
 - Duplexes
 - Single-family homes
- Review
 - 7 Brew Coffee (2302 S Hwy 36/corner of S 23rd and S SH 36)
 - Starbucks Signs
 - 1 house on Churchill Dr.

Code Enforcement

- 18 cases opened
- 1 abatement lien(s) filed
- 2 lien(s) paid (from previous years)
- 5 citations issued

Upcoming Community Events

- **April 18** – regional churches’ “Cross Walk”
- **April 26** – Summer Sounds Concert Series @ FLR Park
- **May 17** – Centex Crime Stoppers Donut Dash
- **May 30** – **city employee family pizza & pool party**
- **May 31** – Summer Sounds Concert Series @ FLR Park
- **June 7** – Shivarree (headliner: Kyle Park)
- **June 14** – Fire Ant Tour
- **June 28** – Summer Sounds Concert Series @ FLR Park
- **July 4** – Fireworks

