AGENDA
WATAUGA CITY COUNCIL
REGULAR MEETING
MONDAY, MAY 24, 2021
CITY HALL COUNCIL CHAMBER
7105 WHITLEY ROAD, WATAUGA, TEXAS 76148
6:30 PM

This notice is posted pursuant to the Texas Open Meetings Act. Notice is hereby given that a **Regular City Council Meeting** of the City of Watauga, Texas will be held at which time the following subjects will be discussed and may be acted upon.

CALL TO ORDER (Council Members, City Staff, Members of the Public - when speaking during the meeting please speak directly into the microphones on the dais or podium)

ROLL CALL

INVOCATION

PLEDGE OF ALLEGIANCE United States and Texas Flags

ANNOUNCEMENTS

PRESENTATIONS

1. Presentation by McCreary, Veselka, Bragg & Allen, P.C. regarding Delinquent Collection Services
   Sandra Gibson, Director of Finance
   Andrea Gardner, City Manager

2. Oath of Office administered to the newly elected Mayor and Council Members for Places 1, 3, 4, and 5 and presentation of Election Certificates
   Judge J. Stewart Bass
   Andrea Gardner, City Manager

3. Oath of Office administered to members of the Crime Control & Prevention District Board
Raquel Guajardo, Deputy City Secretary
Andrea Gardner, City Manager

PUBLIC COMMENT If speaking for an organization or group, the speaker should identify the group represented. If speaking during Public Comment (for matters not posted on that particular meeting's agenda), members of the City Council and Staff may only provide a statement of factual information in response to the inquiry or recite existing policy in response (e.g., to correct a factual misstatement made by the citizen or provide factual information requested by the citizen). Any deliberation of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a future meeting. If necessary, the Chair will task the City Manager to respond to the citizen and report back to the City Council as soon as practicable. Such report to the-City Council shall not constitute a meeting called by the City Council nor shall it constitute deliberation or formal action. Individual citizens addressing the City Council during Public Comment shall not exceed three (3) minutes in their comments; however, the Chair may extend or reduce the speaker's allotted time in order to conduct an efficient and effective public meeting. The time allotted shall not be donated to others desiring to speak. Public Comment is not established to engage in a conversation with the Council and no formal Council action will be taken.

PUBLIC TESTIMONY FOR ACTION ITEMS Only those persons who submit a completed Request to Speak form prior to the agenda item being introduced by the Chair will be allowed to speak on agenda items set for action (this doesn't include presentations or reports). The Chair shall ask each person requesting to speak to approach the podium when called to speak. Speakers time shall generally not exceed three (3) minutes in their comments and all comments must be germane to the specific agenda item being discussed; however, the Chair may extend or reduce the speaker's allotted time. Speakers shall not be permitted to donate their time to other speakers. Members of the City Council may ask questions or discuss the item directly with the citizen during the citizen's testimony if necessary. Any discussion between a Council member and the citizen will not count toward the time limit and Council Members are encouraged not to speak until the citizen has first utilized their allocated time.

CONSENT AGENDA All of the items on the consent agenda are considered to be self-explanatory by the Council and will be enacted with one motion, one second, and one vote. There will be no separate discussion of these items.

1. Consider action to approve an ordinance to provide relief for commercial properties of Watauga due to higher water consumption related to the winter storm of 2021
Sandra Gibson, Director of Finance
Andrea Gardner, City Manager

2. Consider action to approve the Monthly Financial Report for the period ending April 30, 2021

Sandra Gibson, Director of Finance
Andrea Gardner, City Manager

3. Consider action to approve the Quarterly Investment Report for the period ending March 31, 2021
Sandra Gibson, Director of Finance
Andrea Gardner, City Manager

4. Consider action to approve Bank Depository Services RFA # 19-005 for the first extension one-year period through August 31, 2022 with Southside Bank
Sandra Gibson, Director of Finance
Deby Woodard, Assistant Director of Finance
Andrea Gardner, City Manager

5. Consider action to approve an Interlocal Agreement between Tarrant County and the City of Watauga regarding the use City personnel in the administration of the COVID-19 vaccination
Randy Barkley, Assistant Fire Chief
Andrea Gardner, City Manager

6. Consider action to approve the meeting minutes of the April 8, 2021 NE Chamber of Commerce 63rd Annual Awards Banquet ; April 24, 2021 Joint WEDC & Special City Council Meeting; April 25, 2021 Special City Council Meeting; April 26, 2021 Regular City Council Meeting and May 12, 2021 Special City Council Meeting
Raquel Guajardo, Deputy City Secretary
Andrea Gardner, City Manager

7. Consider action to approve an Ordinance by the City Council of the City of Watauga, Texas amending chapter 2, article iii “boards and commissions” of the code of ordinances of the City of Watauga, Texas; adopting a new division 8, sections 2-131 through 2-140, creating the parks advisory board; establishing powers and duties; providing for its composition; appointment and removal of members; providing for new members; providing for conflicts of interest; providing for liaisons; providing for officers; providing for compensation of its members, fundraising activities and expenditures; providing for meetings; providing for assistance by staff; providing for severability; and providing an effective date.
Andrea Gardner, City Manager

8. Consider action to repeal Article III, Secs 101-50 through 101-56, Capital Improvements Advisory Committee, of the Code of Ordinances
Andrea Gardner, City Manager

ACTION ITEMS

1. Discuss and consider action to rescind the Disaster Declaration dated March 17, 2020
   Mark Taylor, Council Member, Place 6

2. Discuss and provide direction on establishing a policy for accepting award or recognition nominations
   Arthur Miner, Mayor

3. Discuss and consider action to consider appointments to the Zoning Board of Adjustment
   Arthur Miner, Mayor

4. Discuss and consider action to consider appointments to the Planning & Zoning Commission to fill the unexpired terms in Places 2 & 4
   Arthur Miner, Mayor

5. Discuss and consider action to appoint an applicant to Place 2 on the Library Advisory Board
   Arthur Miner, Mayor
   Andrea Gardner, City Manager

ITEMS FOR FUTURE AGENDAS

EXECUTIVE SESSION The City Council will recess its open meeting and reconvene in executive session to discuss the following items pursuant to the below referenced section(s) of the Texas Government Code:

1. Pursuant to §551.071, to deliberate and seek legal advice regarding anticipated litigation regarding claims the city may assert pursuant to Chapter 85 of the Texas Civil Practices Code

2. Pursuant to Section 551.074, to deliberate upon the duties of the City Attorney and amending certain terms within the legal services agreement with the City Attorney's law firm.
   Arthur Miner, Mayor

RECONVENE The City Council will return to open session in the City Council Chamber for possible discussion and action as a result of the Executive Session.

ITEMS OF EXECUTIVE SESSION DELIBERATION

1. Discuss and consider amending certain terms within the legal services agreement between the City of Watauga and Russell Rodriguez Hyde Bullock, LLP.
   Arthur Miner, Mayor
   Andrea Gardner, City Manager

2. Discuss and consider action on anticipated litigation regarding claims the city may assert pursuant to Chapter 85 of the Texas Civil Practices Code

ADJOURNMENT

Meeting Notices and Reservation of Rights

The City Council may retire to executive session any time between the meeting's opening and adjournment for the purpose of consultation with legal counsel pursuant to Chapter 551.071 of the Texas Government Code; discussion of personnel matters pursuant to Chapter 551.074 of the Texas Government Code if the requisite information is otherwise posted; deliberation regarding real property pursuant to Chapter 551.072 of the Texas Government Code; deliberation regarding economic development negotiations pursuant to Chapter 551.087 of the Texas Government Code; and/or deliberation regarding the deployment, or specific occasions for implementation of security personnel or devices pursuant to Chapter 551.076 of the Texas Government Code (as applicable) when determined necessary by the to address a subject matter on the agenda. Action, if any, will be taken in open session.

This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Executive Session portion of the agenda constitutes a written interpretation of Texas Government Code Chapter 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy Texas Government Code Chapter 551.144(c) and the meeting is conducted by all participants in reliance on this opinion.

Attendance by Other Elected or Appointed Officials: It is anticipated that members of other governmental bodies, and/or city council, boards, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the body, board, commission and/or committee. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a possible meeting of the other body, board, commission and/or committee, whose members may be in attendance, if such numbers constitute a quorum. The members of the city council, boards, commissions and/or committees may be permitted to participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for that city council, body, board, commission or committee subject to the Texas Open Meetings Act.

NOTICE

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT (817) 514-5825, OR FAX (817) 514-3625.

I, Andrea Gardner, City Secretary for the City of Watauga, hereby certify that this agenda was posted on the bulletin boards at City Hall, 7105 Whitley Road, Watauga, Texas, on Friday, May 21, 2021, before 6:30 p.m., in accordance with Chapter 551 of the Texas Government Code.

Andrea Gardner, City Secretary

AGENDA MEMORANDUM

DATE: May 3, 2021

TO: Honorable City Council Members

FROM: Sandra Gibson, Director of Finance

THROUGH: Andrea Gardner, City Manager

SUBJECT: Presentation by McCreary, Veselka, Bragg & Allen, P.C. regarding Delinquent Collection Services

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BACKGROUND/INFORMATION:

McCreary, Veselka, Bragg & Allen P.C. provides delinquent account collection services to the City on unpaid fines, utility accounts, and ambulance accounts. MVBA will present an overview of their services and provide an annual business review.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

This item does not require a recommendation as it is a presentation/report.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. May 24 2021 Watauga City Council Meeting

REVIEWED BY:

Sandra Gibson, Director of Finance	Approved - 5/18/2021
Karrie Marling, Legal	Approved - 5/20/2021
George Hyde, Legal	Approved - 5/21/2021
Andrea Gardner, City Manager	Approved - 5/21/2021
Raquel Guajardo, Deputy City Secretary	Final Approval - 5/21/2021

Approved as to form for inclusion on Agenda

MAY 24, 2021
WATAUGA CITY COUNCIL

CITY OF WATAUGA

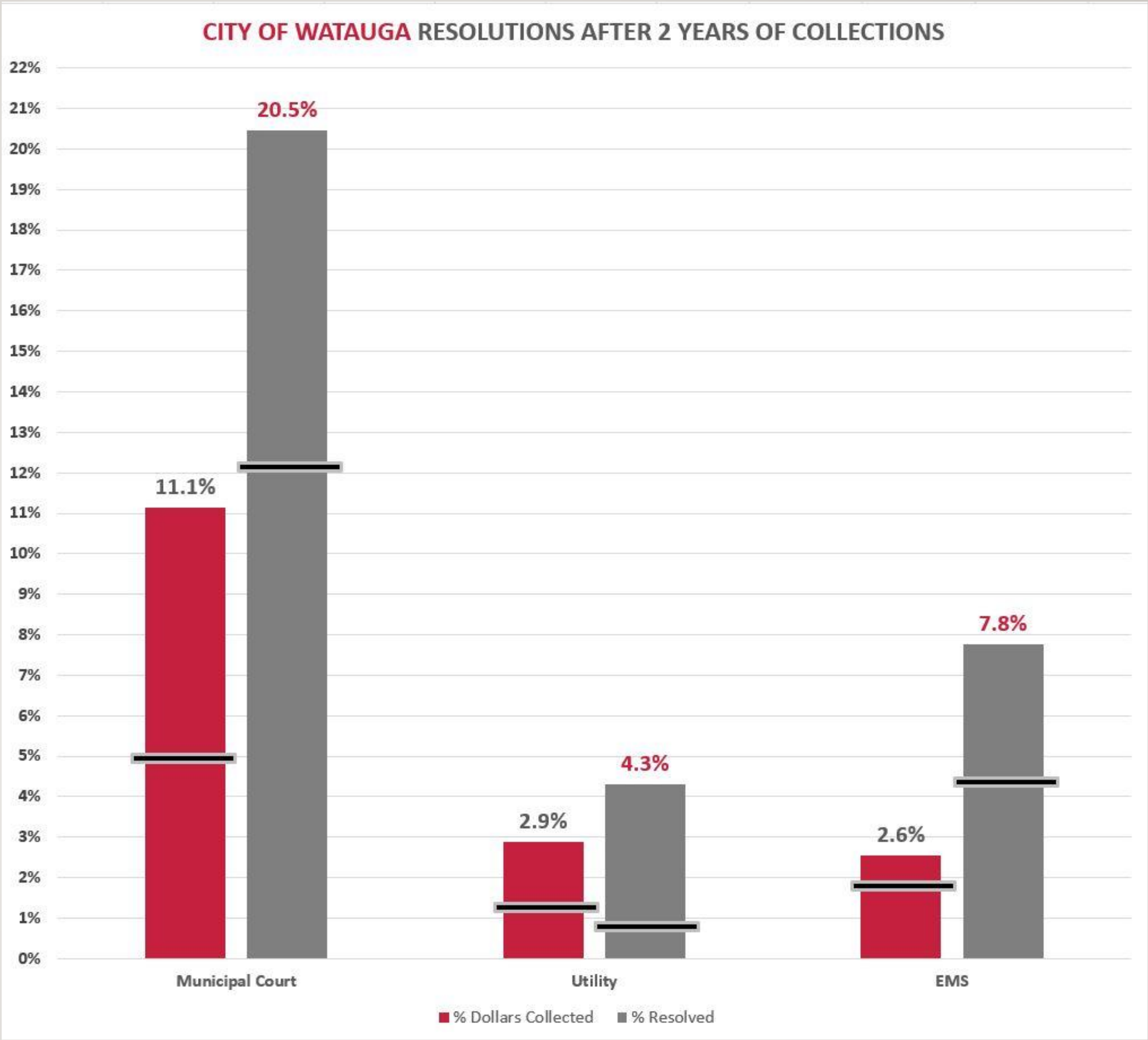
MUNICIPAL COURT, UTILITY & EMERGENCY MEDICAL SERVICES

CREATED AND PROVIDED BY MVBA

MCCREARY, VESELKA, BRAGG & ALLEN, PC & ACCOUNTS RECEIVABLE COLLECTIONS GROUP

- Collecting delinquent government receivables for more than 55 years.
- Working for several other cities or counties in the MetroPlex.
- Contract with the City began January 2019.
- Currently collecting for Municipal Court, Utility Dept. and EMS.
- There has been excellent cooperation between City staff and MVBA staff.
- Communication between staffs appears to be excellent as well.

This symbol indicates the % of resolutions during last years business review.



AGENDA MEMORANDUM

DATE: May 7, 2021

TO: Honorable City Council Members

FROM: Raquel Guajardo, Deputy City Secretary

THROUGH: Andrea Gardner, City Manager

SUBJECT: Oath of Office administered to members of the Crime Control & Prevention District Board

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BACKGROUND/INFORMATION:

Chapter 363.101 of the Texas Local Government Code requires Board Members for Crime Control & Prevention Districts to serve two year terms.

363.1015 of Texas LGC reads: "The governing body of a municipality or county by resolution may appoint the governing body's membership as the board of directors of the district."

FINANCIAL IMPLICATIONS:

None.

RECOMMENDATION/ACTION DESIRED:

City staff respectfully recommends the Oath of Office be administered to members requiring the oath for the Watauga Crime Control & Prevention District.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

None

REVIEWED BY:

Andrea Gardner, City Manager — Final Approval - 5/21/2021
Approved as to form for inclusion on Agenda

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: April 23, 2021

TO: Honorable City Council Members

FROM: Sandra Gibson, Director of Finance

SUBJECT: Consider action to approve an ordinance to provide relief for commercial properties of Watauga due to higher water consumption related to the winter storm of 2021

BACKGROUND/INFORMATION:

At the March 8, 2021 Council meeting, City Council directed staff to gather information relating to the impact to Utility customers due to the winter storm in February.

At the March 22, 2021 Council meeting, staff presented information to present to Council for their consideration to provide economic relief to Utility customers who may have increased water usage due to pipes that may have burst or water leaks due to the winter weather conditions. Council directed staff to continue with the normal sewer averaging process since the winter storm water consumption was not included in the calculations.

Council directed staff to provide additional relief for leak adjustments for commercial customers. - Ordinance #42-84 provides for an annual leak adjustment for customers in the event of hidden leak. The fee schedule set forth in Chapter 12 Section 12-42, Schedule B, item 'D' sets the maximum amount at $150.00. Customers can apply for this adjustment through the website, or by contacting the utility billing department for the form/application. The City has had approximately twelve residential accounts apply for the leak adjustment relating to the storm and the adjustment of $150.00 credit to their accounts will be processed on their next billing.

As of the date of this agenda item, staff has had only one commercial property apply for the leak adjustment. Based on the calculated impact to this account, staff recommends that Council approve an additional $150.00 for businesses for the sewer charges (for a maximum total of $300.00 for water and sewer adjustments) for accounts affected by leaks related to the winter storm. Commercial properties are not subject to the winter averaging so their sewer billings are based on actual water consumption.

The attached ordinance would provide for the increase of $150.00 to a maximum of $300.00 in leak adjustments for water and sewer for commercial accounts that apply for the relief.

AGENDA MEMORANDUM

FINANCIAL IMPLICATIONS:
Based on the number of applications the City has received, the cost of providing this relief will be minimal to the City.

RECOMMENDATION/ACTION DESIRED:
Staff asks that Council provide direction providing economic relief to customers who experienced broken pipes/water leaks due to the February 2021 winter storm.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. 2021.5.20 2021 Winter Storm Leak Adjustment Ordinance

REVIEWED BY:

Sandra Gibson, Director of Finance	Approved - 4/19/2021
Karrie Marling, Legal	Approved - 5/20/2021
George Hyde, Legal	Approved - 5/21/2021
Andrea Gardner, City Manager	Approved - 5/21/2021
Raquel Guajardo, Deputy City Secretary	Final Approval - 5/21/2021

Approved as to form for inclusion on Agenda

CITY OF WATAUGA, TEXAS
ORDINANCE NO. 2021-027

AN ORDINANCE OF THE CITY OF WATAUGA, TEXAS; PROVIDING FOR CERTAIN LEAK ADJUSTMENTS ASSOCIATED WITH THE 2021 WINTER STORM; PROVIDING FOR REPEAL; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the severe weather event experienced by the City of Watauga and the State of Texas that occurred between February 11, 2021 and February 19, 2021, has caused considerable damage to properties in the City of Watauga, Texas, including, but not limited to, ruptured water pipes and irrigation lines, damaged hot water heaters, flooding, structural damage, and ruined sheetrock and flooring; and

WHEREAS, many properties were without power, heat, and water, and those with water were encouraged to run or drip water to avoid frozen pipes and further damage; and

WHEREAS, the City Council has determined that it is appropriate to provide commercial properties in the City with relief related to water charges and repairs resulting from the 2021 winter storm damage; and

WHEREAS, Subsection 12-42(d) of Chapter 12 of the Code of Ordinances, as amended, provides for a leak adjustment up to an amount of $150.00 for utility customers annually; and

WHEREAS, the City Council finds that additional adjustments for commercial properties for leaks related to the winter storm is the best interest of the City of Watauga.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga, Texas as follows:

I.

The facts and recitations set forth in the preamble of this Ordinance are hereby found to be true and correct and adopted herein for all purposes.

II.

The City Council of the City of Watauga authorizes the City Manager to provide an additional leak adjustment of up to $150.00 for commercial properties providing up to a total maximum adjustment of $300.00 for actual usage occurring February 11, 2011, through February 19, 2021.

III.

This Ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas, and this ordinance shall not operate to repeal or affect any of such other ordinances, except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Ordinances, in which event such conflicting provisions, if any, in such other ordinance(s) are hereby repealed.

IV.

In the event any clause, phrase, provision, sentence or part of this Ordinance or the application of the same to any person or circumstances shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Watauga, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

V.

This Ordinance shall become effective and shall be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon application of law and in accordance with Sections 3.11 and 3.13 of the Charter of the City of Watauga, Texas.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this the _____ day of _____, 2021.

APPROVED:

____
ARTHUR L. MINER, MAYOR

ATTEST:

____
ANDREA GARDNER, TRMC
CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:

____
GEORGE HYDE, CITY ATTORNEY
RUSSELL RODRIGUEZ HYDE BULLOCK, LLP

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: March 23, 2021

TO: Honorable City Council Members

FROM: Sandra Gibson, Director of Finance

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consider action to approve the Monthly Financial Report for the period ending April 30, 2021

BACKGROUND/INFORMATION:
The Monthly Financial Report for the period ending April 30, 2021 is attached for City Council review and approval.

FINANCIAL IMPLICATIONS:
N/A

RECOMMENDATION/ACTION DESIRED:
Respectfully recommend the Council review and approved the Monthly Financial Report for the period ending April 30, 2021.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. Council Report - April 2021 to Council May 24, 2021 kr
2. Fund Details 4.2021

REVIEWED BY:

Andrea Gardner, City Manager	Approved - 5/19/2021
Raquel Guajardo, Deputy City Secretary	Final Approval - 5/19/2021

Approved as to form for inclusion on Agenda

Monthly Financial Report Fiscal 2020-2021
For the period ending April 30, 2021

Sales Tax

The City's sales tax receipts from the State Comptroller received in the month of May 2021 (reflecting March 2021 sales receipts) increased on a whole by 25.69%, or $92,830.14 from the same time last year. This increase is net of the loss of the quarter cent street maintenance sales tax for street maintenance that ended in January, 2021.

In looking at the comparison schedule this month, it is important to note that during the month of March, 2020, there were significant sales tax declines due to the restrictions placed on businesses due to the pandemic. A comparison of March 2021 sales tax receipts for Watauga and surrounding cities are shown below:

SALES TAX RECEIPTS COMPARISONS MARCH 2020 vs. MARCH 2021
RECEIVED FROM COMPTROLLER - MAY
FISCAL YEAR 2020-2021

	Sales Tax Receipts for the Month:			
City	MARCH 2021 Sales	MARCH 2020 Sales	$ Change	% Change
Saginaw	$ 1,242,099.65	$ 499,934.55	$ 742,165.10	148.45%
Colleyville	$ 847,936.46	$ 566,739.29	$ 281,197.17	49.62%
Southlake	$ 3,260,236.45	$ 2,194,218.84	$ 1,066,017.61	48.58%
Roanoke	$ 2,119,817.90	$ 1,449,107.22	$ 670,710.68	46.28%
Keller	$ 1,434,308.90	$ 1,063,799.13	$ 370,509.77	34.83%
Bedford	$ 1,420,533.26	$ 1,061,740.07	$ 358,793.19	33.79%
Euless	$ 2,129,328.68	$ 1,591,557.51	$ 537,771.17	33.79%
N. Richland Hills	$ 1,960,929.64	$ 1,512,853.13	$ 448,076.51	29.62%
Fort Worth	$ 18,615,313.33	$ 14,371,791.03	$ 4,243,522.30	29.53%
Haltom City	$ 1,604,437.21	$ 1,243,020.55	$ 361,416.66	29.08%
Watauga	$ 454,229.85	$ 361,399.71	$ 92,830.14	25.69%
Hurst	$ 1,434,164.74	$ 1,176,241.95	$ 257,922.79	21.93%
Grapevine	$ 3,445,740.30	$ 3,040,520.00	$ 405,220.30	13.33%
Richland Hills	$ 533,940.50	$ 475,886.23	$ 58,054.27	12.20%

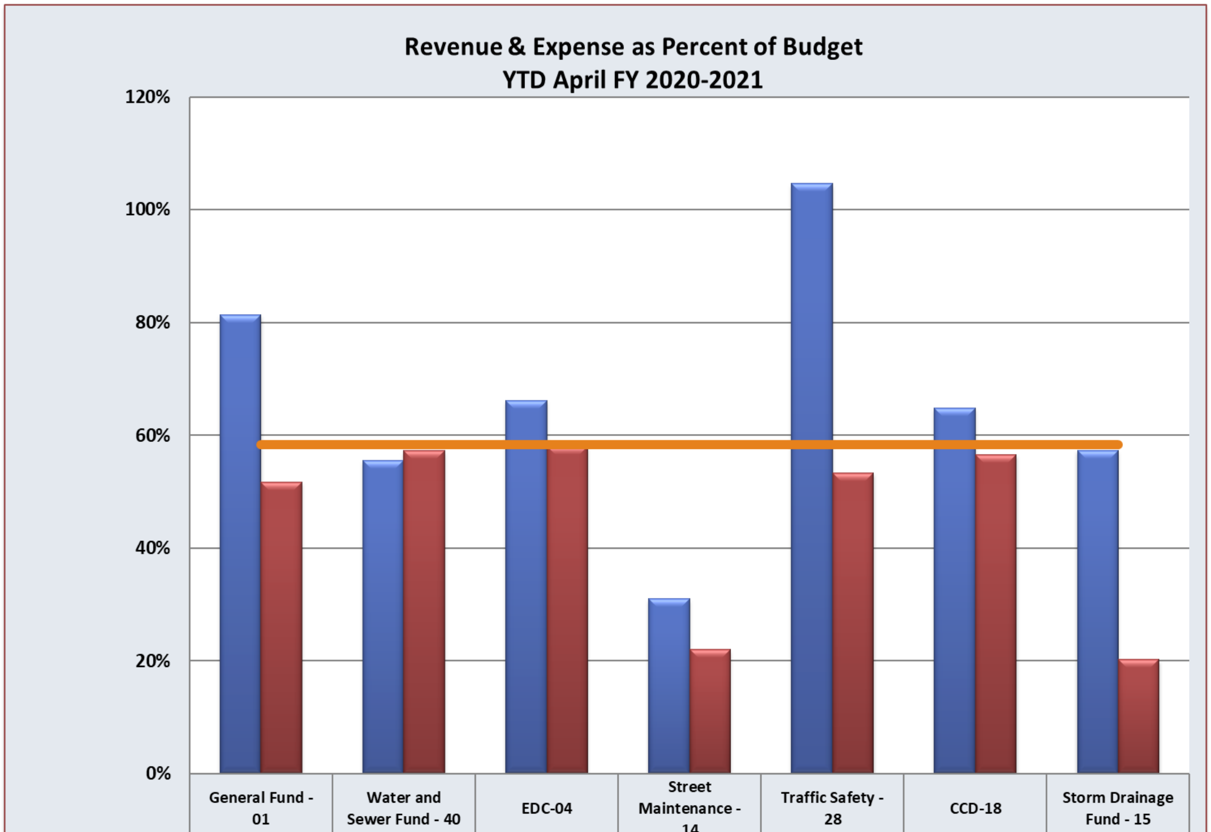
Source: State Comptroller
City Collections only - not Special Purpose Districts or Transit

Sales tax collections specifically for General Fund and EDC in comparison to the same time last year increased by 50.8% or $153,063.43. The increase this year is largely due to the easing of restrictions that were placed on businesses last year due to the COVID-19 pandemic. In addition, sales tax has increased due to on-line sales and increased consumer spending. The total amount collected also includes prior period adjustments, future period adjustments and audit collections.

The City will receive the distribution for April 2021 sales tax receipts on June 11, 2021. Sales tax revenues have been estimated for the April reporting period.

Financial Highlights

The City is 58.3% through the fiscal year 2020-2021. Revenue and expenses are reflected in the chart below and details of each fund's revenues and expenditures are attached. Also attached is a Departmental Consolidated Budget Report that shows expenditures for departments across all funds. For example, the Police Department budget and expenditures are combined for the three funds in which expenditures are reported (General Fund, Crime Control, and Traffic Safety fund). The Consolidated Departmental Budget Report does not include capital outlay or debt service expenditures.



	General Fund - 01	Water and Sewer Fund - 40	EDC-04	Street Maintenance - 14	Traffic Safety - 28	CCD-18	Storm Drainage Fund - 15
Revenues	81.40%	55.59%	66.20%	31.00%	104.59%	64.83%	57.31%
Expenses	51.71%	57.26%	58.01%	21.97%	53.33%	56.56%	20.22%
Percent of Year	58.33%	58.33%	58.33%	58.33%	58.33%	58.33%	58.33%

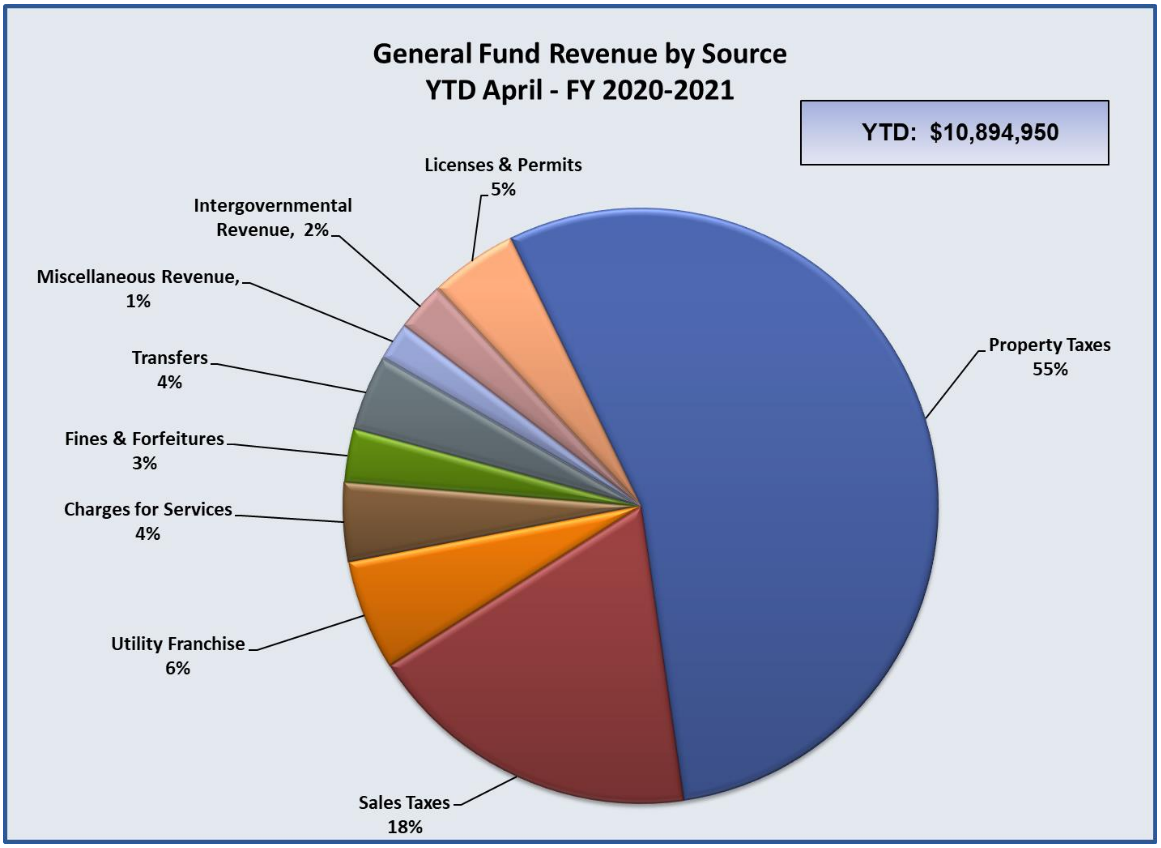
General Fund

Revenues – Year-to-date revenues represent 81.4% of budget collected, or $10,894,950.

Property Tax – The City has received 97.1% of budgeted property taxes. Receipts are in good position with expectations at this time. The majority of property tax revenues are received in December and January.

Utility Franchise Revenue - The majority of franchise receipts are received on a quarterly basis. The City has received $654,368 or 75.9% in budgeted franchise fee revenues through April 2021.

Licenses and Permits - License and permit fees are at 97.3% of budget collected; an increase of $229,793 over prior year. The increase is primarily due to building permits relating to the Whitley Road Elementary rebuild construction.



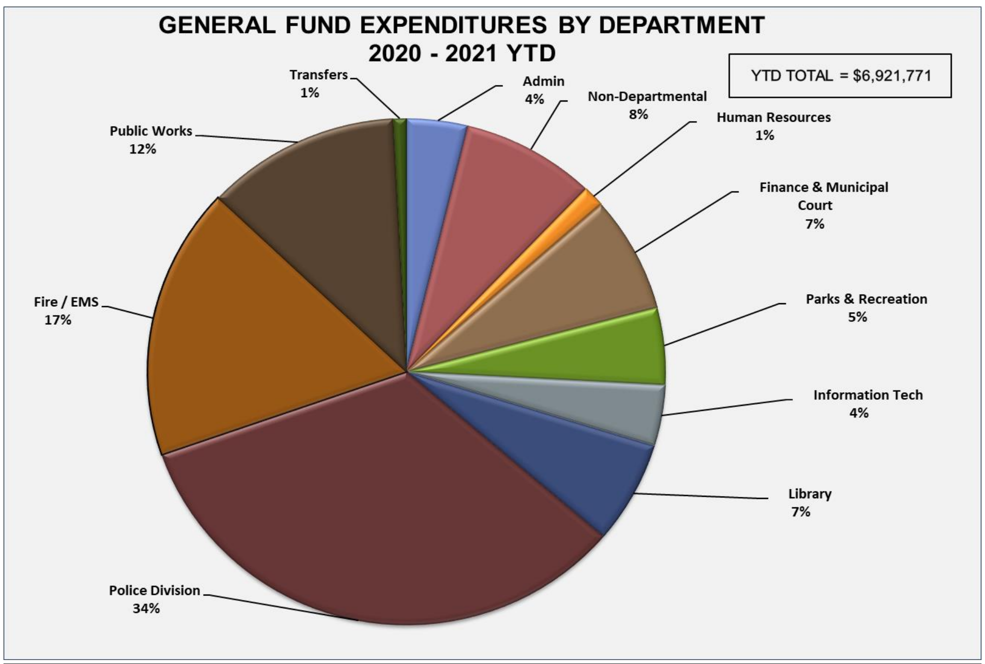
Charges for Services - Charges for Services revenues are at 62.8% of budget collected. Charges for services include recreation fees, ambulance services, garbage collection fees and animal adoption fees. For the month of April, this revenue category is up $16,068 or 24.2% in comparison to the same period of prior year.

Fines and Forfeitures - Fines and Forfeitures are at 61.3% of budget, which is 4.9% lower than last year's collections. Due to the pandemic and impact on court operations, court collections overall are expected to remain lower this fiscal year. Adjudication of cases will move at a slower pace due to the limitations of cases that can be scheduled and cleared during virtual court sessions.

Miscellaneous Revenue - Miscellaneous revenues include interest earnings, rental of recreational facilities, bingo, and other revenue. These receipts total $225,501 which is right on budget at 58.6% of budgeted revenues. For this category, interest income is expected to be lower than prior year due to the decline in interest yield in the City's investment and money market accounts.

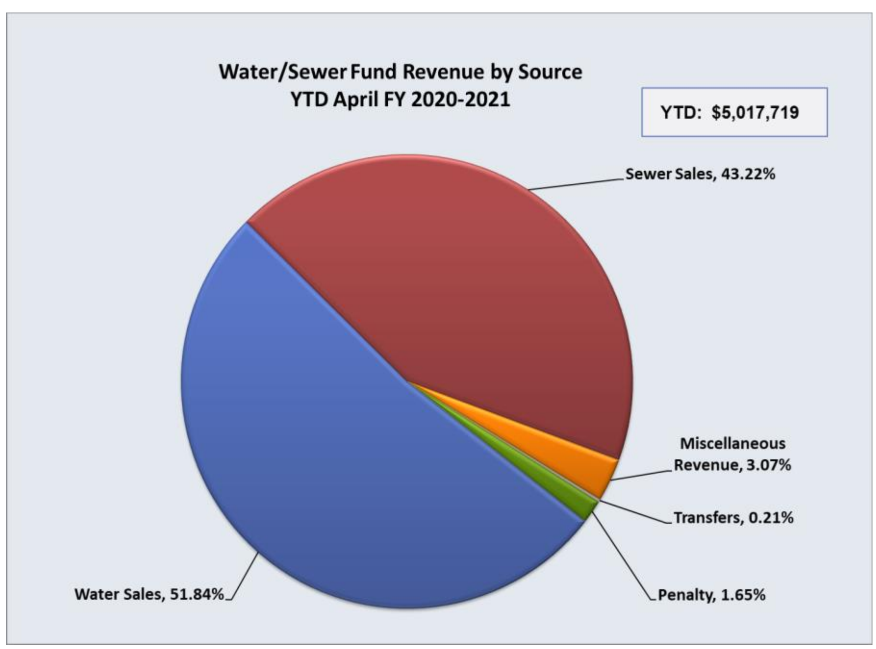
Intergovernmental Revenue and Transfers - Intergovernmental Revenue include transfers from other funds for services the general fund provides and payments in lieu of taxes from the enterprise funds. Currently these revenues are on target with intergovernmental at 58.2% of budget and Transfers at 58.4% of budget.

Expenses - General fund expenses are at 51.7% of budget expended and total $6,921,771. Expenditures are 7.3% lower in comparison to the prior year. This is due to the reduced budgeted expenditures in various categories for the 2020-2021 fiscal year as well as reimbursement of pandemic related expenses provided by the CARES Act grant funds. These grant expenditures are recorded in a separate fund and have provided significant relief to the general fund this fiscal year. The CARES grant funding reimbursements were completed in December, 2020. General fund expenditures by department are shown below.



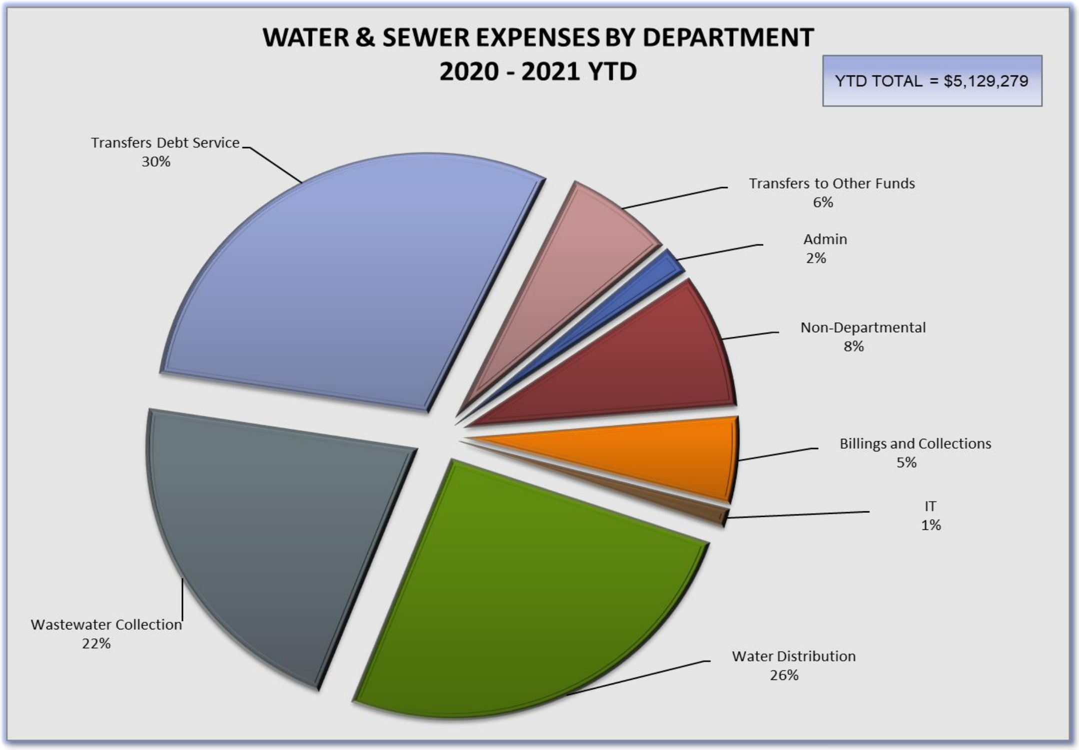
Water and Sewer Fund

Water and sewer revenues are currently at 55.6% of budget through April 2021. Water sales are at 54.8% of budgeted revenues and Sewer revenues are at 57.4% of budget. Water consumption varies due to seasonal fluctuations. Revenues are $73,543 lower than prior year through April 2021. **Miscellaneous Sales -** Miscellaneous sales include penalty revenue, EPA revenue, service



charges, returned check fees, and damaged/ tampering fees. This category of revenue is at 63.5% of budget collected.

Expenses – Year-to-date expenses in the Water/Sewer fund are currently at 57.3% of budget expended and total $5,129,279. Transfers to debt service are at 85.2% of budget due to the payments that were due and paid on February 1, 2021. The



remaining debt service payments are due August 1, 2021. Wastewater expenditures are down $327,426 or 22.9% from last year. This is due to a decrease in wholesale costs for wastewater treatment as well as personnel position savings due to unfilled positions.

Storm Drain Fund – Revenues represent 57.3% of budget collected. Expenses are at 20.2% of budget in this fund through April 2021. Capital projects budgeted in FY2020-2021 include Whitley Road and other storm drain improvements, of which expenditures total $634,727 through April 2021.

Special Revenue Funds - In the **Street Maintenance Fund**, revenues are 31.2% of budget collected and expenses are at 22% of budget. Significant revenue impacts are realized due to the ¼ cent reduction of sales tax for this fund effective January 1, 2021. Projects will still be funded using the fund balance reserves. A budget adjustment for decreased revenues will be presented for Council consideration at a future council meeting. The **Crime Control and Prevention District** has collected 64.8% of total revenues and is at 56.6% of budget expended. The **Economic Development Corporation Fund** has collected 70% of sales tax revenues and is at 58% of budget expended through April 2021. The **Traffic Safety Fund** will not collect any revenues due to the photographic enforcement program discontinuation by HB1631. This fiscal year the remaining fund balance is expected to be expended and traffic personnel will need to be budgeted in the general fund in future years. Through April, expenditures are at 53.3% or $186,565 of budget.

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2021
For the period ending: April 30, 2021 (3rd FY Qtr.)

GENERAL FUND - 01

REVENUE:	ORIGINAL BUDGET	4/30/2021 YTD ACTUAL	% USED	% REMAINING	4/30/2020 YTD ACTUAL	$ CHG 21 vs 20	% CHG 21 vs 20
TAXES							
AD VALOREM	6,108,000	5,933,718	97.15%	2.85%	5,768,577	165,141	2.86%
Delinquent	26,000	27,391	105.35%	-5.35%	29,415	(2,024)	-6.88%
Penalty & Interest	27,500	22,084	80.31%	19.69%	23,182	(1,097)	-4.73%
SALES TAX	2,920,000	1,994,143	68.29%	31.71%	1,719,882	274,261	15.95%
UTILITY FRANCHISE	862,000	654,368	75.91%	24.09%	734,911	(80,543)	-10.96%
LICENSES & PERMITS	531,000	516,926	97.35%	2.65%	287,134	229,793	80.03%
INTERGOVERNMENTAL REVENUE	502,600	292,757	58.25%	41.75%	298,665	(5,908)	-1.98%
CHARGES FOR SERVICES	740,500	465,067	62.80%	37.20%	416,418	48,648	11.68%
FINES & FORFEITURES	515,900	316,074	61.27%	38.73%	332,347	(16,273)	-4.90%
MISCELLANEOUS INCOME	384,900	225,501	58.59%	41.41%	171,604	53,897	31.41%
OPERATING TRANSFERS IN	765,281	446,922	58.40%	41.60%	428,108	18,814	4.39%
TOTAL REVENUE	**$13,383,681**	**$10,894,950**	**81.40%**	**18.60%**	**$10,210,243**	**$684,707**	**6.71%**
ADMINISTRATION	492,977	263,716	53.49%	46.51%	32,647	231,069	707.79%
HUMAN RESOURCES	182,169	93,378	51.26%	48.74%	86,178	7,199	8.35%
BUILDINGS - PW	834,740	415,744	49.81%	50.19%	397,204	18,540	4.67%
FINANCE	500,247	305,065	60.98%	39.02%	287,676	17,389	6.04%
MUNICIPAL COURT - FIN	401,730	207,970	51.77%	48.23%	241,333	(33,363)	-13.82%
DEVELOPMENTAL SERVICES - PW	237,745	118,127	49.69%	50.31%	119,237	(1,110)	-0.93%
LIBRARY	882,480	452,246	51.25%	48.75%	445,681	6,566	1.47%
PARKS AND RECREATION	882,505	340,480	38.58%	61.42%	71,987	268,493	372.97%
POLICE	4,054,124	2,315,086	57.10%	42.90%	2,328,742	(13,656)	-0.59%
FIRE/EMS	2,644,602	1,199,497	45.36%	54.64%	1,391,204	(191,707)	-13.78%
PUBLIC WORKS - STREETS	434,632	193,633	44.55%	55.45%	267,085	(73,452)	-27.50%
FLEET MANAGEMENT - PW	204,900	111,724	54.53%	45.47%	106,304	5,420	5.10%
NON-DEPARTMENTAL	1,129,810	577,486	51.11%	48.89%	723,008	(145,522)	-20.13%
INFORMATION TECHNOLOGY	402,909	269,287	66.84%	33.16%	245,956	23,331	9.49%
ECONOMIC DEVELOPMENT	-	-	0.00%	0.00%	-	0	0.00%
TRANSFERS TO OTHER FUNDS	100,000	58,333	58.33%	41.67%	7,292	51,042	700.00%
TOTAL EXPENDITURES	**13,385,570**	**6,921,771**	**51.71%**	**48.29%**	**7,463,994**	**($542,222)**	**-7.26%**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	**($1,889)**	**$3,973,179**			**$2,746,249**	**$1,226,930**	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2021
For the period ending: April 30, 2021 (3rd FY Qtr.)

DEBT SERVICE FUND - 03

REVENUE:	CURRENT BUDGET	4/30/2021 YTD ACTUAL	% USED	% REMAINING	4/30/2020 YTD ACTUAL	$ CHG 21 vs 20	% CHG 21 vs 20
TAXES							
AD VALOREM	2,720,000	2,661,211	97.84%	2.16%	2,481,709	$179,502	7.23%
Delinquent	12,000	11,784	98.20%	1.80%	12,669	($885)	-6.98%
Penalty & Interest	10,000	8,625	86.25%	13.75%	8,973	($348)	-3.88%
INTEREST EARNINGS	5,000	898	17.96%	82.04%	10,442	($9,544)	-91.40%
OTHER FINANCING SOURCES	-	0	-	-	0	$0	-
OPERATING TRANSFERS IN	157,503	91,877	58.33%	41.67%	58,437	$33,440	57.22%
TOTAL REVENUE	$2,904,503	$2,774,394	95.52%	4.48%	$2,572,230	$202,165	7.86%
Contractual & Sundry	2,957,206	2,677,508	90.54%	9.46%	2,349,913	$327,595	0.00%
TOTAL EXPENDITURES	2,957,206	2,677,508	90.54%	9.46%	2,349,913	$327,595	0.00%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	($52,703)	$96,886			$222,317	($125,430)	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2021
For the period ending: April 30, 2021 (3rd FY Qtr.)

WATAUGA ECONOMIC DEVELOPMENT CORP - 04

REVENUE:	CURRENT BUDGET	4/30/2021 YTD ACTUAL	% USED	% REMAINING	4/30/2020 YTD ACTUAL	$ CHG 21 vs 20	% CHG 21 vs 20
SALES TAX	705,000	493,190	69.96%	30.04%	422,749	70,441	16.66%
INTEREST EARNINGS	5,000	542	10.84%	89.16%	3,802	(3,260)	-85.74%
INTEREST/ESCROW	-	-	-	-	-	0	-
CONTRIBUTIONS/OTHER	35,800	-	-	-	-	0	-
TOTAL REVENUE	$745,800	$493,732	66.20%	33.80%	$426,550	67,182	15.75%
PERSONNEL SERVICES	-	-	0.00%	0.00%	-	-	0.00%
NON-DEPARTMENTAL	-	-	0.00%	0.00%	-	-	0.00%
SUPPLIES	1,085	608	56.05%	43.95%	324	284	87.86%
MAINTENANCE	-	-	0.00%	0.00%	-	-	0.00%
CONTRACTUAL & SUNDRY	117,875	63,105	53.54%	46.46%	75,026	(11,920)	-15.89%
TRANSFERS	379,784	227,082	59.79%	40.21%	171,674	55,408	32.28%
CAPITAL OUTLAY	2,500	-	0.00%	100.00%	-	-	0.00%
TOTAL EXPENDITURES	501,244	290,796	58.01%	41.99%	$ 247,023	43,772	17.72%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	$244,556	$202,936			$179,527	$23,409	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2021
For the period ending: April 30, 2021 (3rd FY Qtr.)

Strategic Initiative Fund - 13

REVENUE:	CURRENT BUDGET	4/30/2021 YTD ACTUAL	% USED	% REMAINING	4/30/2020 YTD ACTUAL	$ CHG 21 vs 20	% CHG 21 vs 20
INTEREST EARNINGS	500	75	15.01%	84.99%	1,221	(1,146)	-93.85%
INTEREST/ESCROW	-	-	-	-	-	-	-
TRANSFERS	-	-	-	-	-	-	0.00%
TOTAL REVENUE	**$500**	**$75**	**15.01%**	**84.99%**	**$1,221**	(1,146)	**-93.85%**
CONTRACTUAL & SUNDRY	101,978	1,413	1.39%	98.61%	50,100	(48,688)	0.00%
TOTAL EXPENDITURES	**101,978**	**1,413**	**1.39%**	**98.61%**	**$ 50,100**	(48,688)	**0.00%**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	**($101,478)**	**($1,338)**			**($48,879)**	**47,542**	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2021
For the period ending: April 30, 2021 (3rd FY Qtr.)

STREET MAINTENANCE FUND - 14

REVENUE:	CURRENT BUDGET	4/30/2021 YTD ACTUAL	% USED	% REMAINING	4/30/2020 YTD ACTUAL	$ CHG 21 vs 20	% CHG 21 vs 20
SALES TAX	708,000	220,958	31.21%	68.79%	422,739	(201,781)	-47.7%
INTEREST EARNINGS	8,000	999	0.00%	100.00%	8,477	(7,478)	-88.2%
INTEREST/ESCROW	-	-	-	-	-	-	-
CONTRIBUTIONS/OTHER	-	-	-	-	-	-	-
TOTAL REVENUE	**$ 716,000**	**$221,956**	**31.21%**	**168.79%**	**431,215**	**($209,259)**	**-48.53%**
MAINTENANCE	100,000	9,641	9.64%	90.36%	57,778	(48,137)	0.0%
CONTRACTUAL & SUNDRY	8,000	265	3.31%	96.69%	790	(525)	0.0%
CAPITAL OUTLAY	800,000	72,155	9.02%	90.98%	49,969	-	0.0%
TOTAL EXPENDITURES	**908,000**	**82,061**	**9.04%**	**90.96%**	**108,537**	**($26,476)**	**-24.4%**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	**($192,000)**	**$139,895**			**$322,678**	**($182,783)**	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2021
For the period ending: April 30, 2021 (3rd FY Qtr.)

STORM DRAIN FUND - 15

REVENUE:	CURRENT BUDGET	4/30/2021 YTD ACTUAL	% USED	% REMAINING	4/30/2020 YTD ACTUAL	$ CHG 21 vs 20	% CHG 21 vs 20
USERS FEE	1,470,000	859,652	58.48%	41.52%	860,179	(526)	-0.06%
OTHER REVENUE	-	-	-	-	-	-	-
INTEREST INCOME	35,000	2,900	8.29%	91.71%	54,647	(51,747)	-94.69%
			-	-		-	-
TOTAL REVENUE	**$1,505,000**	**$862,552**	**57.31%**	**42.69%**	**$914,826**	**($52,273)**	**-5.71%**
PERSONNEL	465,400	242,438	52.09%	47.91%	$254,254	(11,816)	-4.65%
SUPPLIES	32,150	7,159	22.27%	77.73%	$5,978	1,181	19.75%
MAINTENANCE	54,500	5,590	10.26%	89.74%	$9,800	(4,210)	0.00%
CONTRACTUAL & SUNDRY	184,445	72,087	39.08%	60.92%	$74,948	(2,861)	-3.82%
CAPITAL	2,328,697	264,471	11.36%	88.64%	$1,516,076	(1,251,606)	0.00%
TRANSFERS TO OTHER FUNDS	73,500	42,983	58.48%	41.52%	$46,009	(3,026)	-6.58%
TOTAL EXPENDITURES	**3,138,692**	**634,727**	**20.22%**	**79.78%**	**$1,907,064**	**($1,272,338)**	**-66.72%**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	**($1,633,692)**	**$227,826**			**($992,238)**	**$1,220,064**	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2021
For the period ending: April 30, 2021 (3rd FY Qtr.)

CRIME CONTROL DISTRICT - 18

REVENUE:	ORIGINAL BUDGET	4/30/2021 YTD ACTUAL	% USED	% REMAINING	4/30/2020 YTD ACTUAL	$ CHG 21 vs 20	% CHG 21 vs 20
SALES TAX	1,347,000	947,993	70.38%	29.62%	830,789	117,204	14.11%
INTEREST EARNING/OTHER	54,000	25,103	46.49%	53.51%	7,849	17,254	219.82%
TRANSFERS	100,000		-	-		-	-
TOTAL REVENUE	$1,501,000	$973,096	64.83%	35.17%	$838,638	$134,458	16.03%
PERSONNEL SERVICES	991,000	562,300	56.74%	43.26%	$582,394	(20,094)	-3.45%
SUPPLIES	128,500	56,705	44.13%	55.87%	$51,237	5,468	10.67%
MAINTENANCE	223,000	146,914	65.88%	34.12%	$139,706	7,209	5.16%
CONTRACTUAL & SUNDRY	168,150	85,937	51.11%	48.89%	$77,166	8,771	11.37%
TRANSFERS	30,000	18,960	63.20%	36.80%	$16,206	2,754	16.99%
CAPITAL OUTLAY	13,000	7,976	61.35%	38.65%	$5,750	2,226	0.00%
TOTAL EXPENDITURES	1,553,650	878,793	56.56%	43.44%	$872,460	$6,333	0.73%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	($52,650)	$94,303			$ (33,822)	$128,125	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2021
For the period ending: April 30, 2021 (3rd FY Qtr.)

Traffic Safety - 28

REVENUE:	CURRENT BUDGET	4/30/2021 YTD ACTUAL	% USED	% REMAINING	4/30/2020 YTD ACTUAL	$ CHG 21 vs 20	% CHG 21 vs 20
FINES & FORFEITURES	-	-	-	0.00%	-	-	0.00%
INTEREST	500	523	104.59%	-4.59%	1,952	(1,429)	-73.21%
		-	-	-			-
TOTAL REVENUE	**500**	**523**	**104.59%**	**-4.59%**	**1,952**	**(1,429)**	**-73.21%**
PERSONNEL SERVICES	341,650	184,752	54.08%	45.92%	149,131	35,622	23.89%
SUPPLIES	7,100	1,813	25.53%	74.47%	1,364	449	32.89%
CONTRACTUAL & SUNDRY	1,100	-	0.00%	100.00%	705	(705)	0.00%
CAPITAL OUTLAY	-	-	-	0.00%	-	-	0.00%
TOTAL EXPENDITURES	**349,850**	**186,565**	**53.33%**	**46.67%**	**151,200**	**35,365**	**23.39%**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	**($349,350)**	**($186,042)**			**($149,248)**	**($36,794)**	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2021
For the period ending: April 30, 2021 (3rd FY Qtr.)

WATER & SEWER - 40

REVENUE:	CURRENT BUDGET	4/30/2021 YTD ACTUAL	% USED	% REMAINING	4/30/2020 YTD ACTUAL	$ CHG 21 vs 20	% CHG 21 vs 20
WATER SALES	4,745,000	2,601,348	54.82%	45.18%	2,651,168	(49,820)	-1.88%
SEWER SALES	3,780,000	2,168,785	57.38%	42.62%	2,175,274	(6,489)	-0.30%
MISCELLANEOUS	236,000	149,950	63.54%	36.46%	146,178	3,772	2.58%
PENALTY	205,000	83,014	40.49%	59.51%	86,525	(3,511)	-4.06%
INTEREST	30,000	2,471	8.24%	91.76%	8,304	(5,832)	-70.24%
TRANSFERS	30,000	10,701	35.67%	64.33%	23,247	(12,547)	0.00%
TAP FEES	-	1,450	-	-	566	884	0.00%
SALE OF ASSETS	-	-	-	-	-	-	-
TOTAL REVENUE	**$9,026,000**	**$5,017,719**	**55.59%**	**44.41%**	**$5,091,262**	**($73,543)**	**-1.44%**
ADMINISTRATIVE	153,750	87,496	56.91%	43.09%	84,355	3,141	3.72%
NON-DEPARTMENTAL	706,830	428,973	60.69%	39.31%	416,579	12,394	2.98%
BILLING & COLLECTIONS	524,860	275,789	52.55%	47.45%	278,041	(2,252)	-0.81%
MGT. INFO SYSTEMS	95,080	59,853	62.95%	37.05%	45,593	14,260	31.28%
WATER DISTRIBUTION	2,860,390	1,319,422	46.13%	53.87%	1,541,081	(221,659)	-14.38%
WASTEWATER COLLECTION	2,439,017	1,103,124	45.23%	54.77%	1,430,550	(327,426)	-22.89%
TRANSFERS	2,178,000	1,854,622	85.15%	14.85%	1,802,406	52,216	2.90%
TOTAL EXPENDITURES	**8,957,927**	**5,129,279**	**57.26%**	**42.74%**	**5,598,605**	**($469,326)**	**-8.38%**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	**$68,073**	**($111,560)**			**($507,343)**	**$395,783**	

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: April 27, 2021

TO: Honorable City Council Members

FROM: Sandra Gibson, Director of Finance

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consider action to approve the Quarterly Investment Report for the period ending March 31, 2021

BACKGROUND/INFORMATION:

The Quarterly Investment Report for the period ending March 31, 2021 is attached for Council review and approval.

The City is required to comply with Chapter 2256 of the Government Code, otherwise known as the Public Funds Investment Act. Provisions of that act require at a minimum quarterly reporting. The accompanying Quarterly Investment Report lists, in summary form and in detail, the investment position of the City of Watauga's investment portfolios as of March 31, 2021. The overall strategy of running the City's investment portfolios is governed by the City's Investment Policy and overseen by the City's investment committee. All investments are governed by state law and the City's Investment Policy which dictates the following investment objectives, in order of priority:

Safety of Principal
Liquidity
Return on Investments

As of March 31, 2021, the City held money market accounts and investments with a combined book value of $40,967,037. The City fund portfolio consists of operating funds, construction funds, and debt service funds. Construction funds account for 53% of the investment portfolio and are dedicated to fund various capital improvement projects throughout the City. The City's portfolio has averaged a yield of 0.25% for the second quarter of the Fiscal Year 2020-2021 and investment earnings for the quarter were $29,205. Year over year for this same reporting period (second quarter last year), interest earnings decreased $181,211 with the average portfolio yield decreasing 1.33%. The decrease is attributable to market changes made by the Federal Reserve. The Federal Open Market Committee (FOMC) maintained the Fed Funds target range at 0.00% to 0.25% and projected that reduced rates could remain into 2023

AGENDA MEMORANDUM

or longer. The City Portfolio distribution is 12% in Certificates of Deposit, 65% in money market accounts, and 23% in pooled investment accounts.

The investment committee reviewed the Quarterly Investment Report. The Committee finds the report to be in compliance with the Public Funds Investment Act and recommends that the City Council receive and accept the report, as presented.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Staff recommends the Council review and approve the Quarterly Investment Report for the period ending March 31, 2021.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. MARCH 31, 2021 INVESTMENT REPORT

REVIEWED BY:

Sandra Gibson, Director of Finance	Approved - 5/11/2021
Deby Woodard, Assistant Director of Finance	Approved - 5/18/2021
Karrie Marling, Legal	Approved - 5/20/2021
George Hyde, Legal	Approved - 5/21/2021
Andrea Gardner, City Manager	Approved - 5/21/2021
Raquel Guajardo, Deputy City Secretary	Final Approval - 5/21/2021

Approved as to form for inclusion on Agenda

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

March 31, 2021

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Watauga is in compliance with the Public Funds Investment Act and the City of Watauga Investment Policy

Andrea Gardner
City Manager

Sandra Gibson
Director of Finance

Debby Woodard
Assistant Director of Finance

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

Summary

Quarter End Results by Investment Category:

Asset Type	December 31, 2020 Book Value	December 31, 2020 Market Value	March 31, 2021 Book Value	March 31, 2021 Market Value	March 31, 2021 Ave. Yield
DDA/MMA/NOW	$ 26,305,310	$ 26,305,310	$ 26,572,161	$ 26,572,161	0.17%
Pools	7,432,618	7,432,618	9,259,902	9,259,902	0.03%
CD/Security	6,138,860	6,138,860	5,134,974	5,134,974	1.09%
Totals	**$ 39,876,787**	**$ 39,876,787**	**$ 40,967,037**	**$ 40,967,037**	0.25%

Current Quarter Portfolio Performance *(1)*

Average Quarterly Yield	0.25%
Rolling Three Month Treasury	0.06%
Rolling Six Month Treasury	0.09%
TexPool	0.02%

Fiscal Year-to-Date Portfolio Performance *(2)*

Average Quarter End Yield	0.31%
Rolling Three Month Treasury	0.08%
Rolling Six Month Treasury	0.10%
TexPool	0.05%

Interest Earnings (Approximate)

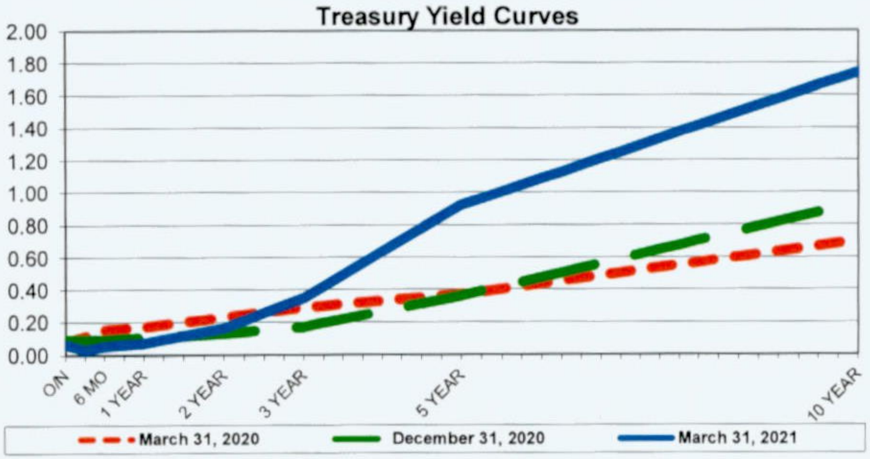
Quarterly Interest Earnings	$ 29,205
Fiscal YTD Interest Earnings	$ 73,244

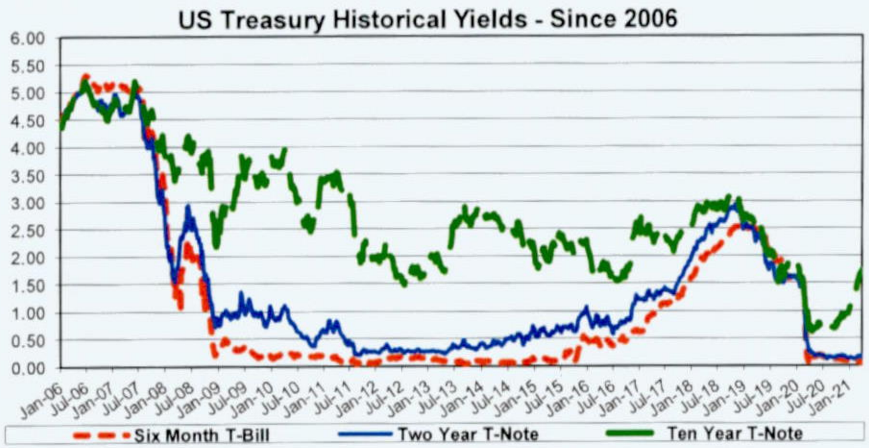
(1) **Current Quarter Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.
(2) **Fiscal Year-to-Date Average Yields** - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

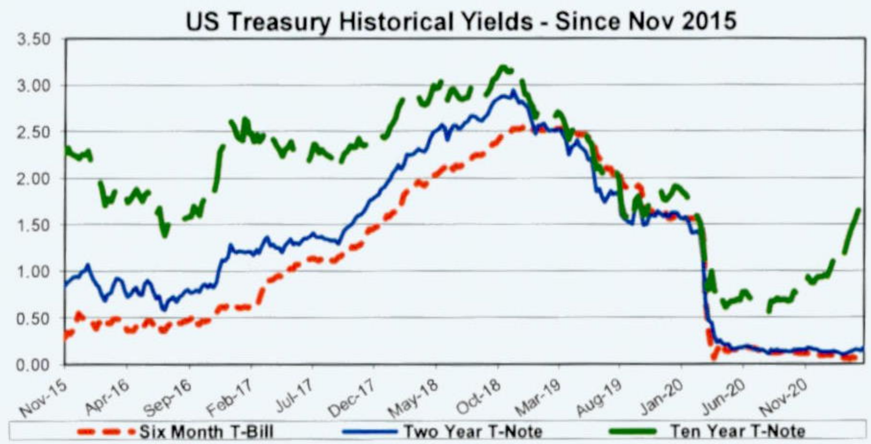
Economic Overview

3/31/2021

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range at 0.00% to 0.25% (Effective Fed Funds are trading <0.10%), and projected that reduced rates could remain into 2023 or longer. Fourth Quarter GDP finalized at +4.3%. March Non Farm Payroll added 916k and Unemployment declined to 6.0%. Crude oil traded above $60 per barrel. The Stock Markets reached new highs. Housing, Industrial Production, Durable Goods, Consumer Spending, and other indicators showed solid gains. An additional $1.9 trillion stimulus package passed Congress and was signed by the President. The Yield Curve continued steepening on longer maturities.







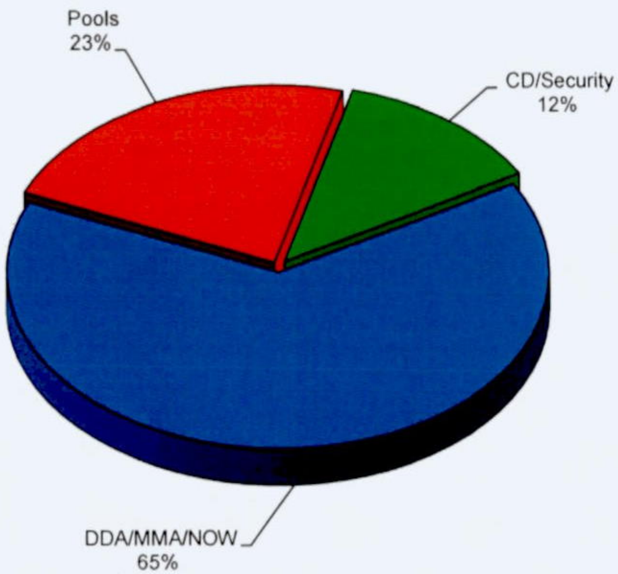
Investment Holdings
March 31, 2021

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Original Face\ Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
Southside Bank MMA		0.17%	04/01/21	03/31/21	$ 26,572,161	$ 26,572,161	1.00	$ 26,572,161	1	0.17%
TexasDAILY	AAAm	0.05%	04/01/21	03/31/21	471,677	471,677	1.00	471,677	1	0.05%
LOGIC	AAAm	0.10%	04/01/21	03/31/21	309,024	309,024	1.00	309,024	1	0.10%
TexPool	AAAm	0.02%	04/01/21	03/31/21	7,435,124	7,435,124	1.00	7,435,124	1	0.02%
TexPool Prime	AAAm	0.09%	04/01/21	03/31/21	1,044,078	1,044,078	1.00	1,044,078	1	0.09%
BBVA CD		1.75%	04/24/21	10/24/19	1,000,000	1,022,153	100.00	1,022,153	24	1.77%
Prosperity Bank CD		0.60%	07/26/21	07/24/20	1,580,841	1,585,626	100.00	1,585,626	117	0.60%
BBVA CD		1.73%	10/24/21	10/24/19	1,000,000	1,021,897	100.00	1,021,897	207	1.75%
Prosperity Bank CD		0.70%	07/25/22	07/24/20	1,500,000	1,505,298	100.00	1,505,298	481	0.70%
					$ 40,912,904	**$ 40,967,037**		**$ 40,967,037**	**29**	**0.25%**
									(1)	**(2)**

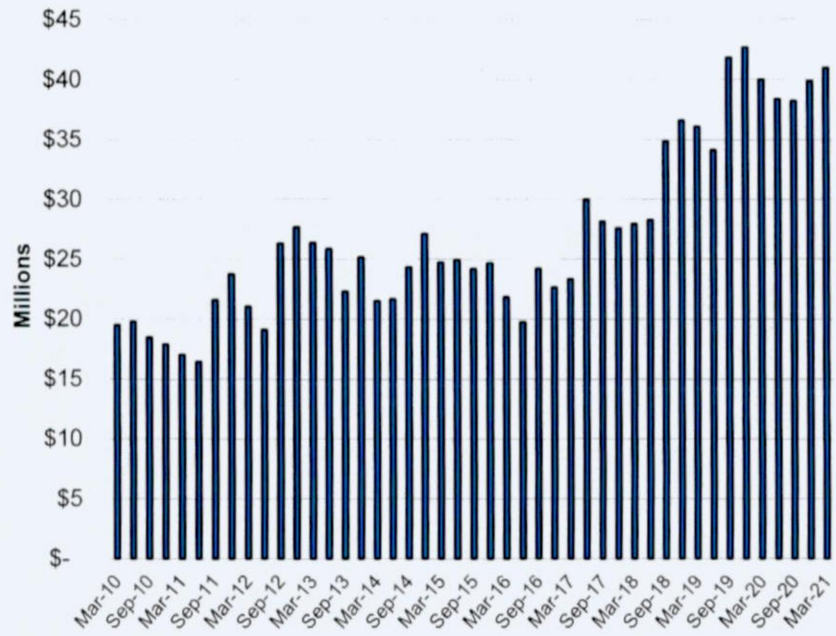
(1) Weighted average life - Pools, Money Market Funds, and Bank Deposits are assumed to have a one day maturity.

(2) Weighted average yield to maturity - The weighted average yield to maturity is based on Adjusted Book Value, adviser fees and realized and unrealized gains/losses are not considered. The pool and mutual fund yields are the average for the last month of the quarter. Bank deposit yields are estimated from the monthly allocated earnings.

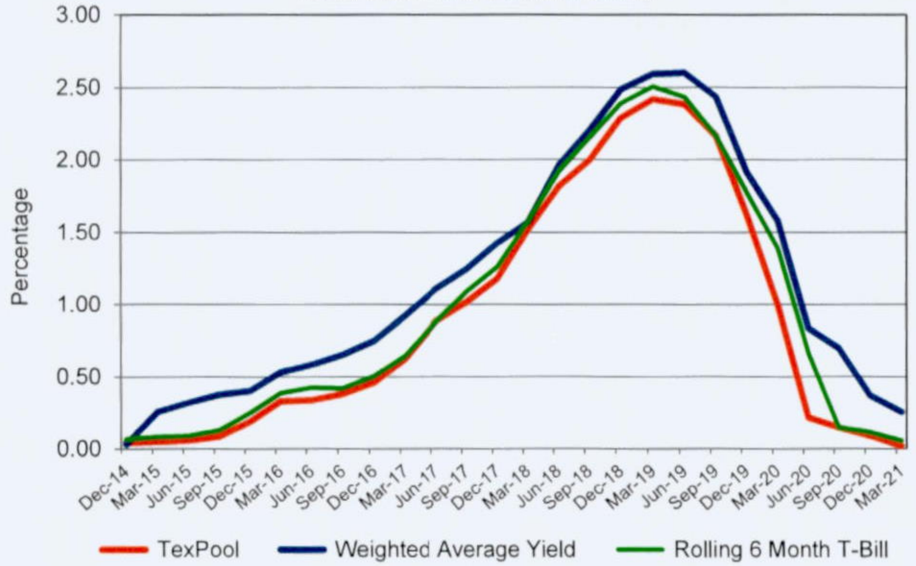
Portfolio Composition



Quarter End Book Value



Total Portfolio Performance



Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 12/31/20	Increases	Decreases	Book Value 03/31/21	Market Value 12/31/20	Change in Market Value	Market Value 03/31/21
Southside Bank MMA	0.17%	04/01/21	$ 26,305,310	$ 266,851	$ –	$ 26,572,161	$ 26,305,310	$ 266,851	$ 26,572,161
TexasDAILY	0.05%	04/01/21	471,609	68	–	471,677	471,609	68	471,677
LOGIC	0.10%	04/01/21	308,941	83	–	309,024	308,941	83	309,024
TexPool	0.02%	04/01/21	5,608,255	1,826,869	–	7,435,124	5,608,255	1,826,869	7,435,124
TexPool Prime	0.09%	04/01/21	1,043,813	265	–	1,044,078	1,043,813	265	1,044,078
BBVA CD	1.79%	01/24/21	1,017,857	–	(1,017,857)	–	1,017,857	(1,017,857)	–
BBVA CD	1.77%	04/24/21	1,017,664	4,489	–	1,022,153	1,017,664	4,489	1,022,153
Prosperity Bank CD	0.60%	07/26/21	1,583,232	2,394	–	1,585,626	1,583,232	2,394	1,585,626
BBVA CD	1.75%	10/24/21	1,017,461	4,437	–	1,021,897	1,017,461	4,437	1,021,897
Prosperity Bank CD	0.70%	07/25/22	1,502,647	2,651	–	1,505,298	1,502,647	2,651	1,505,298
TOTAL / AVERAGE	**0.25%**		**$ 39,876,787**	**$ 2,108,107**	**$ (1,017,857)**	**$ 40,967,037**	**$ 39,876,787**	**$ 1,090,250**	**$ 40,967,037**

Allocation
March 31, 2021
Book & Market Value

	Total	Consolidated Cash	Construction	Crime Control District
Southside Bank MMA	$ 26,572,161	$ 8,517,241	$ 18,054,920	$ –
TexasDAILY	471,677	471,677	–	–
LOGIC	309,024	309,024	–	–
TexPool	7,435,124	7,411,505	–	23,619
TexPool Prime	1,044,078	1,044,078	–	–
04/24/21–BBVA CD	1,022,153	–	1,022,153	–
07/26/21–Prosperity Bank CD	1,585,626	1,585,626	–	–
10/24/21–BBVA CD	1,021,897	–	1,021,897	–
07/25/22–Prosperity Bank CD	1,505,298	–	1,505,298	–
Totals	$ 40,967,037	$ 19,339,150	$ 21,604,268	$ 23,619

Allocation
December 31, 2020
Book & Market Value

	Total	Consolidated Cash	Construction	Crime Control District
Southside Bank MMA	$ 26,305,310	$ 7,059,184	$ 19,246,126	$ –
Texas Term Daily	471,609	471,609	–	–
LOGIC	308,941	308,941	–	–
TexPool	5,608,255	5,584,639	–	23,616
TexPool Prime	1,043,813	1,043,813	–	–
01/24/21–BBVA CD	1,017,857	–	1,017,857	–
04/24/21–BBVA CD	1,017,664	–	1,017,664	–
07/26/21–Prosperity Bank CD	1,583,232	1,583,232	–	–
10/24/21–BBVA CD	1,017,461	–	1,017,461	–
07/25/22–Prosperity Bank CD	1,502,647	–	1,502,647	–
Totals	$ 39,876,787	$ 16,051,417	$ 23,801,754	$ 23,616

Dallas–Fort Worth Economic Indicators

Federal Reserve Bank of Dallas

April 6, 2021

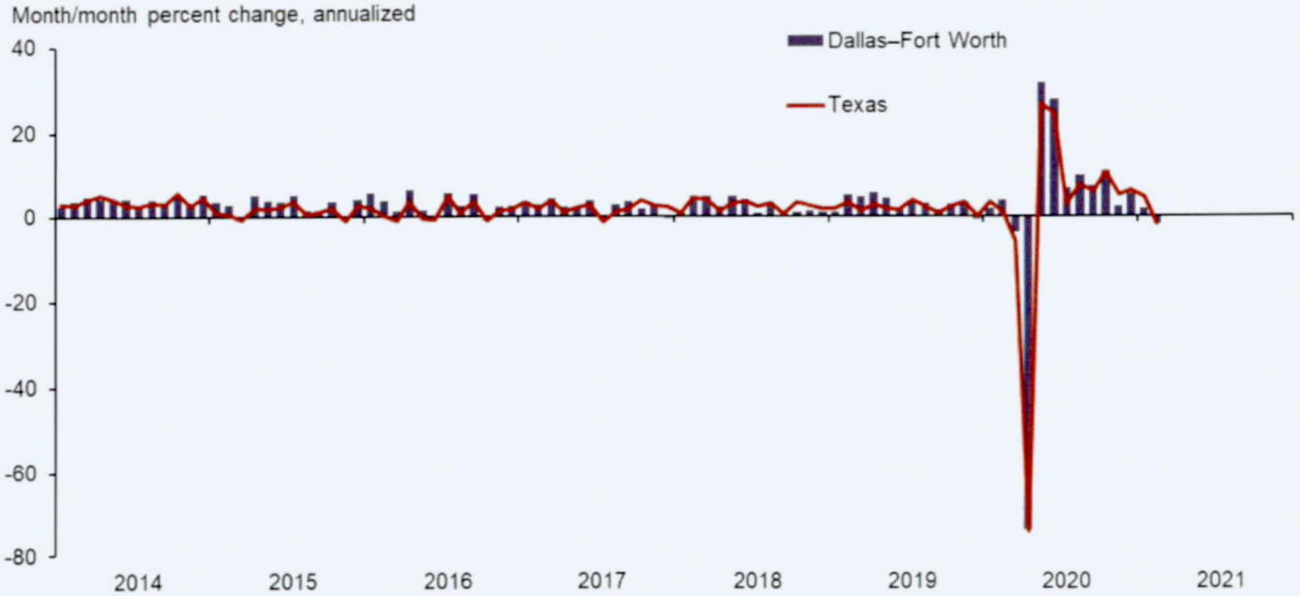
DFW economic growth waned in February in part due to Winter Storm Uri that brought economic activity to nearly a standstill for about a week. Employment dipped, and the unemployment rate rose, and movement in the business-cycle indexes was mixed. Low-wage workers were the hardest hit by the pandemic, and employment among this group has been the slowest to recover. Single-family construction remained robust and near record highs. Apartment building continued to moderate, and tenants were paying rent later in the month than usual.

Labor Market

Job Growth Weakens in February

DFW employment contracted at an annualized rate of 1.8 percent (-5,500 jobs nonannualized) in February, marking the first month of job losses since the slump in spring 2020 (*Chart 1*). Payrolls in Dallas dipped at an annualized rate of 1.7 percent (-3,800), and employment in Fort Worth likewise fell 1.9 percent (-1,700). Texas job growth also decreased 1.8 percent (-19,000) in February after growing 4.5 percent (45,700) in the prior month. The unemployment rate increased to 6.3 percent in Dallas and 6.6 percent in Fort Worth, though both still remain below Texas' jobless rate of 6.9 percent.

Chart 1
Employment Growth

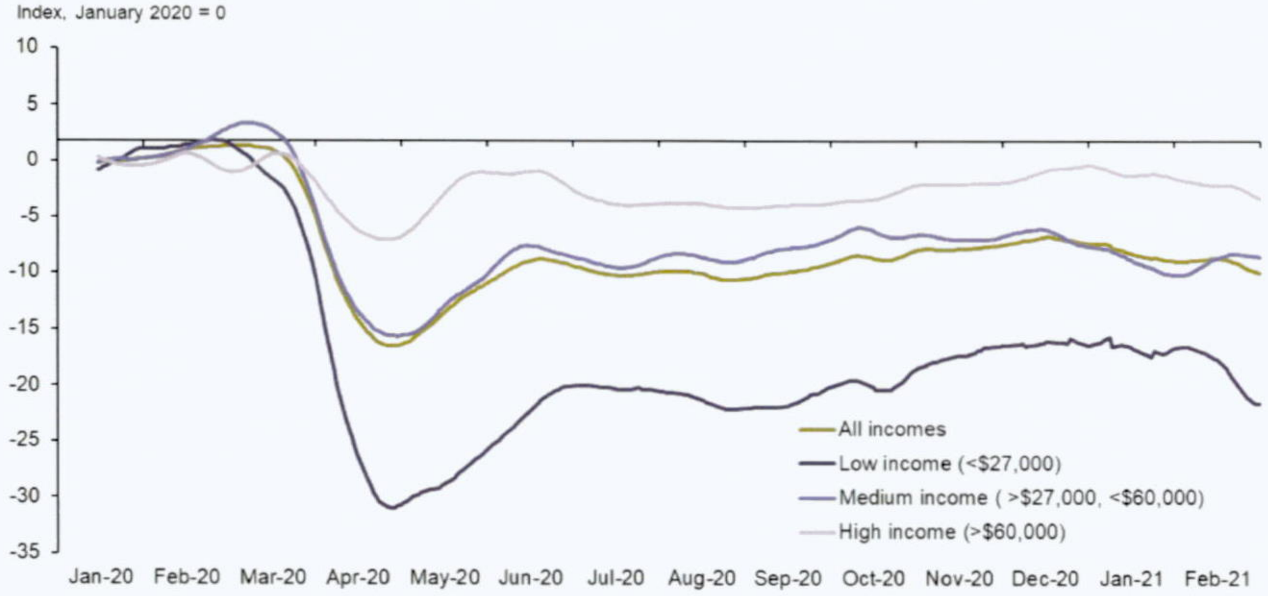


SOURCE: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.

Employment Recovery Uneven

The COVID-19 pandemic has disproportionately affected low-income workers. Data from the Opportunity Insights Economic Tracker illustrate that medium-to-high-income workers (those earning above $27,000) in Dallas have been less impacted than their low-income counterparts (*Chart 2*). In early spring 2020 when shelter-in-place orders were implemented, job losses were steepest amid those earning less than $27,000. The recovery has been uneven as well, with employment in the upper-wage group slightly trailing January 2020 levels. Employment among middle-wage workers was down by 8.6 percent over the same period. By contrast, employment among low-wage earners in Dallas remained 21.5 percent below January 2020 levels. Fort Worth's employment has seen similar trends, with low-wage workers seeing much lower levels of employment relative to prepandemic figures.

Chart 2
Dallas Employment Levels by Income

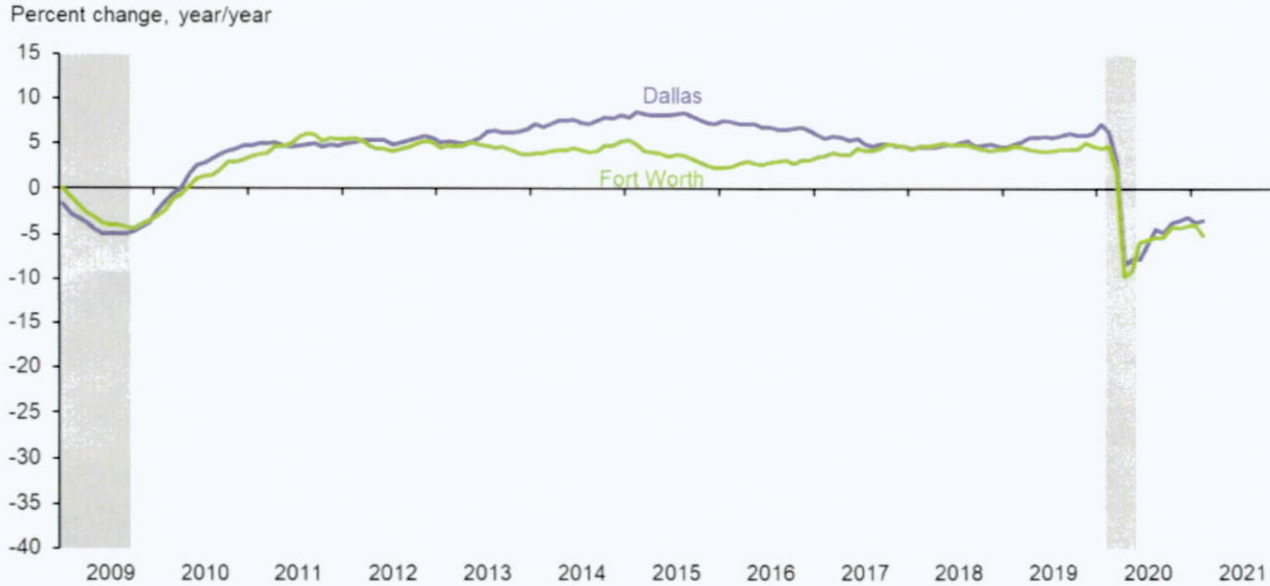


NOTE: Data are seven-day moving averages and show percent change in employment relative to January 2020. Data are through Feb. 5.
SOURCE: Opportunity Insights Economic Tracker.

Business-Cycle Indexes

Growth in the business-cycle indexes for Dallas and Fort Worth was mixed in February. The Dallas index rose an annualized 2.3 percent in February after a strong increase in January. Meanwhile, the Fort Worth index dipped an annualized 1.0 percent in February following fairly similar growth the previous month. Year over year in February, the Dallas index was down 3.3 percent, while the Fort Worth index was down 5.0 percent (*Chart 3*). This is due to the COVID-19-related shelter-in-place orders that resulted in a sharp contraction in economic activity last spring.

Chart 3
Dallas and Fort Worth Business-Cycle Indexes



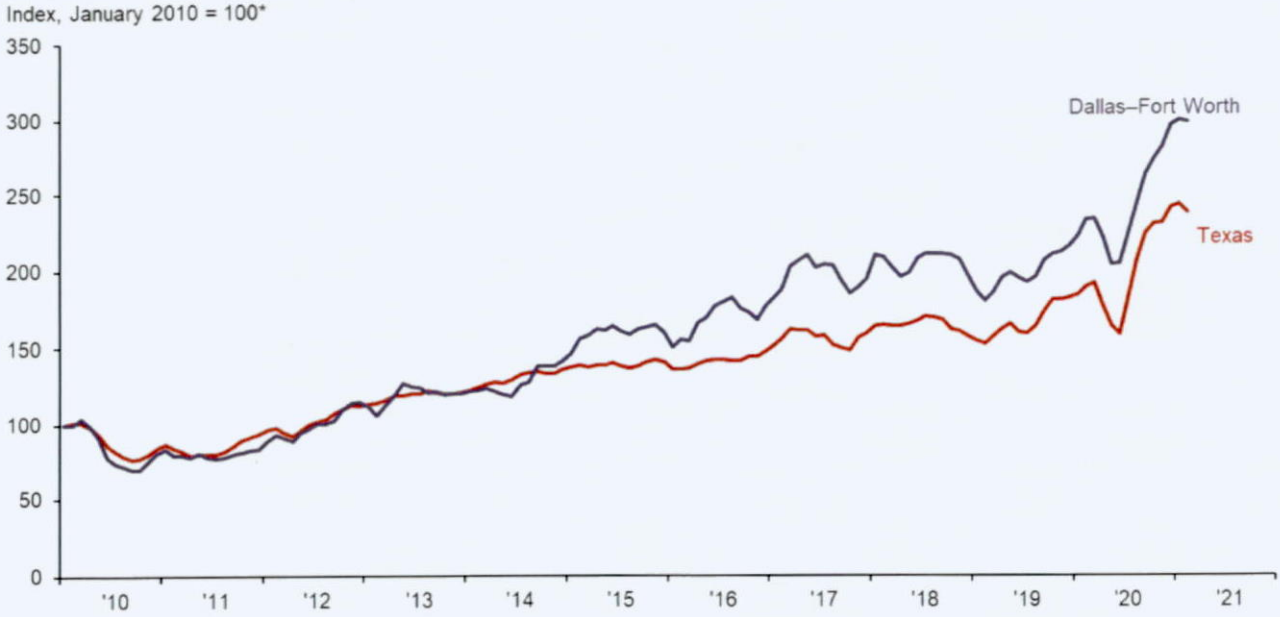
NOTE: Shaded bars indicate Texas recessions.
SOURCE: Dallas Fed.

Construction and Real Estate

Homebuilding Stays Strong

DFW single-family housing permits fell in the first two months of the year, but activity remained elevated; through February, it was up 19.0 percent year over year. The three-month moving average flattened out in part due to permitting and production delays and also because of constrained supply for lots, materials and labor (*Chart 4*). Single-family permit issuance fell sharply in spring 2020 as uncertainty regarding the COVID-19 pandemic weighed on outlooks. After a temporary pause, development activity rebounded strongly, setting a record high in December. In 2020, total single-family permits issued were up from 2019 by 24.3 percent in DFW and 21.5 percent in Texas.

Chart 4
Single-Family Housing Permits

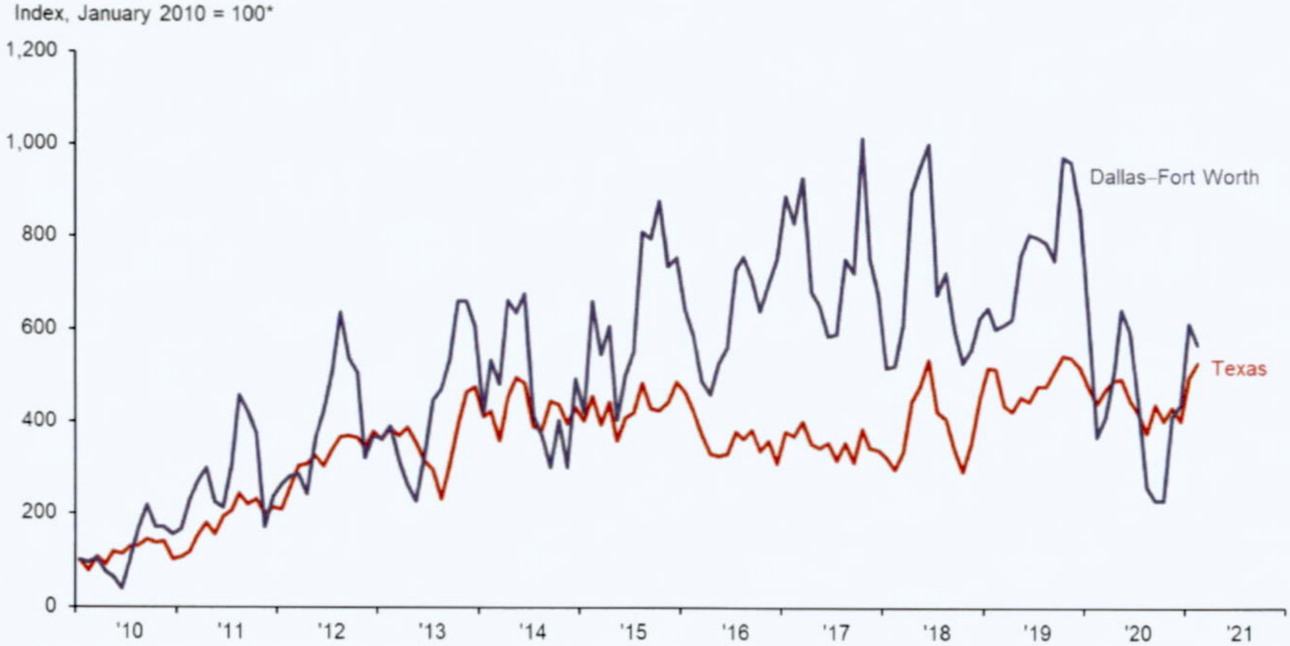


*Three-month moving average; seasonally adjusted.
SOURCE: Census Bureau.

Multifamily Construction Moderates

Multifamily permit issuance, which leads apartment construction, fell in February following strong growth in the previous month, and the three-month moving average dipped as well (*Chart 5*). In 2020, DFW multifamily permits issuance was just over half that of 2019. By comparison, Texas multifamily permits fell 8.0 percent. DFW multifamily permit issuance peaked in 2019 and has been moderating since; however, construction in the metroplex is currently elevated at approximately 35,000 units, with DFW remaining the busiest market in apartment building among large U.S. metros.

Chart 5
Multifamily Housing Permits

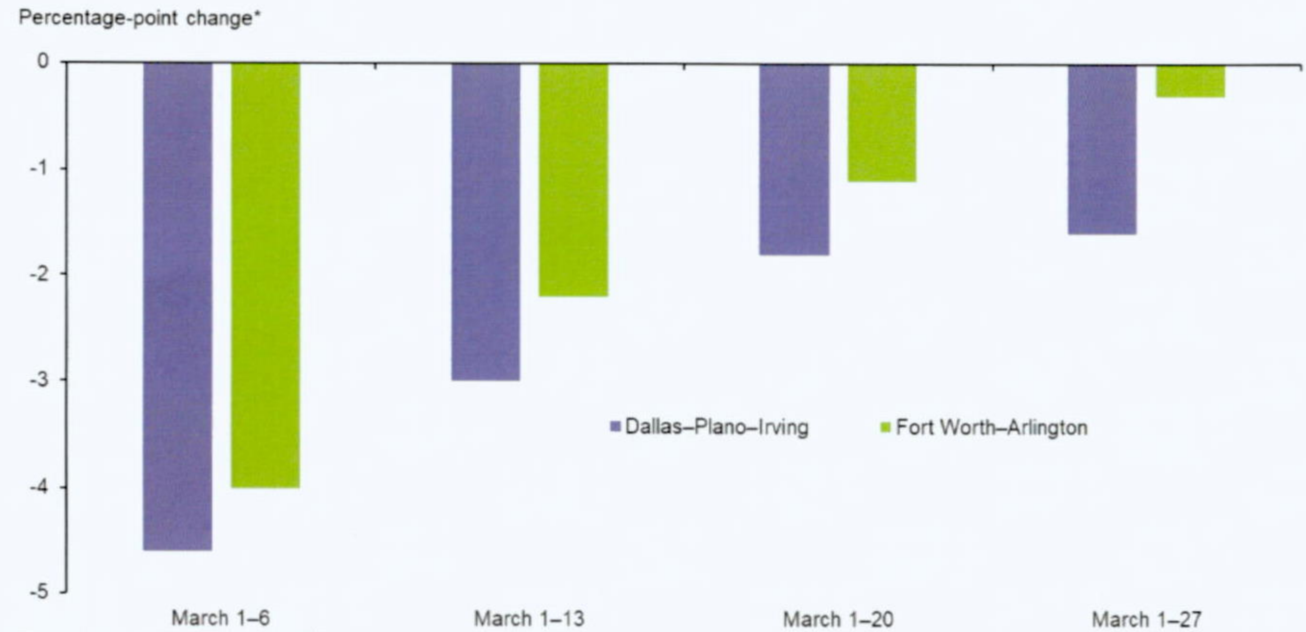


*Three-month moving average; seasonally adjusted.
SOURCE: Census Bureau.

Most Apartment Tenants Paying Rent but Later than Normal

In DFW, most apartment tenants continue to pay rent each month, though payments are being sent in later than usual. In the first week of March, collections in professionally managed market-rate apartments trailed 2020 levels by 4.6 percentage points in Dallas and 4.0 percentage points in Fort Worth (*Chart 6*). By the end of the month, collections were down by 1.6 percentage points in Dallas and 0.3 percentage points in Fort Worth. The pattern in Texas was similar, with shares trailing those in the same period in 2020 by 3.9 percentage points during March 1–6 and 1.3 percentage points by the end of March.

Chart 6
Apartment Rent Payments



*Shows change between 2020 and 2021.
SOURCE: RealPage Inc.

NOTE: Data may not match previously published numbers due to revisions.

About Dallas-Fort Worth Economic Indicators

Questions can be addressed to Laila Assanie at laila.assanie@dal.frb.org. *Dallas–Fort Worth Economic Indicators* is published every month after state and metro employment data are released.

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: April 29, 2021

TO: Honorable City Council Members

FROM: Sandra Gibson, Director of Finance
Deby Woodard, Assistant Director of Finance

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consider action to approve Bank Depository Services RFA # 19-005 for the first extension one-year period through August 31, 2022 with Southside Bank

---

BACKGROUND/INFORMATION:

RFA # 19-005 for Bank Depository Services was approved by Council on June 10, 2019 with Southside Bank. The term of the agreement was through August 31, 2021 with the option for three additional one-year period extensions upon agreement with vendor and Council approval. Southside Bank has agreed to the first extension period under the same terms and conditions.

Finance is extremely pleased with the services provided by Southside Bank and desires to utilize the first extension one-year period through August 31, 2022.

FINANCIAL IMPLICATIONS:

With the agreement there will be interest earnings from the Money Market and minimal fees that are appropriated annually in various funds.

RECOMMENDATION/ACTION DESIRED:

Staff recommends the Council approve the first extension one-year period through August 31, 2022 with Southside Bank under the same terms and conditions.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. EXTENSION LETTER
2. Watauga Dep and Collateral Agr 2019
3. Watauga Platinum Addendum 2019
4. Treasury Management Agreement
5. Watauga Depository Bank Services Agreement (Southside)
6. 1295 FORM

REVIEWED BY:

AGENDA MEMORANDUM

Sandra Gibson, Director of Finance	Approved - 5/18/2021
Karrie Marling, Legal	Approved - 5/20/2021
George Hyde, Legal	Approved - 5/21/2021
Andrea Gardner, City Manager	Approved - 5/21/2021
Raquel Guajardo, Deputy City Secretary	Final Approval - 5/21/2021

Approved as to form for inclusion on Agenda

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

May 14, 2021

Ms. Mary McLarry, Senior Vice President, Corporate Services Administrator
Southside Bank
1201 South Beckham Avenue
Tyler, TX 75701

RE: City of Watauga, Texas Depository Services Contract Extension

Dear Ms. McLarry:

The expiration of the initial two-year term of the Depository Services Agreement is August 31, 2021. The City is opting to exercise the first of the three (3) one-year contract extension options, pending City Council approval, as provided for in the Agreement. This first extension option will extend the agreement through August 31, 2022 under the same terms and conditions.

To confirm the Bank's acceptance of this contract extension, please complete the section below and return.

We have appreciated our business relationship with Southside Bank over the initial term of the current depository contract and look forward to the extended term.

Should you have any questions or need additional information or explanation, please contact me at 817.514.5833.

Sincerely,

Deby Woodard
Deby Woodard
Assistant Finance Director
City of Watauga

SOUTHSIDE BANK

ACCEPTED BY: Mary McLarry **DATE:** 5/17/2021

PRINTED NAME: Mary Mclarry **TITLE:** SVP + Secretary

CITY OF WATAUGA

______________________ **DATE:** ______________
Andrea Gardner, City Manager

DEPOSITORY SERVICES AND COLLATERAL AGREEMENT BETWEEN THE CITY OF WATAUGA, TEXAS AND SOUTHSIDE BANK, TYLER, TEXAS

The CITY OF WATAUGA hereinafter referred to as the "CITY", has selected Southside Bank, Tyler, Texas hereinafter referred to as the "BANK", as a depository to receive time or demand deposits from the CITY.

I.

The BANK and the CITY, by execution of this Depository Services and Collateral Agreement (the "Agreement"), hereby designate Federal Home Loan Bank - Dallas as the CUSTODIAN to hold in trust, according to the terms and conditions of this Agreement, any necessary collateral and substitute collateral which may be required under this Agreement.

II.

The CITY shall have the power to determine and designate the character and amount of the funds which will be deposited in the BANK. The CITY's deposits shall never be the subject of any garnishment or attachment, and the BANK shall not recognize any attempt to garnish or attach same or be a party to any action.

III.

During the term of this Agreement period, the CITY will through appropriate action of its COUNCIL, designate the Investment Officer or Officers, who singly or jointly will be authorized to represent and act on behalf of the CITY in any and all matters of every kind arising under this Agreement and to (a) execute and deliver to the BANK an electronic funds transfer agreement (and any addenda thereto), (b) appoint and designate, from time to time, a person or persons who may request withdrawals, orders for payment or transfers on behalf of the CITY, and (c) make withdrawals or transfers by written instrument.

IV.

All funds on deposit with the BANK to the credit of the CITY above the FDIC insurance limit shall be secured by collateral as provided for in the CITY'S Investment Policy and Public Funds Collateral Act (Texas Government Code Chapter 2257) and upon which the CITY shall have first and prior lien.

V.

The total market value of the collateral (which includes accrued interest or income) securing such deposits will be in an amount at least equal to 102% of such deposits plus the amount of any accrued interest thereon and less the amount that such deposits are insured by an agency or instrumentality of the United States Government. The BANK will be liable for the monitoring and maintaining of the required collateral margins and levels at all times. The market price on such collateral will be obtained from an independent source. The final determination of such value shall be at the discretion of the CITY, whose decision shall be final and binding.

VI.

The CUSTODIAN shall permit the CITY or its independent auditor to examine said securities in the presence of the appropriate officials of said the BANK at any time during normal business hours.

VII.

The BANK shall have the right of substitution of securities, and the lien hereby created thereon may be released by the CITY provided that the securities substituted meet the requirements set forth above and the CITY gives prior written approval which shall not be unreaonably withheld.

VIII.

If at any time the market value of said securities shall be or become more than 102% of the total amount of the CITY funds on deposit with the BANK, the BANK may request written approval from the CITY that certain securities be released from the pledge to bring the total to 102%.

The Custodian shall provide a monthly collateral report stating the full description of the collateral pledged, CUSIP number, the par and market value, and maturity date of all collateral.

IX.

The CUSTODIAN shall promptly provide the CITY with safekeeping or trust receipts covering all collateral and substitute collateral and clearly marked that these securities are "Pledged to the CITY OF WATAUGA"

X.

Should the BANK fail at any time to pay and satisfy, when due, any check, transfer, draft or voucher lawwfully drawn against the CITY deposits, or in any manner breach its agreement with the CITY, the CITY shall give written notice of such failure or breach and the BANK shall have one (1) business day to cure such failure or breach. In the event the BANK shall fail to cure such failure or breach within one (1) day or should the BANK be declared insolvent by a Federal bank regulatory agency, it shall be the duty of the CUSTODIAN, upon demand by the CITY to surrender the collateral. The CITY may sell all or any part of such collateral and out of the proceeds thereof, pay the CITY all damages and losses sustained together with any expenses incurred by it of any kind on account of such failure. Collateral may be sold by the CITY at public or private sale provided however that the BANK shall have one business day notice of the time and place of the sale and the BANK and the CUSTODIAN shall have the right to bid at such sale.

XI.

The BANK shall send to the CITY, on an annual basis, audited annual financial statements, or a link to a website containing access to audited financial statements.

XII.

It is the intention of the parties hereto that the covenants and agreements, terms and conditions hereof shall extend to the entire period during which the the BANK shall act as depository for the CITY. Only after the return of all CITY deposits and interest, either the BANK or the CITY shall have the right to terminate this Agreement at any time by advance written to the other of its election to do so and this Agreement shall be void from and after the expiration of ninety (90) days after receipt of such notice, provided all provisions of this Agreement have been fulfilled. When the realtionship of the CITY and the BANK shall have ceased to exist, and when the BANK has properly paid out all deposits to the CITY, the CUSTODIAN shall, upon notification by the CITY, release all collateral to the BANK.

XIII.

Not withstanding any of the provisions hereof, the CITY COUNCIL shall have, and does hereby retain the right to utilize other depositories and the right to terminate this contract whenever in its judgement the interest of the CITY may demand.

XIV.

The execution of this agreement has been authorized by resolution of the Board of Directors or Loan Committee of the BANK dated May 16, 2019.

EXECUTED, this ___ day of _______, 2019 under the provisions of FIRREA.

FOR THE BANK:

Suni Davis

Signature

SVP & CRO

Title

SUNI DAVIS

Name (Printed)

FOR THE CITY:

____

Signature

____

Title

____

Name (Printed)

Platinum Advantage Investment Account
Public Platinum Money Market Addendum
City of Watauga

Southside offers an interest bearing alternative to public funds customers.

- Bank Public Funds Money Market account

  Rate Formula = Current Texpool Rate plus 20 basis points

  The initial spread of 20 basis points. The rate is subject to change. The spread may not be lowered more than 5 basis points per 30 day period with 30 day advance written notification.

  Adjusted weekly (every Monday)

  Collateralized by Govt. Code 2257 qualified securities

  Subject to Federal limitations on number of withdrawals monthly
  Southside reserves the right to cancel arrangement with 90 days notification
  Maximum amount allowed $20,000,000.00
  Minimum amount $1,000,000

FOR THE BANK:

Suni Davis

Signature

SVP & CRO

Title

SUNI DAVIS

Name (Printed)

June 5, 2019

Date

FOR CITY OF WATAUGA:

Signature

Title

Name (Printed)

Date

TREASURY MANAGEMENT TERMS & CONDITIONS

Thank you for choosing Southside Bank ("Bank") Treasury Management. This document, the Treasury Management Master Authorization Form ("Master Authorization Form"), and all related exhibits shall constitute a single agreement (collectively, the "Treasury Management Agreement" or "Agreement"). The Agreement provides product information, disclosures and descriptions of the Treasury Management Services that may be provided by the Bank in accordance with the terms herein (collectively, the "Treasury Management"). Other documents may become part of our Agreement depending on the Treasury Management you (the "Company" or "Customer," terms which may be used interchangeably) select. Please read all documents carefully; they will govern the Treasury Management Services provided to you.

By signing and returning the required Master Authorization Form, you agree to the terms and conditions outlined herein for all Treasury Management selected by you. This Agreement will also govern any Treasury Management you may add in the future, along with other documentation that may be provided to you in connection with such Treasury Management or any "Additional Services," as defined more fully in Section I.B., below.

Should you have any questions about the information contained in this document, please contact your Treasury Management representatives.

TABLE OF CONTENTS **PAGE**

EXHIBITS

I. GENERAL PROVISIONS

Customer may request certain Treasury Management Services of Bank from time to time, which Bank is willing to provide on the terms and conditions of this Agreement, which term includes the exhibits and related documentation attached hereto which pertain to the various Treasury Management Services to be provided by Bank. In the event of any inconsistency between the general provisions of this Section I, and those of any Treasury Management-specific section contained in this Agreement, the provisions of the Treasury Management-specific section shall govern.

A). DEFINITIONS

The following terms and references shall have the meanings set forth below when used in this Agreement or any exhibits attached hereto:

1). "*Agent*" or "*Authorized Agent*" means any director, officer, partner, employee, representative, affiliate, third-party vendor or any other person acting on behalf of Customer with the actual, implied or apparent authority of Customer. Bank may rely on any grant of authority until it receives written notice of its revocation and is given a reasonable amount of time to act upon such notice.

2). "*Authorized Account*" means an account of Customer at Bank that is designated by Customer to be subject to this Agreement.

3). "*Authorized Instructions*" mean unconditional, immediately executable orders to Bank to transfer

4). "*Authorized User*" means any director, officer, partner, employee, representative, or any other person designated by Customer acting on behalf of Customer in reference to a specific service offered by Bank and used by Customer. The Company Administrator is also an "Authorized User" for the purposes of this Agreement.

5)."*Available Funds*" mean the positive, unrestricted balances in Customer's Authorized Account(s), which are available for withdrawal by Customer, pursuant to Bank's policies, which are then in effect, and the provisions and requirements of Regulation CC to the federal Expedited Funds Availability Act in effect from time to time.

6). "*Business Day*" shall mean Monday through Friday, excluding federal holidays; any reference to time of day shall mean and refer to Central Standard Time or Central Daylight Savings Time, whichever may be in effect on the day in question.

7). "*Check*" means all "items" under and as defined in Article 4-104(a)(9) of the U.C.C.

8). "*Company Administrator*" means the Customer's Authorized Agent appointed by a Customer signatory to this Agreement as set forth in the Master Authorization Form (as amended from time to time) who has the authority to access Treasury Management through Internet Services, create proprietary passwords for Customer, and create security profiles for each of Customer's Authorized Users. The Company Administrator is also an "Authorized User" for the purposes of this Agreement.

9). *"Cut-off Time"* means the time by which Authorized Instructions must be received by Bank to permit Bank to transfer funds on the same Business Day. The Cut-off Time may be changed from time to time.

10). *"Lead Account"* means a direct deposit account at Bank owned by Customer and designated to provide or receive internal funds transfers to or from the Sub Account(s).

11). *"NACHA Rules"* means the rules of the National Automated Clearing House Association and Appendices to the rules of the National Automated Clearing House Association, as amended from time to time.

12). “*Security Procedures*” mean the measures adopted by Bank and/or the Company, as provided in this Agreement.

13). “*Sub Account*” is a direct deposit account at Bank owned by Customer and designated to be brought periodically to a target balance pursuant to this Agreement.

14). “*Substitute Checks*” has the same meaning as the term is defined in the Check Clearing for the 21st Century Act and Regulation CC of the Board of Governors of the Federal Reserve System (“Federal Reserve Board”).

15). “*U.C.C.*” means the Uniform Commercial Code as adopted and amended in the state in which Bank maintains company’s Authorized Accounts.

16). “*Secure Token*” or “*Token*” means a small battery-powered compact electronic device that displays a string of randomly generated, unique digits displayed on a small screen that change every 60 seconds. The Secure Token is portable, can be carried on a key chain, does not connect to a computer and can be used with any operating system with no additional hardware or software. The token is also available in mobile application form and can be downloaded to mobile devices equipped to access the Apple App Store or the Google Play store.
Not all phones are compatible. Data Rates may apply.

B. TREASURY MANAGEMENT
Bank will provide Customer with Treasury Management Service(s) upon Customer and Bank’s execution of the Master Authorization Form and any applicable exhibits to this Agreement as are required by Bank for such Treasury Management. Bank may provide services that are not specifically included in the definition of Treasury Management pursuant to this Agreement (“Additional Services”). By accepting and using any such Additional Service(s), Customer agrees that the Additional Service(s) will be governed by this Agreement and any other conditions communicated to Customer by Bank. Certain Treasury Management included in this Agreement may not be available or may not be provided in certain market areas. Upon Company's execution and delivery of the Master Authorization Form, Company agrees to the terms and conditions of the Agreement.

C. DESIGNATION OF ACCOUNTS
Customer will provide Bank with written notice of the Authorized Accounts at Bank to which Customer wishes the Treasury Management Services to apply. Any changes in the designation of Authorized Accounts will be in writing and will provide reasonable prior notice of such change to Bank.

D. DESIGNATION OF AUTHORIZED AGENTS
The persons authorized to initiate a Treasury Management Service are designated on the Master Authorization Form and any applicable exhibits. Bank shall be entitled to rely on any written notice or other written communication believed by it in good faith to be genuine and to have been signed by the Authorized Agent and any such communication shall be deemed to have been signed by such person. Any changes in the designation of Authorized Agents will be in writing by the delivery of a new Master Authorization Form and any applicable exhibits and will provide three (3) business days for the Bank to act of such changes.

E. APPLICABILITY OF REGULATION CC
The availability of funds in Authorized Accounts will be governed by Regulation CC to the federal Expedited Funds Availability Act. In the event of any conflict between the provisions of Regulation CC and the provisions hereof, the provisions of Regulation CC shall be controlling.

F. BANK RULES AND REGULATIONS
All Treasury Management to be provided hereunder shall be in accordance with, and further subject to Bank’s then applicable rules and regulations which apply to the Authorized Accounts and to such further policies and procedures with regard to the Treasury Management provided hereunder as may be communicated to Customer from time to time in writing. Any credit given to an Authorized Account is agreed to be provisional until Bank receives final settlement. If Bank does not receive final settlement, Bank is entitled to reverse the entry.

G. FEES AND PAYMENTS

Customer shall pay Bank for the Treasury Management provided pursuant to fee schedules or other pricing information provided by Bank from time to time. Any fees for Treasury Management may be amended by Bank at any time. Bank may, at its option, include fees arising from this Agreement in an analysis statement of Customer's account relationship, bill Customer, or debit Customer's accounts for the Treasury Management rendered during the immediately preceding billing period. Bank may promptly debit Customer's accounts at Bank in the full amount of any such statement, or bill if the amount shown on the statement bill is not paid when due.

H. AUDITS

Bank's willingness to provide Treasury Management to Customer is dependent on Customer's financial condition. Customer's financial condition is subject to review by Bank from time to time, and such reviews must be satisfactory to Bank in its sole discretion and opinion. In addition, Bank may at its sole discretion, and generally upon one Business Days' notice, perform onsite audits with regard to IT infrastructure, hardware and software security, physical security of systems and any other of Customer's systems or records used in conjunction with, or in relation to, Bank-provided products and services. Bank shall make all commercially reasonable efforts to avoid significant disruption of Customer's business operations in conducting such audit or inspection, and shall comply with Customer's reasonable workplace rules that have been communicated to the audit or inspection personnel in writing. Customer understands that Bank must have these audits, inspection and related termination rights in accordance with the NACHA Rules governing Bank's activity as an Originating Depository Financial Institution ("ODFI"). Customer shall, upon request, provide to Bank any such information or assistance as Bank may require performing any such review. Customer's failure to provide such information or assistance when requested shall constitute a breach of the Agreement and shall permit Bank to cease providing Treasury Management upon written notice to Customer.

I. PROPRIETARY INFORMATION

Customer acknowledges that this Agreement, and all related documentation and systems used in providing Treasury Management, are the property of Bank. Customer agrees that it shall not acquire any rights or interests therein as a result of its use of the Treasury Management and shall keep all of Bank's proprietary information strictly confidential.

J. SECURITY PROCEDURES

1). Bank and customer shall agree to one or more security procedures, to the extent required for a particular Treasury Management that must be used by bank and customer in connection with any Treasury Management. Customer agrees to be bound by any payment order, transaction or service change order that is acted upon by bank in accordance with such security procedures. Customer is solely responsible for maintaining its own internal security and agrees to comply with the terms of exhibit F (secure tokens) and to use appropriate caution in selecting any company or individual given access to use one or more of the Treasury Management. Customer shall not disclose any information regarding the access to all or part of any Treasury Management.

2). Customer and bank represent, warrant and mutually agree that all confidential information concerning the other party or parties that comes into its possession in connection with any of the Treasury Management, including, without limitation, security procedures or any security codes, passwords, login credentials, keys, personal identification numbers, digital certificates/signatures or template numbers ("codes"), will be maintained in strictest confidence and shall not be divulged to any other party except as may be necessary or advisable for the due performance of any of the Treasury Management or as required by applicable law. Customer is solely responsible for the procedures to assure the internal confidentiality of its own security procedures and codes. If customer or its agents have reason to believe that any security procedures or codes have or may become known by unauthorized persons (whether or not employed by customer), customer shall immediately notify bank by telephone and confirm such verbal notification in writing to bank within 24 hours. Bank will replace the codes in accordance with bank's security procedures.

Customer shall be solely responsible for funds transfer instructions and other communications initiated before bank received customer's notice and had a reasonable time to act on such notice. Bank reserves the right to change any or all of the security procedures or codes by giving verbal or written notice to customer. Bank has authority to mandate specific controls at customer's location and audit operations if deemed necessary.

3). For some Treasury Management Services the Treasury Management Customer agrees bank may in good faith rely on such verbal instructions that purport to come from an authorized agent of customer.

4). Bank will honor customer's transactions and instructions (including adjustments, amendments and cancellations) only when customer has complied with this agreement and related policies and procedures. Bank will be under no obligation to honor, either in whole or in part, any transaction or instruction that:

A. Exceeds customer's collected or available funds on deposit with bank;
B. Bank has reason to believe may not be authorized by customer;
C. Involves funds subject to a hold, dispute or legal process preventing their withdrawal;
D. Violates any provision of any applicable federal, state, or local statute or regulation; or
E. Bank has reasonable cause not to honor, for the protection of either bank or customer.

5). Customer acknowledges, agrees, and consents on behalf of itself and its agents that bank may monitor and record telephone conversations at any time without further notice to the parties to such conversations. The decision to record any conversation shall be solely at bank's discretion, and bank shall have no liability for failing to do so.

K. ELECTRONIC COMMUNICATIONS

Customer may elect to send or receive instructions or reports from Bank related to Treasury Management via electronic means, including, without limitation, facsimile transmission, voice mail, unsecured e-mail, pager or other telephonic methods ("Electronic Transmission"). Customer acknowledges that such Electronic Transmissions are an inherently insecure communication method due to the possibility of error, delay and observation or receipt by unauthorized personnel. Bank may rely in good faith on Customer's instructions regarding how and to what number or e-mail address Electronic Transmissions should be sent and may rely on any Electronic Transmission that it reasonably believes to have been initiated by Customer. Should Customer elect to send or receive Electronic Transmissions to or from Bank, Customer assumes all risks and Bank shall not be liable for any loss that results from the non-receipt, disclosure or alteration of any such Electronic Transmission.

L. COMPUTER EQUIPMENT AND SOFTWARE

Many Treasury Management Services require the use of computer hardware and software. Customer is solely responsible for maintaining its computer equipment in good working order, with the necessary compatibility and format to interface with Bank's systems, including, without limitation, the ability to support Bank's security measures. Customer agrees to install upgrades and other system enhancements within a reasonable time of being requested to do so by Bank. License agreements for necessary software shall either be embedded in the software or separately documented. Customer agrees to comply with all applicable software license agreements, whether or not such agreements have been executed by Customer. Customer has no rights or ownership in any software provided by or through Bank and shall not transfer, copy, alter, modify, reverse engineer, reproduce, or convey in any manner, in whole or in part, any such software. Customer shall return all software and user manuals associated with any software upon request. Bank makes no representations or warranties with respect to any equipment or software provided by Bank. Some Treasury Management are provided by Bank through access to a third-party network. Such Treasury Management are dependent upon the availability of the third-party network on conditions acceptable to Bank. Bank reserves the right to discontinue the Treasury Management or provide the Treasury Management through an alternative third-party network and shall have no liability should such network become unavailable. Bank does not warrant and shall not be responsible for Treasury Management received by Customer from any third-party network.

M. TERMINATION

Either party may terminate this Agreement in its entirety, or any Treasury Management Services provided hereunder, upon 30-days' written notice to the other party. Bank, at its option, may terminate this Agreement or any Treasury Management Services provided to Customer at any time without notice to any party after the commencement of (a) any voluntary or involuntary bankruptcy by Customer; (b) any dissolution or liquidation by or against Customer; or (c) any merger or acquisition of Customer into or by any other entity; (d) upon the breach by Customer of the terms or conditions of this Agreement or any other agreement or obligation it has entered into with Bank or any of Bank's affiliates; (e) upon any event evidencing to Bank a material deterioration in the financial status or condition of Customer or that the likelihood that the credit risks undertaken by Bank in furnishing Treasury Management hereunder may be materially increased, including, but not limited to, insufficient Available Funds to pay items presented for payment or other return item risks; or (f) if Bank has reasonable cause to believe Customer is engaged in any fraudulent or criminal activity. All sums or fees Company owes to Bank for any Treasury Management shall be due and payable in full immediately upon the termination of the Treasury Management.

N. BANK LIABILITY

Except as may be modified by any exhibits to this agreement, bank shall only be liable to the customer under this agreement for bank's gross negligence or willful misconduct in performing Treasury Management for customer. Bank shall have no liability or responsibility to customer with regard to any other matter, including, without limitation, negligence or breach of contract, any act or omission by any clearinghouse, any other financial institution, a Federal Reserve Bank, or any other person or entity. Bank shall have no liability to customer for any nonperformance, damages or losses due to causes or circumstances outside of bank's reasonable control, including without limitation, strike, breakdowns, non-functioning of equipment, incompatible software or hardware, electronic data corruption, legal constraint, interruption of transmission or communication facilities, war, acts of terror, emergency conditions, or cyber-attacks (including denial of service (dos), etc.). In addition, unless otherwise required by applicable law, bank will not be liable for any loss or liability customer may incur resulting in whole or part from any failure or misuse of customer's equipment; third-party software; or any failure by customer to implement appropriate security procedures.

In the event bank shall become liable to customer for its gross negligence or willful misconduct, such liability will be limited to actual damages proved. In no event shall the bank have any liability for any consequential, special, incidental, punitive or indirect damages the company may incur or suffer in connection with this agreement whether or not the likelihood of such damages was known or contemplated by the bank and regardless of the legal or equitable theory of liability, the company may assert. Customer shall promptly furnish to bank written proof of any loss attributable to a Treasury Management and shall provide all reasonable assistance to bank in recovering the loss. If customer is reimbursed for any loss by bank, bank shall be subrogated to all rights of customer related thereto. Notwithstanding the provisions set forth above, any liability of bank for a transfer incorrectly made shall be limited to the amount of such transfer, which is not recovered within a reasonable period of time.

O. CUSTOMER LIABILITY

Customer shall be responsible for compliance with all rules and regulations of any local, state or federal entity, and with the Security Procedures and all operating procedures of Bank which are communicated to Customer to the extent the same are applicable to Customer. Customer shall indemnify and hold Bank harmless from and against any and all claims, demands, loss, liability or expenses (including attorneys' fees and costs) resulting directly or indirectly from (a) a breach or noncompliance of such rules, regulations, Security Procedures or operating procedures by Customer; (b) the delay of any clearing house or any financial institution other than Bank in crediting, or the failure of such institution to credit the amount of any transaction; or c) the claims of any third party arising from the Treasury Management provided hereunder.

Customer may utilize a courier, armored or otherwise, to deliver or receive banking transactions, and in so doing, agrees at all times and in all respects that the (a) courier is the Agent of Customer and not of Bank; (b) Bank makes no representation or warranty regarding, and assumes no responsibility with respect to, any services performed or promised by courier; and (c) Customer assumes all risk of loss (including loss or theft by third parties or employees of Customer or courier) prior to Bank's acceptance of deliveries from courier and subsequent to courier's acceptance of deliveries from Bank. Customer agrees it and courier will be responsible for all loss recovery procedures and processes, although Bank will undertake reasonable

efforts to facilitate loss recovery.
Company will indemnify and hold bank, its officers, employees, agents, affiliates, attorneys, and contractors, harmless from any claim, loss, penalty, assessment, cost or damage, whether in contract or in tort (including reasonable attorneys' fees), and arising out of any errors, negligence, action, non-action or involvement by company or bank or their respective officers, employees, agents, affiliates, contractors, and attorneys, under this agreement or in connection with the Treasury Management provided under this agreement or otherwise, including, but not limited to, those asserted by third parties for reimbursement or damages and those which arise out of or under the electronic fund transfer act, any applicable state electronic fund transfer rules or regulations or any rules or guidelines of any automated clearing house ("ACH").

P. NO IMPLIED WAIVER

No failure by either party to insist upon strict performance of any term or obligation in this Agreement, or any exhibit hereto, or to exercise any right or remedy under this Agreement, or any exhibit hereto, shall constitute a waiver of any such term, obligation, right or remedy.

Q. INFORMATION SHARING

Customer agrees Bank may share information with Bank's affiliates about Authorized Accounts or Treasury Management for regulatory compliance, credit decision-making, marketing Company's products and services, administrative and other banking purposes.

In the event Customer requests Bank to provide Treasury Management to a parent company, subsidiary, affiliate, or other commonly owned company, Customer agrees it shall be jointly and severally liable for such company's obligations under this Agreement. Customer hereby represents and warrants to Bank that any and all transfers and commingling of funds required or permitted by any Treasury Management or requested by Customer, and all other aspects of the performance hereby by Bank and Customer, have been duly authorized by all necessary parties, including, without limitation, the accountholder of each Authorized Account, and that Customer has obtained and shall maintain in its regular business records and make available to Bank upon reasonable demand, for a period of seven years after termination of the Treasury Management(s), adequate documentary evidence of such authorization from the accountholder of each Authorized Account, executed by the duly authorized officer(s) of each accountholder, and further represents and warrants that each transfer or commingling of funds authorized hereunder is not in violation of any agreement, by law or board resolution of Customer or any of its affiliates or subsidiaries, nor is it in violation of any applicable federal, state, or local law or regulation, or any decree, judgment, or order of any judicial or administrative authority. Each representation and warranty contained herein shall be continuing and shall be deemed to be repeated upon Banks performing each transfer and commingling of funds authorized hereunder. If Bank receives an adverse claim against any Authorized Account, and Bank reasonably believes that it will not be protected if the claim is ignored, Customer agrees Bank may place a hold on the affected Authorized Account or move the disputed funds to a holding account. Any such action will remain in place only so long as reasonably necessary to resolve the claim or employ legal remedies to allow a court to decide such claim. Bank shall have no liability for dishonored transactions, which result from such action, and Customer agrees to reimburse Bank for all costs, including attorneys' fees, incurred due to such adverse claim.

R. SEVERABILITY

Should any provision of this Agreement, or any exhibit hereto, contravene any applicable law or regulation of any regulatory agency, or should any provision be held invalid or unenforceable by a court or regulatory body of competent jurisdiction, then each such provision shall be void, and all other provisions of this Agreement, and any exhibit hereto, shall remain in full force and effect.

S. GOVERNING LAW

This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Texas, except to the extent the federal law is controlling or provides greater rights or remedies to Bank. ACH services shall also be governed by NACHA Rules. It shall be the responsibility of Customer to ensure that each ACH transaction, wire transfer, and check conversion complies with all applicable laws, rules, and regulations. This includes, but is not limited to, the Electronic Fund Transfer Act and its implementing Regulation E, Check Clearing for the 21st Century Act, Bank Secrecy Act, and sanctions enforced by the

U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC").

It shall further be the responsibility of Customer to obtain information regarding such OFAC enforced sanctions (OFAC compliance Hotline 1-800-540-OFAC).

T. ASSIGNMENT

Party hereto shall either assign or delegate any of its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld. However, Bank shall be permitted without the prior consent of Customer, to assign some or all of its obligations hereunder to a processor or servicing agent designated by Bank who shall be subject to the terms for provision of the subject Treasury Management. This Agreement shall be binding upon and benefit the respective successors and assigns of Customer and Bank, subject to the provisions above.

U. GOVERNING LAW; WAIVER OF JURY TRIAL

This Agreement shall be governed by and construed under the laws of the State of Texas, and the parties agree to subject themselves to the jurisdiction of the federal and state courts to the maximum extent permitted by law. You hereby agree to accept service of process by certified mail, return receipt requested, and as an independent covenant, hereby expressly waive trial by jury in any action brought with respect to this Agreement. Venue for any action against the Bank shall be in Smith County, Texas.

V. ATTORNEYS' FEES

In the event of any conflict pertaining to the subject matter of this Agreement in addition to any remedies provided herein or by applicable law, the prevailing party shall be entitled to recover all costs and expenses incurred by the prevailing party in defending itself or in enforcing its rights, including, without limitation, court costs, fees of consultants, and reasonable attorneys' fees.

W. AMENDMENTS

The Bank may alter or amend this Agreement at any time upon thirty (30) days' notice to Customer. Notice by Bank of any changes to this Agreement shall automatically become effective **30 days after the date** of such notice unless rejected by the Company, in writing, within 10 days after the date of such notice. If the Company rejects any such change, then affected Treasury Management shall automatically terminate.

> 1). In the event performance of the Treasury Management provided herein in accordance with the terms of this Agreement would result in a violation of any present or future statute, regulation or government policy to which the Bank is subject, and which governs or affects the transactions contemplated by this Agreement, then this Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation or policy, and the Bank shall incur no liability to the Company as a result of such violation or amendment.
> 2). No course of dealing between the Bank and the Company will constitute a modification of this Agreement or constitute an agreement between the Bank and the Company regardless of whatever practices and procedures the Bank and the Company may use.
> 3). Notwithstanding the foregoing, a change to the terms and conditions of this Agreement made by Bank based upon its determination that the change is necessary (a) to avoid a potential loss to Bank or the Company, or (b) due to circumstances that substantially affect Bank's operations, shall be effective immediately upon receipt of notice by Company.
> 4). Any changes or modifications requested by Company to the Treasury Management provided by Bank are subject to the written approval of Bank. If Bank so elects, price changes may be implemented concurrently with the requested changes or modifications.

X. ENTIRE AGREEMENT

Each party has read this Agreement and agrees to be bound by its terms and conditions. This Agreement supersedes all prior verbal or written agreements and now together with its Master Authorization Form and all related exhibits constitute the complete agreement between the parties with regards to its subject matter and cannot be altered or amended except pursuant to Section I(W). No representation or statement not expressly contained in this Agreement or in any amendment shall be binding upon Bank or Customer.

Y. FURTHER ASSURANCES

The parties agree to execute and deliver all additional documents and give all further assurances reasonably necessary to carry out the intent of the parties with respect to these Treasury Management. The Customer agrees to deliver to Bank, such additional executed documents required by the Bank from time to time to obtain and to continue to receive the specific Treasury Management requested by the Customer, including deposit account signature cards, declarations, authorizations, resolutions, enrollment forms and updated financial statements. In addition, if there is an occurrence of a material change in the customer's credit and/or risk analysis criteria, the Bank may determine, in its sole and absolute discretion, to either refuse to enter into this Agreement, refuse to provide specific Treasury Management(s) to Customer or discontinue providing specific Treasury Management(s) and/or immediately terminate existing agreement with Customer per Section I(M) above.

Z. EXECUTION AUTHORITY

The individual(s) executing the Master Authorization Form hereby represents and warrants that he/she/they have full right, power and authority to execute this Agreement on behalf of Customer and that execution and performance of this Agreement by Customer has been authorized by all necessary corporate, membership, or partnership documentation as the case may be.

AA. REPRESENTATIONS AND WARRANTIES

Customer represents, warrants, and covenants to and with Bank:

1). Customer is duly organized, validly existing and in good standing in the state of its organization;
2). The execution, delivery and performance of all documents or agreements provided in connection with any Treasury Management are within Customer's powers, have been duly and validly authorized and do not contravene its charter, by-laws or any indenture, agreement, undertaking, law, regulation or order binding it;
3). No approval, consent or authorization of any government authority is necessary for Customer to obtain any Treasury Management from Bank; and
4).The terms and conditions contained in this Agreement are valid and binding obligations of Customer, enforceable in accordance with their terms.

Except as required by law, bank makes no representations, warranties, agreements or guarantees, express or implied, including without limitation: (1) any representations of merchantability or fitness for a particular purpose as to any items or Treasury Management provided by bank to company; (2) any warranties arising under the U.C.C. as adopted in the state in which bank maintains company's accounts; (3) any warranties with respect to compliance with the electronic fund transfer act or regulation e of the consumer financial protection bureau; (4) any rule or regulation of any automated clearing system; or (5) any state electronic fund transfer statute or regulation.

BB. NOTICES

Notices and communications from Bank to Company regarding any Treasury Management may be in writing, postage prepaid by first class mail or hand-delivered, or may be delivered electronically by e-mail or, if a Treasury Management is provided by access to an internet website, via the internet website.

Except as otherwise expressly provided herein, the Bank shall not be required to act upon any notice or instruction received from Customer or any other person, or to provide any notice or advice to Customer or any other person with respect to any matter. Except as otherwise provided herein, any notice to the Bank under this Agreement must be in writing and delivered by express carrier, faxed, or sent by United States registered or certified mail and addressed to:

Southside Bank
1201 S. Beckham Ave. Tyler, TX 75701
ATTN: Treasury Management Phone: (903) 531-7111
Fax: (903) 535-4422

Moreover, if correspondence is sent to the Customer, it will be sent to the current account address as it appears on file at Southside Bank, unless another address is substituted by notice delivered or sent as provided herein.

CC. ELIGIBLE ACCOUNTS

Bank will provide Company with Treasury Management through and using the following designated types of account:

1). SMART Checking
2). Commercial Checking
3). Premier Business Checking

Bank will provide Company with limited Treasury Management on the following designated types of Accounts:

1). Advantage Investment Checking
2). Platinum Advantage Investment Checking

The following accounts are not eligible for Treasury Management without one of the above referenced checking accounts:

1). IOLTA Account
2). Business Savings
3). The Bank reserves the right to restrict additional account types

Account eligibility requirements may be reviewed for exceptions.

DD. MISCELLANEOUS

1). Bank is an independent contractor and not Company's agent, partner or employee.
2). Bank will use reasonable efforts to hold in confidence and not disclose to a third-party, other than its affiliates, employees, agents and independent contractors, all confidential information received by Bank in the course of rendering its Treasury Management, except to the extent disclosure is required by legal process or by any regulatory or supervisory agency. The Company acknowledges and agrees that Bank may employ third-party servants, agents, independent contractors or other persons or entities to perform such Treasury Management, and that Bank will not be liable for disclosure by any third-party servants, agents, independent contractors or other persons or entities.
3). Absent manifest error, the records of Bank shall be conclusive evidence with respect to the matters governed by this Agreement.
4). Company expressly warrants that Company is not a "Consumer" as defined in section 1005.2(e) of Regulation E of the Consumer Financial Protection Bureau pursuant to the Electronic Fund Transfer Act (15 U.S.C. 1693 *et seq.*), and that Treasury Management are for business accounts only and not personal, family or household purposes. Account eligibility may be reviewed for exceptions.
5). All of Bank's obligations, responsibilities and covenants set forth in this Agreement, whether express or implied, shall be suspended if at any time Bank's compliance is prevented by, or is in conflict with, any federal or state law, regulation or rule, the order of any court of competent jurisdiction, acts of God or of the public enemy, war, epidemic, strike, lockout, riot, weather condition, equipment failure or malfunction, material shortage, electric power disruption or shortage, communication failure or other condition or circumstance not wholly controlled by Bank.
6). Nothing in this Agreement nor any course of dealing between the Company and Bank constitutes a commitment or obligation to lend money or extend credit to the Company or to otherwise advance money to the Company for any reason, including payment of any item contrary to Bank's published availability schedules.
7). The General Provisions, as set forth in Section I of this Agreement, apply to any Treasury Management obtained by Company from Bank, whether or not that particular Treasury

Management is provided for specifically in this Agreement or in other agreements between the Company and Bank and further apply to any Additional Services, including new services introduced by Bank and obtained by Company after the date on which this Agreement is delivered to Company.
8). This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same Agreement.

EE.INTERNET GAMBLING

The Unlawful Internet Gambling Enforcement Act prohibits gambling businesses from knowingly accepting payments through card systems, ACH, wires, or checks to transmit any bet or wager by any means involving the use of the internet that is unlawful under any applicable federal or state law in the state or tribal lands in which the bet or wager is made. Such restricted transactions are prohibited from being processed through this account or relationship.

II. INTERNET SERVICES

Upon Company's execution and delivery of a set-up or service instruction form for any Treasury Management or upon its use of a Treasury Management, whichever occurs first, Company agrees as follows:

Bank has agreed to provide information reporting systems as defined herein to allow Customer to access information and utilize Treasury Management over the internet ("Internet Services"). From time to time, Bank may add additional features or services to its Internet Services, and those additional features or services will be governed by the terms of this Agreement, its exhibits, and other applicable agreements, including account agreements, between Bank and Customer.

A. INTERNET SERVICES

Bank will provide Customer with access to Bank's information reporting systems as agreed by Bank and Customer, for Customer's Authorized Accounts, subject to the terms and conditions of this Agreement. Information reporting systems permit the Customer to view balances, transactions, and statements, and to initiate stop payment orders, wire transfers, internal transfers, ACH entries, and such future services as are provided by Bank.

Customer agrees to run antivirus software before transmitting data to or through any Bank website. Customer may use any commercially available, industry recognized Antivirus software of the type that detects and disinfects viruses automatically, without the need for the Customer to execute virus scanning for each file manually. Customer shall update its antivirus software on a regular basis to maintain a commercially reasonable level of security.

Customer is required to maintain system Security Procedures including, but not limited to, antivirus software, firewalls and data security protection and is solely responsible for securing, encrypting, protecting and otherwise safeguarding Customer-owned data, software and hardware.

Customer understands, acknowledges and agrees that the Bank is not responsible for any loss or damages resulting from any errors or failures of the Customer's computer or data processing systems, including, but not limited to, any computer virus or malware attack such as a keystroke logging program or similar malware, any attack by a person attempting or actually gaining unauthorized access to Customer-owned data or any internet-related problems that may be associated with the Customer's access and use of a Treasury Management.

Customer agrees and acknowledges that the threat of fraud resulting from theft of electronic data is a serious potential threat to Customer's business and, accordingly, Customer will take reasonable steps to make certain that its computers and data security systems are protected from unauthorized access or use, and, in the event of any unauthorized access or use, Customer will take reasonable steps to immediately inform Bank of such security breach. Customer further agrees to and acknowledges that Bank may restrict in part or in whole access to all Treasury Management systems until reasonable evidence that all threats and unauthorized access have been removed.

B. SECURITY

Customer acknowledges the importance of maintaining the various passwords and security devices in the strictest confidence. Customer is solely responsible for the misuse, theft or misappropriation of passwords. The Authorized Accounts must be owned by the same company or family of companies, and the signatories to this Agreement must be authorized to act for all of the Authorized Accounts, as provided in the Account Agreements and any authorizing resolutions. Customer shall not resell, assign, or otherwise provide for the benefit of a third party any information reporting services, and Customer shall not permit any third party to obtain access to the information reporting systems.

C. LIABILITY

Bank shall only be liable to the Customer under this Agreement as described in Section I(N) above.

Bank shall have no responsibility to verify Authorized Instructions received through the information reporting system if the Authorized Instructions are made in compliance with this Agreement. As long as Bank complies with its current applicable Security Procedures, Customer shall be responsible for unauthorized Entries and Transfer Orders, and shall hold Bank harmless there from. Bank may recognize deviations from stated Security Procedures, if Customer has by custom and practice routinely ratified Entries or Transfer Orders representing a standard deviation from Security Procedures. Customer acknowledges and agrees that the Security Procedures established by Bank are commercially reasonable.

D. TRANSACTION PROCESSING

Wire Transfers: Wire transfers initiated through Bank's electronic platform and received by Bank from 8:00 am to 4:00 pm Central Time on a Business Day will be processed same day. If received after Cut-Off Time, Bank will process the wire on the next Business Day. International wire cutoff time is 2:00 pm Central Time. International wires are not processed by Bank's electronic platform and must be initiated in a branch.

ACH Transactions: ACH transactions initiated through Bank's electronic platform and received by Bank before 4:00 pm Central Time on a Business Day will be processed same day. If received after Cut-Off Time, Bank will process the ACH transaction on the next Business Day.

Book Transfers: Book transfers initiated through Bank's electronic platform and received by 11:30 pm Central Time on a Business Day will be processed same day.

Stop Payment Requests: Stop-payment requests initiated through Bank's electronic platform and received by Bank from 8:00 am to 4:00 pm Central Time on a Business Day will be filed in relation to the Authorized Account the same day. Reasonable notice of a stop-payment request must be given to Bank at least 24 hours prior to item being presented for payment.

E. TERMINATION

Notwithstanding any other provision, regarding termination set forth herein or in any other agreement between Bank and Company, Bank may terminate Company's access to and its ability to transact Treasury Management through Bank's Treasury Management at any time, effective immediately. Bank shall use reasonable efforts to give notice of the termination to Company promptly, and will then provide written confirmation of the termination if the initial notice of termination was not communicated in writing. If access is terminated, Bank may require execution of additional documents or agreements to resume the use of Bank's Treasury Management. The terms and provisions of such additional documents or agreements will remain in effect upon termination of Internet Services.

F. TEMPORARY LIMIT INCREASES

Customer agrees that limits will be established with regards to transaction amounts, daily limits and approval limits for ACH origination, Wire Transfer origination and Remote Deposit Capture Services. Periodically, limits may need to be increased in order to accommodate transactions that would exceed Customer's daily limits. Customer agrees that the Bank may act on a temporary limit increase received via email, in writing or by phone from the designated Company Administrator or Authorized User for the Authorized Account that the transaction will be performed on. Customer agrees that authentication procedures may be required on temporary limit increases.

III. <u>WIRE TRANSFER SERVICES</u>

Upon Company's execution and delivery of the Master Authorization Form for Wire Transfer Service, Exhibit A (Wire Transfer Agreement – Authorized Users), and Exhibit B (Wire Transfer Agreement – Authorized Accounts), or upon Company's use of the Wire Transfer Service, whichever occurs first, Company agrees as follows:

Customer desires to enter into an agreement to authorize the wire transfer of funds from Authorized Accounts at Bank at such times, and in such amounts as Customer may from time to time direct. Bank has agreed to provide the Wire Transfer Services as set forth herein.
Bank is hereby authorized to honor, execute and charge to the Authorized Account(s) of Customer any and all wire transfer payment orders initiated electronically, in writing, or by telephone (a) from Customer, or (b) from an Authorized User as designated in Exhibit A, which is attached hereto and incorporated herein for all purposes, or as designated by Customer through Bank's electronic platform. When authorizations and instructions are made in accordance with the Security Procedures set forth below, Bank may transfer funds from the Authorized Account(s) of Customer authorized in Exhibit B, which is attached hereto and incorporated herein for all purposes based upon one or more payment orders initiated by draw down request or another financial institution to transfer funds on behalf of Customer to such financial institution.

Terms in this Section III, which are not defined in this Agreement, shall have the same meanings as defined by the U.C.C. Article 4A.

A. PAYMENT ORDERS AND WIRE TRANSFERS

1). Bank shall be under no obligation to comply with any payment order or make any wire transfer which would exceed the available collected balance of funds on deposit in the Customer's Authorized Accounts at Bank, as determined by Bank.

2). Customer shall have no right to cancel or amend a payment order after it is accepted by Bank, except under mutual agreement. In the case of an erroneous or otherwise irregular wire transfer, Bank may, but shall not be obligated to, on its own initiative, request a receiving bank, beneficiary's bank or a beneficiary to return the funds previously transferred on behalf of Customer. A payment order issued by Customer is paid at the time the payment order is executed, at the time the transfer is credited to the beneficiary's account on the books of Bank, or at the time the advice of credit for such transfer is sent or telephoned to the beneficiary by Bank, whichever occurs first.

3). Bank may handle payment orders from Customer and those which it may receive from other Customers in any order selected by Bank, in its sole discretion, and Bank may use any means or routes which it, in its sole discretion, may consider suitable for executing a payment order.

4). Bank may establish a Cut-Off Time(s) on a wire-transfer Business Day for the receipt and processing of payment orders and communications canceling or amending payment orders. Any payment order or communication received after such Cut-Off Time or on a Saturday, Sunday or Bank holiday shall be deemed received on the next wire-transfer Business Day.

5). Bank and any subsequent receiving bank may execute payment orders for the transfer of funds to a beneficiary in the name of the beneficiary and/or the account number of the beneficiary furnished to Bank by Customer. In the event there is a discrepancy between the name of the beneficiary and the account number, the payment order may be executed by use of the account number.

6). If the Customer requests a payment order be made in other than U.S. dollars, Bank may transfer payment in the currency of the beneficiary bank's country at Bank's buying rate of exchange for U.S. dollars. If the funds transfer is returned or cancelled, the Customer agrees to accept the refund in U.S. dollars in the amount of the foreign money settlement, based on the current buying rate of the bank converting the currency to U.S. dollars on the date of the refund or cancellation, less all fees, charges and expenses incurred by Bank.

B. SECURITY PROCEDURES

1). Customer agrees to comply with these Security Procedures, which Customer acknowledges and agrees are commercially reasonable, when Customer requests a Wire Transfer from Bank. The purpose of these Security Procedures is only to verify that Customer initiated the Wire Transfer request, not to detect any error in the content or transmission of such a request. Customer is responsible for any error in the content or transmission of such a request, as described in the terms of this Agreement.

2). Customer must designate Authorized Users and Authorized Accounts before Bank may transfer any funds pursuant to Customer's Wire Transfer request.

A. Customer shall designate Authorized Users by delivering a fully completed and executed copy of Exhibit A to Bank. Additional Authorized Users may be subsequently designated by the Company Administrator electronically on Bank's electronic platform. Authorized Users designated electronically will not be permitted to initiate wire transfer instructions until Bank has reviewed the designation and issued a corresponding Secure Token to the Company Administrator. All Secure Tokens are issued at the sole discretion of the Bank, and the Bank reserves the right to not approve any requested designation. Authorized Users designated electronically are only permitted to initiate wire transfer instructions electronically. Only Authorized Users designated on a fully completed and executed copy of Exhibit A may initiate wire transfer instructions in person, by fax, or by telephone.

B. Customer shall designate Authorized Accounts by delivering a fully completed and executed copy of Exhibit B to Bank.

3). Wire Transfer requests may only be initiated

A. Electronically on the Bank's electronic platform.

B. In writing on a Bank Wire Transfer Request Form, submitted to the Bank in person or by fax.

C. By telephone, Wire Transfer requests submitted in writing must contain an Authorized User's signature. The submission of a Wire Transfer request by telephone is only permitted when Customer is sending a Wire Transfer to a beneficiary to whom Customer has previously sent a Wire Transfer using Bank's Wire Transfer Service. Customer accepts all risks and liabilities arising from the use of fax or telephone to submit a Wire Transfer request. All Wire Transfers will be processed at the sole discretion of the Bank.

4). *Single Authorization*

Bank recommends the use of Dual Authorization; Customer may instead choose Single Authorization by indicating that choice on a completed and executed Master Authorization Form. Bank will attempt to verify that a payment order or following procedures ("Single Authorization"):

A. For a Wire Transfer initiated electronically, the Authorized User initiator is required to successfully enter login credentials to gain access to and use of the Bank's electronic platform and required to successfully enter the Secure Token security number to initiate the Wire Transfer request.

B. For a Wire Transfer initiated in person, the Bank will review the Authorized User's government-issued photo identification and compare the Authorized User's signature against the signature on file.

C. For a Wire Transfer initiated by fax, the Bank will compare the Authorized User initiator's signature against the signature on file.

D. For a Wire Transfer initiated by telephone, the Authorized User initiator is required to successfully provide a Personal Identification Number ("PIN")

5). Regardless of method of initiating a Wire Transfer request and regardless of whether Single Authorization or Dual Authorization is chosen by Customer, Bank may, *at Bank's option*, call Customer at a telephone number specified by Customer to verify any Wire Transfer request. Such a callback may occur solely at Bank's discretion and is not required.

6). Customer agrees that these Security Procedures govern the verification of Wire Transfer requests initiated by Customer pursuant to this Agreement and that these Security Procedures constitute a commercially reasonable method of providing security against unauthorized payment orders. Each time Customer initiates a Wire Transfer request, Customer represents, warrants, and agrees that, in view of Customer's then-present requirements, these Security Procedures are satisfactory for Customer's business purposes and are commercially reasonable under the circumstances; if Customer has selected Single Authorization, Customer further represents, warrants, and agrees that Customer has been offered the opportunity to use Dual Authorization and Customer, by executing the Master Authorization Form, expressly agrees in writing to be bound by any payment order, whether or not authorized, issued in its name and accepted by Bank in compliance with the security procedure chosen by the Customer.

7). Customer acknowledges and agrees that Bank may execute such Wire Transfer request if Bank acts in good faith according to these Security Procedures, even if such request is, in fact, unauthorized.

8). Bank may elect not to act upon a Wire Transfer request, for Customer's protection, if the request is not initiated in accordance with these Security Procedures, if Bank is unable to obtain proper verification of such payment order satisfactory to Bank, or if there is any inconsistency between a Wire Transfer request and information previously supplied to Bank.

C. REVIEW OF STATEMENTS AND ADVICES

Customer will review promptly and reconcile Customer's statements of account sent by Bank and shall report to Bank's Wire Transfer Department any discrepancies between Bank records and Customer records within a reasonable time, not to exceed thirty (30) calendar days from the date the statement of account is received by Customer. The failure of Customer to notify Bank of any discrepancies within the specified time period will relieve Bank of any liability with respect to any compensation provided for in Section III (D) below.

D. COMPENSATION

Subject to Section III(C) above, compensation, if any, for the loss of interest or use of funds due Customer as a result of a Bank's error or Bank's failure to execute a transfer request on the date received (if such request was received prior to Bank's deadline) and when such execution or error was within Bank's control, will be for a period not exceeding the lesser of sixty (60) days of the period between the date of the request and the date of actual transfer or error correction, and will be either of the following forms at the option of Bank:

1). adjusting Customer's account balance(s) at Bank to reflect properly the average balances that would have occurred; or
2). reimburse Customer an amount equal to interest at a rate not exceeding the average Federal Funds rate computed on a daily basis for the period and amount in question. In any event, Bank shall not be liable for payment or of damages arising out of or in connection with a payment order or wire transfer after one year from the date of such payment order or wire transfer.

E. <u>RESPONSIBILITY OF THE BANK</u>

1). Bank shall have no responsibility or liability for any inaccuracy, interruption or delay in transmission and for claims occasioned by any circumstances, including any act or failure to act by a third person or entity, beyond Bank's reasonable control.

2). Customer will hold Bank harmless and indemnify Bank for any and all claims, demands, expenses (including but not limited to attorney's fees and costs), loss or damage of any nature whatsoever arising directly or indirectly from any payment order initiated pursuant to this Agreement, or other matters related to this Agreement, including but not limited to any election made by Bank pursuant to this Agreement, except for liability to Customer caused by gross negligence or willful misconduct of Bank. In no event shall Bank be liable for any punitive, special, consequential or incidental damages, even if Bank has been informed of the possibility of such damages, except as allowed by law.

3). Customer will assume full responsibility for all transfers executed by Bank in good faith and in accordance with these procedures, agrees that Bank shall be conclusively deemed to have discharged its duty to act in good faith if it has followed the transfer procedures as contained in Sections III(A)-(E) or other documents of similar purport, and agrees that Bank assumes no responsibility beyond its duty to exercise ordinary care.

4). This Agreement is governed by the provisions of Regulation J, 12 C.F.R. Part 210, Subpart B, including the Appendices, ("Fedwire Regulation") to the extent that any wire transfer request is carried out. This Agreement is also subject to all applicable Operating Circulars of the Federal Reserve Bank in the district in which the Bank is located and any other applicable provisions of federal or state law. To the extent that the Fedwire Regulation does not apply to this Agreement, this Agreement shall be governed by the laws of the State of Texas.

F. CONFIDENTIAL INFORMATION

Customer will keep confidential all repetitive transfer numbers of Customer and all the names of Authorized Users, and Bank shall have no liability for losses occasioned by unauthorized access to such information.

G. AMENDMENT

In the event there is a change by Customer to any exhibit, such change shall be in writing, signed by Customer and shall not be effective until such time as it is received and accepted by Bank and Bank has had a reasonable opportunity to act on it.

H. NOTICES

1). Any notice to be given under this Section III, if by Customer shall be in writing, signed by Customer and shall be considered to be given when received and accepted by an appropriate person in Bank's Wire Transfer Department and Bank has had a reasonable opportunity to act on it and, if by Bank, except as provided in Section I(W)(2) above, may be oral or in writing and shall be effective when given.

2). Bank shall be protected in acting upon any form of notice which it in good faith believes to be genuine and what it purports to be.

I. ADDITIONAL PROVISIONS

1). The accounts with Bank affected by this Section III shall continue to be governed by the deposit agreement issued by Bank on such types of accounts, as it may be amended from time to time, except to the extent, such agreement may be inconsistent with these terms.

2). This Section III shall be governed by and construed in accordance with the laws of the State of Texas, and venue for any action brought pursuant to this Agreement shall be in County selected by Bank.

IV. AUTOMATED CLEARING HOUSE SERVICES

A. DEFINITIONS

Unless otherwise defined in Section I or Section IV of this Agreement, capitalized terms in this Section IV shall have the meanings provided in the NACHA Rules.

1). "*Effective Entry Date*" means the date included in any Entry as the date upon or after which such Entry is to be effective.
2). "*Entry*" has the meaning given in the NACHA Rules, except that it shall also include an "On-Us Entry."
3). "*On-Us Entry*" means a debit or credit Entry to an account maintained at the Bank.
4). "*On-Line*" refers to use of the internet website or mobile application designated by the Bank used to transmit or receive electronic transactions, instructions, notices or other communication but does not include transmissions by telephone, fax, in person, regular mail, express mail or E-mail.

B. APPLICABLE AGREEMENTS

This Section IV governs Company's use of ACH Origination. Company's access to and use of the Bank's On-Line services shall be governed by this Agreement, as amended from time to time. In the event of conflict between the terms of this Section IV and any other provisions in the Agreement with the Bank, this Section IV shall prevail, unless otherwise provided herein.

C. COMPLIANCE WITH THE NACHA RULES AND APPLICABLE LAW

The Company's rights and obligations with respect to any Entry are governed by the NACHA Rules, this Agreement and applicable law. The Company acknowledges receipt of a copy of the NACHA Rules. The Company agrees to be bound by the NACHA Rules. The Company represents and warrants that it will comply with the NACHA Rules and applicable laws, regulations and regulatory requirements and that it will not transmit any Entry or engage in any act or omission that violates or causes the Bank to violate the NACHA Rules, applicable laws, regulations or regulatory requirements, including, without limitation, OFAC regulations, sanctions or executive orders.

D. TRANSMITTAL OF ENTRIES AND SECURITY PROCEDURES

1). The Company shall transmit any and all debit or credit Entries to the Bank in accordance with the NACHA Rules and this Agreement. The Company shall comply with the Security Procedures described in Exhibit C's Schedule 2. The Company acknowledges that the purpose of these Security Procedures is only to verify that Customer initiated the request, not to detect any error in the content or transmission of such a request. Customer is responsible for any error in the content or transmission of such a request, as described in the terms of this Agreement. No security practice or procedure for the detection of any such error has been agreed upon between the Bank and the Company.
2). The Company shall prevent and safeguard against unauthorized transmissions, disclosures and access to the following (all of which are referred to herein as "Security-related Items"): information (including but not limited to Security Procedures, instructions, passwords and user identifications), systems and equipment that interface with, connect to or allow access to the Bank, its information, systems and equipment. The Company shall establish, maintain and enforce physical and logical commercially reasonable security practices, techniques and procedures with respect to access, storage and maintenance to safeguard against unauthorized transmissions and unauthorized access to Security-related Items. Such practices, techniques and procedures shall be no less than the security-related requirements set forth in this Agreement and in the NACHA Rules.
3). Without limiting the foregoing, the Company warrants that no individual will be allowed to initiate transfers without proper supervision. If the Company suspects, knows, believes or has reason to believe that an unauthorized individual has transmitted or attempted to transmit one or more Entries or that the Security Procedures or other Security-related Items have otherwise been compromised, the Company agrees to immediately notify the Bank and agrees that any Entry received by the Bank before or within a reasonable time after such notice to the Bank shall be treated as authorized by the Company.
4) The Company hereby authorizes the Bank to transmit any Entry received by the Bank from the amount of such Entry to the accounts specified by the Company.

E. COMPANY'S REPRESENTATIONS, WARRANTIES AND AGREEMENTS

The Company represents and warrants that each Entry provided to the Bank complies in all respects with the NACHA Rules and this Agreement. The Company acknowledges and agrees that, pursuant to the NACHA Rules, the Bank makes certain warranties to the ACH Operator and other financial institutions and that such warranties are made in reliance on: (i) the representations and warranties of the Company, including but not limited to those contained in this section of this Agreement and (ii) Company's agreement to be bound by the NACHA Rules and applicable law. The Company shall indemnify the Bank against any claims, alleged claims, loss, liability or expense (including attorneys' fees and expenses) resulting directly or indirectly from, related to or arising out of: (i) any breach of the Company's warranties or this Agreement; (ii) Company's failure to exercise ordinary care in connection with its duties hereunder; (iii) any action by the Receiving Depository Financial Institution ("RDFI") upon an unauthorized or erroneous Entry initiated by the Company; (iv) any actions by a service provider or agent of the Company that results in a breach of this Agreement by the Company; (v) to the extent that it involves the Bank, any litigation by an ACH Operator, an RDFI or any Company Receivers asserting noncompliance on the Company's part with the NACHA Rules, laws, regulations or regulatory requirements. The Company represents and warrants that, for each Entry, the Company has obtained the Receiver's authorization and the Entry conforms to the authorization. The Company acknowledges and agrees that it will cooperate with the Bank fully to facilitate the Bank's adherence to any applicable regulatory guidance. Without limiting the foregoing, the Company warrants:

1). Each Entry is authorized pursuant to the NACHA Rules and the authorization has not been revoked;
2). Each credit Entry is timely and accurate;
3). Each debit Entry is for a sum which, on the Settlement Date will be due and owing to the Company from the party whose account will be debited, is for a sum specified by such party or is to correct a previously transmitted erroneous credit Entry;
4). No Entry has been reinitiated in violation of the NACHA Rules;
5). If the company generates IAT, RCK, POP, BOC, ARC, WEB, TEL, or any other format as defined by NACHA Rules, all applicable special warrantees in the ACH Rules have been complied with; and
6).The Company has used commercially reasonable procedures to verify that all information contained in an Entry, including but not limited to routing numbers, is accurate and value

F. BANK OBLIGATIONS

Subject to Section IV(H) of this Agreement, the Bank shall, in accordance with the NACHA Rules, process, transmit and settle for any Entry. The Bank shall have no obligation to transmit an Entry if the Company fails to comply with the NACHA Rules or any terms of this Agreement. The Bank shall rely on any and all information it receives from an Authorized User of the Company, as set forth in Exhibit C's Schedule 4, and any person the Bank, in good faith, reasonably believes to be acting on behalf of the Company, whether or not such person was authorized by the Company.

G. COMPANY'S ACCOUNT

The Company will maintain a deposit account with the Bank at all times during the term of this Agreement. The Company shall at all times maintain a balance of available funds in the account sufficient to cover the Company's obligations under this Agreement. If collected balances in the account are insufficient to cover the aggregate amount of Entries, the Bank shall have no obligation to transmit such Entries. The Company authorizes the Bank to debit its Account or any other account maintained at the Bank for any amount it owes the Bank as a result of this Agreement.

1). Credit Entries - Origination by the Company requires that the Company have sufficient collected Funds on deposit the day the credit Entries are transmitted to the Bank, two business days prior to the effective date of the Entries. The collected funds are placed on hold for two business days prior to the effective date of the Entries, when the Company's account is debited.
2). Debit Entries - Origination of debit Entries by the Company shall be in accordance with the limits established by the Bank as shown in the ACH Debit Origination Application included in Exhibit C. Absent a completed ACH Debit Origination Application approved by the Bank, the limit established will be zero ($0.00). Debit Entries are transmitted by the Company to the Bank one business day prior to the effective date of the Entries. The Company's account is credited on the effective date of the Entries.

H. EXPOSURE LIMITS

The Company shall comply with the exposure limits as set forth in Exhibit C's Schedule 1. Such limits may be modified from time to time by Bank at its sole discretion with notice to the Company.

I. DUE DILIGENCE

The Company will supply the Bank with due diligence information when requested. This information may include, but is not limited to, financial data, names and other information concerning the principles of the Company, information about the business in which the Company participates, information regarding the creditworthiness of the Company, projected return rates, and payment history. The bank may, in its reasonable discretion, conduct a limited review of the company's operations to ensure compliance with the provisions of this agreement. Where the Bank reasonably believes that Company's financial condition is impaired or deteriorating, the Bank may refuse to process any Entries or may require prefunding of all Entries.

J. CANCELLATION OR AMENDMENT OF AN ENTRY

The Company shall have no right to cancel or amend any Entry after its receipt by the Bank. However, the Bank shall use reasonable efforts to act on a request by the Company to cancel an Entry before transmitting it to the ACH Operator or crediting or debiting an On-Us Entry. Any such request shall comply with this Agreement, including the Security Procedures described on Schedule 2 to Exhibit C. The Bank shall have no liability if it fails to effect the cancellation. Company shall reimburse the Bank for any expenses, losses or damages the Bank incurs in effecting or attempting to effect Company's request for the cancellation of an Entry.

K. REJECTION OF ENTRIES

The Bank may reject any Entry, including an On-Us Entry, that does not comply with the requirements of the NACHA Rules or this Agreement, specifically including Schedule 1 and Schedule 2 of Exhibit C, and may reject any Entry if the Company is not otherwise in compliance with the terms of this Agreement or the NACHA Rules. The Bank shall notify the Company in accordance with Exhibit C's Schedule 1 of such rejection no later than the business day such Entry would otherwise have been transmitted by the Bank to the ACH Operator or, in the case of an On-Us Entry, the day before its Effective Entry Date. Notices of rejection shall be effective when given. The Bank shall have no liability to Company by reason of the rejection of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein.

L. PROVISIONAL CREDIT NOTICE

In the case of a credit Entry, credit given by the RDFI for the Entry is provisional until the RDFI has received final settlement through a Federal Reserve Bank or has otherwise received payment. If the RDFI does not receive such payment for the Entry, the RDFI is entitled to a refund from the Receiver for credit to the Receiver's account, and Company will not be considered to have paid the amount of the credit Entry to the Receiver.

M. REVERSALS

The Company may reverse a File or Entry pursuant to the NACHA Rules. If the Company reverses an Entry or File, the Company shall indemnify the Bank against any claim, alleged claim, demand, loss, liability or expense resulting directly or indirectly from such reversal.

N. NOTICE OF RETURNED ENTRIES AND NOTIFICATIONS OF CHANGE

The Bank shall notify the Company in accordance with Exhibit C's Schedule 1 of the receipt of a returned Entry or Notification of Change from the ACH Operator no later than one business day after the business day of such receipt. The Bank shall have no obligation to retransmit a returned Entry if the Bank complied with the terms of this Agreement with respect to the Entry.

O. ENTRIES RETURNED AS UNAUTHORIZED

In the event that an Entry is returned as unauthorized or authorization revoked, the Company will contact the necessary parties and resolve any dispute. During this process the Company may ask the Bank to request from the RDFI a copy of the "Written Statement Under Penalty of Perjury." The Bank will make its best effort to obtain the form and will deliver it to the Company when received. Company agrees not to re-originate any transaction returned as unauthorized or as authorization revoked unless the customer reauthorized the Entry or Entry stream.

P. UNAUTHORIZED RATE IN EXCESS OF 1%

In the event the rate of unauthorized transactions exceeds 1% based on the calculations noted in the NACHA Rules the Company will share the data requested by the Bank based on the NACHA Rules and will immediately begin the process of bringing the rate below 1%.

Q. PERIODIC STATEMENT

The periodic statement issued by the Bank for the Company's account will reflect Entries credited and debited to the Company's account. The Company agrees to notify the Bank within a reasonable time not to exceed thirty (30) days after the Company receives a periodic statement of any discrepancy between the Company's records and the information in the periodic statement. If the Company fails to notify the Bank of any such discrepancy within thirty (30) days after receipt of such periodic statement, the Company shall be precluded from asserting any claim against the Bank arising from such discrepancy.

R. LIABILITY

Bank shall only be liable to the Customer under this Agreement as described in Section I(N) above. In the performance of the Treasury Management required by this Agreement, the Bank shall be entitled to rely solely on the information; representations and warranties provided by the Company pursuant to this Agreement and shall not be responsible for the accuracy or completeness of such information.
Except as otherwise specifically provided by law, the Bank shall be responsible only for performing the Treasury Management expressly provided for in this Agreement and shall be liable only in the event of loss due to its gross negligence or willful misconduct in performing those Treasury Management.

To the extent allowed by law, the Bank shall not be liable for and shall be excused from failing to transmit or any delay in transmitting an Entry (i) if such transmittal would result in the Bank's having exceeded any limitation upon its intra- day net funds position established pursuant to present or future Federal Reserve Board guidelines; (ii) if, for any reason, the ACH Operator fails or declines to process an Entry; (iii) if, in the Bank's sole discretion, processing an Entry would violate or contribute to the violation of any present or future risk control program of the Federal Reserve Board or any NACHA Rule, law, regulation or regulatory requirement; or (iv) if processing an Entry, in the Bank's sole discretion, would cause it to engage in an unsafe and unsound practice.

S. RULES ENFORCEMENT

In the event that a Report of Possible Rules Violation is filed on the Company, the Company will take appropriate steps to correct the problem within the time frames suggested by the Bank. In the event that a fine is levied against the Bank for a violation of the NACHA Rules, the Company agrees to make the Bank whole for the value of the fine.

T. INCONSISTENCY OF NAME AND ACCOUNT NUMBER

The Company acknowledges and agrees that, if an Entry describes the Receiver inconsistently by name and account number, payment of the Entry may be made on the basis of the account number even if it identifies a person different from the named Receiver, and the Company's obligation to pay the amount of the Entry to the Bank is not excused in such circumstances.

U. NACHA RULES COMPLIANCE REVIEW

The Company agrees to review its compliance with the NACHA Rules on a periodic basis. The Bank has a right to request the details of the review at any time.

V. TERMINATION

Notwithstanding any other provision regarding termination set forth herein or in any other agreement between Bank and Company, the Bank may terminate this Section at any time for any reason, in its sole discretion, without liability, and the Company may terminate this Section upon ten (10) days' written notice to the Bank except that the Company may terminate the Section immediately if the terms of the Section are materially breached by the Bank. Any termination of this Section shall not affect any of the Bank's rights and the Company's obligations with respect to Entries initiated by the Company prior to the effective time of such termination, or the payment of obligations of the Company with respect to Treasury Management performed by the Bank prior to the effective time of such termination, or any other obligations that shall survive termination. The provisions of this Section that are necessary to give effect to the purposes of this Agreement shall survive its termination.

V. CHECK POSITIVE PAY, ACH POSITIVE PAY, ACH BLOCKING SERVICES

Upon Company's selection of one or more of Bank's Positive Pay Services or ACH Debit Block Services and execution and delivery of the Master Authorization Form for such Treasury Management or upon its use of such Treasury Management, whichever occurs first, Company agrees as follows:

1). Customer agrees to provide an acceptable formatted file (for either checks, ACH or both) to Bank for testing prior to submission of first live file.
2). Customer agrees to provide to Bank, from time to time, a list of checks initiated by Customer to enable Bank to verify by check number and amount the checks which Bank charges to the account of the Customer.

Company acknowledges and accepts that Bank has agreed to verify the checks which it pays according to the terms of this Agreement.

A. DEFINITIONS

Unless otherwise defined in Section I of this Agreement, words or phrases in this Section V shall have the meanings set forth in U.C.C. Article 3 (Negotiable Instruments) and Article 4 (Bank Deposits and Collections). Additionally, for the purposes of this Section V only, the terms below are defined as follows:

1). "*ACH Blocking*" means a service that will block, except for those ACH entries originated by the Bank on its own behalf, all ACH entries originated by another party either through the Bank's Treasury Management or received from another ODFI unless an approved identifier for that transaction has been provided to Bank.
2). "*ACH Positive Pay*" means a service that allows the Customer to establish ACH transaction rules to monitor ACH items.
3). "*Check Issue File*" means a list of checks, described by at least Check number, date written and amount, drawn by the Customer on an Authorized Account, provided by the Customer to Bank by the terms of this Agreement.
4). "*Exception Check*" means a Presented Check that does not match a check included in a Check Issue File.
5)."*Exception Check Report*" means a list of Exception Checks which is provided by Bank to the Customer by the terms of this Agreement.
6). "*Pay Request*" means the instruction of the Customer to Bank ordering Bank to pay an Exception Check.
7). "*Presented Check*" means a check drawn on an Authorized Account and presented to Bank for payment through the check collection system.
8). "*Positive Pay*" means allowing Customer personnel to manage the related Positive Pay applications and procedures for the purpose of providing fraud prevention services via Positive Pay.
9). "*Return Request*" means the instruction of the Customer to Bank ordering Bank not to pay an Exception Check.

B. CHECK ISSUE FILE

The Customer shall submit a Check Issue File to Bank.

C. REPORTING OF EXCEPTION CHECKS

Bank shall compare each Presented Check received by Bank. When checks are presented for payment and for charge to the Authorized Account, Bank shall:

1). Not refuse to pay;
2). Charge to the Authorized Account by reason of this Agreement, each Presented Check that matches by check number and amount a check shown in any Check Issue File;
3).Provide to the Customer an Exception Check Report that specifies the check number and amount of any Exception Checks; and
4). Send the Exception Check Report to the place(s) specified by Customer and in the format and medium, and by the deadline(s), from time to time specified by Bank. The initial format, medium and deadlines are contained on the Master Authorization Form.

D. PAYMENT AND DISHONOR OF EXCEPTION CHECKS

Bank will pay or return Exception Checks in accordance with the default option selected by Customer for each Authorized Account.

E. PAY DEFAULT

1). This option is selected automatically if Customer makes no selection or revokes a selection without making a new default selection.
2). Where Customer has selected the pay default option to apply to an Authorized Account, Bank shall not refuse to pay and charge to the Authorized Account by reason of this Agreement, any Exception Check provided that Customer has not objected to such payment in a timely Return Request.
3). A Return Request shall identify each Exception Check Customer desires not to pay by the check number and amount and shall instruct Bank to return the Exception Check.
4). The Return Request shall be sent to Bank in the format and medium, by the deadline(s), and at the place(s) specified by Bank and agreed to by Customer.
5). Bank shall return to the depository bank or presenting party any Exception Check Customer instructs Bank to return as provided above.

F. RETURN DEFAULT

1.) The return default option may be selected by an Authorized Agent in writing.
2.) Where Customer has selected the return default option to apply to an Authorized Account, Bank shall return to the depository bank or to the party presenting the check any Exception Check presented for payment on that account, unless Customer instructs Bank to pay the check in a timely Pay Request.
3). The Pay Request shall identify each Exception Check that Customer desires to be paid by the check number and amount specified in the Exception Check Report and shall instruct Bank to pay such Exception Check.
4). The Pay Request shall be sent to Bank in the format and medium, by the deadline(s), and at the place(s) specified by Bank and agreed to by Customer. Bank shall not refuse to pay and shall charge to the Authorized Account by reason of this Agreement that any Exception Check that Customer directs Bank to pay as provided above.

G. ACH BLOCKING SERVICES

If a Customer requests ACH Blocking Services, except for those ACH entries originated by the Bank on its own behalf, all ACH entries originated by another party either through Bank's Treasury Management or received from another Originating Depository Financial Institution ("ODFI") will be blocked unless an approved identifier for that transaction has been provided to the Bank. The company ID of the originator or the individual ID of the Receiver are the available identifiers of the transactions. **The ACH Blocking Services do not affect checks converted to ACH transactions.**

ACH POSITIVE PAY SERVICES

If a Customer requests ACH Positive Pay Services, then the Customer is allowed to work with the Bank to establish ACH transaction rules to monitor their ACH items. By way of example only, ACH external debits (entries not originated by the Bank) can be compared to certain criteria that the Customer establishes, such as comparing each ACH item by amount, or type, or SEC code or Receiver name, versus the Customer established ACH authorization rules. The Customer shall be responsible for submitting all necessary information to Bank, such as the ACH item origination file for ACH Credit Entries, handling reporting of exception items, and pay and return default issues as required by the Bank. Upon selection of the ACH Positive Pay Services, Bank shall provide Customer additional documentation and instructions on such services.

I. POSITIVE PAY SERVICES.

The Positive Pay Service is an application provided by one of Bank's third-party service providers that allows Customer personnel to manage the related application for the purpose of providing fraud prevention services via Positive Pay and barcoded checks. The Positive Pay Service also enables providing account reconciliation services to end-user Customers. If Customer selects the Positive Pay Service, Customer agrees that in order to utilize such service, Customer must meet the technical specifications of Bank's third-party service provider, and those specifications will be provided by Bank to Customer (and may be updated from time-to-time by Bank or the third- party service provider). Customer agrees and acknowledges that if it selects the Positive Pay Services that it must follow any additional security procedures required by Bank, which Bank shall provide to Customer. The Customer also understands and acknowledges that using the Positive Pay Services will require Customer to obtain a separate user name, password and company ID that will be provided by Bank to Customer. Upon selecting the Positive Pay Services, the Customer will receive additional documentation and instructions provided by Bank regarding such services.

J. CUSTOMER AND BANK COMMUNICATIONS

Customer or Bank, at its discretion, may each submit to the other party a revision of any communication provided for under this Section V. The revised communication must (a) be sent in its entirety and not in the form of a partial amendment to the communication originally sent, (b) identify the original communication, and (c) be sent in the format and medium, by the deadline(s), and at the place(s) established by the receiving party. A properly submitted revised communication serves to revoke and replace the original communication.

1). Bank shall use only Check Issue Files that comply with this Agreement and have not been revoked as provided herein in the preparation of Exception Check Reports.
2). Customer shall use only Exception Check Reports that comply with this Agreement and have not been revoked as provided herein in the preparation of Pay Requests and Return Requests.
3). Bank shall not be obligated to comply with any Pay Request or Return Request received in a format or medium, after a deadline, or at a place not permitted under this Agreement but may instead treat such a Pay Request or Return Request as though it had not been received.
4). Bank is not responsible for detecting any Customer error contained in any Check Issue File, Pay Request or Return request sent by Customer to Bank.
5). Company hereby assumes all risk and responsibility for the compilation, accuracy, transmission and delivery of any and all information, or data, including, without limitation, and Check Report or Payment Instructions delivered by Company to Bank. Bank shall have no obligation to insure the receipt or accuracy of any information or data furnished by Company in connection with Positive Pay Services, and shall have no obligation to make any inquiry or initiate any follow-up investigation regarding the receipt or accuracy of any such information or data.

K. REMEDIES

To the extent applicable, the liability provisions of U.C.C. Articles 3 and 4 shall govern this Section V, except as modified below in this Section V(K).

1). It shall constitute wrongful honor by Bank if Bank pays an Exception Check that it failed to list in a timely Exception Check Report, or if Bank pays an Exception Check listed in a timely Exception Check Report if:

A. Customer issued a timely Return Request, or
B. Customer selected the return default option and did not issue timely Pay Request.

2). In the event that there is wrongful honor:

A. Bank shall be liable to Customer for the lesser of the amount of the wrongfully paid Exception Check or Customer's actual damages resulting from Bank's payment of the Exception Check.
B. Bank expressly waives any right it may have to assert that Customer is liable for the amount of the wrongfully honored Exception Check on the grounds that the Exception Check was properly payable under U.C.C. Article 4- 401.
C. Bank retains the right to assert Customer's failure to exercise ordinary care under U.C.C. Article 3-406(a) and reasonable care under U.C.C. Article 4-406(c). Bank's wrongful honor shall however constitute a failure of Bank to have exercised ordinary care under the loss allocation provisions of U.C.C. Articles 3-406(b) and 4-406(e).
D. Bank retains the right to assert the defense that Customer has sustained no actual damages because Bank's honor of the Exception Check discharged for value a valid indebtedness to Customer.
E. Customer has the duty to mitigate its damages.
F. If Bank credits the Authorized Account for a check wrongfully honored, Bank may at its option be subrogated to the rights and claims of Customer to recover the wrongfully paid amount from the payee or transferee of the check.

L. WRONGFUL DISHONOR

Except as provided below in paragraph 2 of this Section V(L), it shall constitute wrongful dishonor by Bank if Bank by reason of this Agreement dishonors a check which was not an Exception Check, or if Bank by reason of this Agreement dishonors an Exception Check if: (a) Customer issued a timely Pay Request, or (b) Customer selected the pay default option and did not issue a Return Request.

1). Bank's liability for wrongful dishonor of an Exception Check shall be limited to the damages for wrongful dishonor recoverable under U.C.C. Articles 3 and 4.
2). Notwithstanding the above, Bank shall have no liability to Customer for wrongful dishonor when Bank, acting in good faith, returns an Exception Check:

A. that it reasonably believed was not properly payable;
B. if there are insufficient Available Funds on deposit in the Authorized Account;
C. if required to do so by the service of legal process on Bank or the instructions of regulatory or government authorities or courts; or
D. is otherwise in conformance with Bank's rules, regulations and policies.

M. RIGHTFUL PAYMENT AND DISHONOR

Except as provided below:

1). If Bank honors an Exception Check in accordance with a Pay Request issued by Customer, such honor shall be rightful, and Customer waives any right it may have to assert the Exception Check was not properly payable under U.C.C. Article 4-401.
2). If Bank dishonors an Exception Check in accordance with the return default option selected by Customer or in accordance with a Return Request issued by Customer, the dishonor shall be rightful and Customer waives any right it may have to assert that the dishonor was wrongful under U.C.C. Article 4-402.
3). Customer agrees Bank exercises ordinary care whenever it rightfully pays or returns an Exception Check consistent with the provisions of the Agreement.

N. LIABILITY

Bank shall only be liable to the Customer under this Agreement as described in Section I(N) above.
Bank shall be liable for any actual losses, other than consequential damages, approximately caused by its honor of a check that was not properly payable or its dishonor of a check that was properly payable if the honor or dishonor occurred because Bank, in accordance with the provisions of this Agreement:

1). Should have shown the check as an Exception Check but failed to do so; or
2). Showed the check on an Exception Check Report but referenced the wrong check number unless Bank provided Customer with timely correct information, or unless Customer had actual knowledge of the error.

Q. POSITIVE PAY SERVICES

Bank will provide the selected Positive Pay Services for the designated Authorized Accounts specified by Company. On each banking day, Company agrees to provide Bank a Check Issue File" by 6:00 p.m. Central Time. Company agrees to provide a Check Issue File before disbursing checks to payees. Failure to send a Check Report prior to disbursement could result in checks presented for payment that do not have a corresponding issue on file, thus these checks will be treated as "exception items" and be included in the Exception Report as "paid no issues" (PNI). There is a fee levied by Bank for every exception item reported. Bank shall compare each Presented Check by check number and amount (as encoded) against all Check Reports received through that day. Bank shall (a) finally pay and charge to the applicable Authorized Account all Presented Checks which match checks on the Check Reports as to check number and amount, provided that the Authorized Account has sufficient Available Funds; and (b) unless service is disrupted or delayed for operational reasons, provide Company with an Exception Report by 10:00 a.m. Central Time on the following Business Day. Company shall provide Bank with payment Instructions regarding the Exception Checks by 12:00 p.m. Central Time on the same day. If the Company fails to meet this deadline, Company authorizes and directs Bank to pay the Exception Checks according to the pay default decision made by the Company on the Positive Pay Services Agreement. If Company sends in payment Instructions after the deadline and would like a particular check returned, Bank will attempt to honor the return but if the presenting bank fails to honor the return, the Company must reimburse Bank for the amount of the item and hold Bank harmless from any cost, suits, expenses, liabilities, damages and attorneys' fees related to the return of the item.

R. WARRANTIES AND REMEDIES

With respect to any check paid by Bank in accordance with this agreement:

1). Company waives and releases any claim that the check is not properly payable, with respect to any drawer's signature(s) on, or alteration of the amount of the check; and
2). If the name of the payee of the check is altered or the check is not properly payable based on a forged endorsement, Bank, without waiving any defenses under the U.C.C., shall be accountable for the amount of the check to the extent required by applicable provisions of the U.C.C., including U.C.C. Article 4-401.
3). With respect to any check dishonored and returned by Bank in accordance with this Agreement, the Company waives and releases any claim that the check is properly payable and any claim against Bank for wrongful dishonor under U.C.C. Article 4-402, and any other account agreement between Bank and Company or otherwise.

S. OTHER AGREEMENTS

Checks presented to Bank over-the-counter may not be subject to these terms and conditions regarding Positive Pay Services. Except as specifically provided in the Agreement, all other account agreements and all fees and charges relating to Authorized Accounts remain applicable to the Authorized Accounts, and Bank's remedies set forth in those agreements are cumulative.

VI. <u>LOCKBOX SERVICES</u>

Upon Company's execution and delivery of the Master Authorization Form for Lockbox Services and Exhibit D (Lockbox Setup Sheet) or upon its use of the service, whichever occurs first, Company agrees as follows:

Customer desires Bank to process payments and credit Customer's Authorized Accounts for payments received in Customer's designated Lockbox to which the Customer agrees to allow Bank to access to receive payments, or the Customer may utilize a Bank-owned post office box. If the Customer chooses to utilize a Bank-owned post office box, the Bank will provide the Customer with the post office box number.

A DEFINITIONS

Unless otherwise defined in Section I of this Agreement, the following terms shall have the meanings set forth below when used in this Section VI:

1). "*Lockbox*" means a post office box or caller box for which Bank will have unrestricted, exclusive access for the purpose of receiving the Payments from Customer's obligators.
2). "*Lockbox Address*" means the address, which Bank may change from time to time by written notice to Company, provided by Bank to Customer in Exhibit D.
3). "*Payments*" mean checks, drafts, money orders, or other instruments evidencing payment which Bank receives from Customer's obligators.

B. LOCKBOX INSTRUCTIONS

These terms and conditions for Lockbox Services are supplemented by Bank's standard Lockbox Operating Instructions, which are included in Exhibit D.

C. LOCKBOX SERVICES

Bank or designated third-party processor is authorized and instructed by Company to receive, open, and dispose of mail addressed to Company at the Lockbox Address, including, without limitation, registered and certified mail, and to endorse on Company's behalf as its attorney-in-fact remittances for the purposes of collecting and depositing the proceeds to Company's account(s) designated on the executed Exhibit D. Bank will receive mail in accordance with the schedule for mail pickup established by Bank (which Bank may change from time to time without the necessity of consent of or notice to Company). Except as otherwise provided in the Agreement or in the executed Exhibit D, the credit and collection of all such remittances shall be subject to the normal terms and conditions applicable to deposits received by Bank directly from Company.

1). All envelopes containing checks to be processed under this Agreement shall be mailed to the Lockbox Address.
2). In the event a check to be processed under the Agreement is to be delivered by hand delivery, the delivery should be made to the address provided by Bank.

D. LIABILITY OF BANK

Bank shall only be liable to the Customer under this Agreement as described in Section I(N) above.

Bank does not guarantee specific receipt or collection of Payments within a specific time frame. Bank cannot be responsible for specialized processing of Payments bearing restrictive endorsements, postdated Payments, Payments incorrectly drawn or containing incomplete or ambiguous provisions. Such Payments will be processed or rejected according to Bank's standard operating procedures unless other procedures are agreed to in writing by Bank and Customer.

E. RETURNED PAYMENTS

If any of the Payments are returned to Bank unpaid after Bank has forwarded the same for payment and if the Payment can be re-presented, Bank has the authority to forward the item for payment a second time unless otherwise specified by Customer. If the item is not paid after being forwarded for payment the second time, the Payment shall be sent to Customer and the unpaid amount shall be charged back to the Deposit Account.

F. COMMUNICATION

Subject to Bank's then existing capabilities and requirements, and for such additional fees as Bank's then existing schedule of fees and services may provide, Bank will forward the daily deposit totals to Customer as indicated on the attached schedules.

G. RECORD MAINTENANCE

Bank will create an image of all checks, drafts and other instruments processed in connection with Lockbox Services. Bank will retain the image for seven years or for such other period, whether longer or shorter, if any, required by law. Bank will provide photocopies to Company upon request. Company shall provide the date, the total amount of the deposit and the amount of the item in question as indexing information for photocopies requested. Also upon request, Bank will capture images of checks and/or related documents and provide them via web access via Bank's third-party processor's website described in more detail within Exhibit D. The Customer will be able to access retained images for a rolling 6-month period.

H. HOLIDAYS

No processing activity will be conducted and no deposits will be made by Bank on holidays officially recognized by Bank. Lockbox activity will be resumed the following Business Day.

VII. TARGET BALANCE AND ZERO BALANCE ACCOUNT SERVICES

A. GENERAL

Upon Company's execution and delivery of the Master Authorization Form or upon its use of the service, whichever occurs first, Company agrees as follows:

Customer desires to transfer balances between Sub Accounts and a Lead Account in the exact amount necessary to maintain a target balance in the Sub Accounts. Customer shall designate a primary demand deposit account as the "Lead Account" and its other accounts with Bank as "Sub Account(s)." Customer authorizes and directs Bank to transfer funds between the Lead Account and Sub Account(s) to bring the balances of all Sub Accounts to a designated amount. Notwithstanding contrary provisions herein, Customer may draw checks against Sub Accounts provided that the aggregate amount of all such checks does not exceed Customer's available or collected funds on deposit in the Lead Account, subject to uncollected funds, negative balance or other charges.

B. TARGET BALANCE TRANSFER SERVICES

Bank shall transfer funds between the Lead Account and the Sub Accounts to adjust the balances in the Sub Accounts as provided in the Master Authorization Form attached. If the designated balance in a Sub Account exceeds the target balance, then the excess funds will be debited from that account and credited to the Lead Account. If the balance in a Sub Account is less than the target balance, then the required funds will be debited from the Lead Account and credited to the Sub Account.

C. ZERO BALANCE TRANSFER SERVICES

Bank shall transfer funds between the Lead Account and the Sub Accounts to adjust the balances in the Sub Accounts as provided in the Master Authorization Form. At the close of each Business Day, Bank shall create a zero balance in each Sub Account designated by Company as a zero-balance account ("Zero-Balance Account") by depositing funds from or transferring funds to the Lead Account. Company authorizes and directs Bank, at any time and without prior notice to Company, to transfer to each Zero-Balance Account from the Lead Account, or other deposit accounts of Company maintained at Bank, funds in the amount sufficient to pay any checks, items or charges presented against or payable from each Zero-Balance Account.

D. ACCOUNTS

Customer designates Lead Account and Sub Account(s) as provided on the Master Authorization Form.

E. FREQUENCY

Transfers will be made daily as referenced in this Agreement.

F. AMOUNT

Bank is authorized and directed to transfer funds between the Lead Account and the Sub Accounts as frequently as set forth herein or in the Master Authorization Form, to bring the target balance (as selected on the Master Authorization Form) of the Sub Accounts to the value designated on the Master Authorization Form.

G. HANGES TO DIRECTIONS

Customer may change these directions at any time by delivering Authorized Instructions to Bank. Changes to these directions shall be implemented by Bank within a reasonable time after Bank's receipt of the new Authorized Instructions.

H. AVAILABLE FUNDS

If at any time the Lead Account, after deducting any amounts payable from or chargeable to the Lead Account, fails to contain collected, immediately available funds in the amount required to pay the total aggregate amount of checks, items and charges payable against or chargeable to the Lead Account and each Sub Account, the Company shall be liable for Bank's insufficient funds charges as in effect from time to time and Bank may, in its sole discretion, do any one or more of the following:

> 1). Pay in any order any one or all of the checks, items or charges and charge the amount of any payment to the applicable account thereby causing an overdraft to be created in the account subject to Bank's overdraft policies and charges; or
>
> 2). Dishonor in any order any one or all of the checks or items and return the same to the presenter, in which case the policies, charges, and rules provided for in Bank's deposit agreement shall apply, including but not limited to, provisions in the deposit agreement relating to insufficient funds and returns policies or charges.

I. BANK RULES AND REGULATIONS

All Treasury Management to be provided hereunder shall be in accordance with, and further subject to, Bank's then applicable rules and regulations, which apply to the Authorized Accounts and to such further policies and procedures with regard to the Treasury Management provided hereunder as may be communicated to Customer from time to time in writing.

VIII. <u>ACCOUNT RECONCILIATION SERVICES</u>

Upon Company's execution and delivery of the Master Authorization Form for Account Reconciliation Services or upon its use of the service, whichever occurs first, Company agrees as follows:

Bank will assist Company to reconcile and manage the check and deposit activity in Company's demand deposit Authorized Accounts. Use of the Account Reconciliation Services does not affect any of Company's obligations, as described in the deposit agreement, to discover and report unauthorized or missing signatures, alterations or endorsements on checks drawn on Company's accounts.

The Account Reconciliation Services include the following standard features: (a) consolidated listing; (b) activity summary; (c) daily paid register; (d) stop payment listing; and (e) exception reporting. There are also a number of optional features and reports which Company's Bank relationship manager can outline. The reports will depend on the Treasury Management(s) Company selects. There are also a number of options available for Company's data transmission.

If Company is approved for this Account Reconciliation Service, and Company provides Bank with a list of the serial numbers and the exact amount (dollars and cents) of the checks that Company issues, Bank will compare the list with the information that is encoded on items presented to Bank for payment against Authorized Account(s).

A. CHECKS COVERED BY SERVICE

The Account Reconciliation Services apply to checks that are presented for payment to Bank through normal interbank clearings. It is not designed to compare Company's list of issued checks against items that are presented in any other manner (e.g., at a teller window, through an automated teller machine, or by mail). At Bank's sole discretion, Bank may attempt to compare Company's list with such items; Bank will not be liable for Bank's failure or refusal to do so, however, even if Bank has done so on previous occasions.

B. SECURITY

Company represents and warrants that it has implemented reasonable security procedures designed to assure that only company's authorized employees have the ability to transmit check information to bank for the purpose

IX. CONTROLLED DISBURSEMENT SERVICES

Upon Company's execution and delivery of the Master Authorization Form for Controlled Disbursement Services, or upon its use of the service, whichever occurs first, Company agrees:

A. DISBURSEMENT SERVICES

Bank is authorized and instructed to establish a demand deposit account in Company's name (the "Disbursement Account") and to transfer collected funds from the Company's demand deposit account located at Bank or any other account of Company, to the Disbursement Account in order to pay checks and items drawn on, and charges against, the Disbursement Account. Company agrees to maintain in the Lead Account at all times in collected, immediately available funds, from whatever source, an amount equal to or greater than the sum of all charges to and checks or other items presented against the Disbursement Account. Company authorizes and directs Bank, at any time and without prior notice to Company, to transfer to the Disbursement Account from the Lead Account funds in the amount needed to pay any checks, items or charges presented against or payable from the Disbursement Account

B. OVERDRAFTS

If, at any time, the Lead Account, after deducting any amounts payable from or chargeable to the Lead Account, fails to contain collected, immediately available funds in the amount required to pay the total aggregate amount of checks, items and charges payable against or chargeable to the Disbursement Account, the Company shall be liable for Bank's demand deposit checking account "insufficient funds" charges and any other applicable fees or charges in effect from time to time and Bank may, in its sole discretion, do any one or more of the following, without the necessity of any prior written notice to Company:

1). Pay in any order any one or all of the checks, items, or charges and charge the amount of any payment to the Disbursement Account, thereby causing an overdraft to be created in the disbursement account subject to Bank's overdraft policies and charges; or

2). Dishonor in any order any one or all checks or items and return the checks or items to the presenter, in which case Bank's demand deposit checking account terms shall apply, including, but not limited to, Bank's insufficient funds and returns policies or charges.

C. PRESENTMENT PROCEDURES

Daily notification of the checks presented against the Disbursement Account will occur no later than 11:00 a.m., Central time. Bank shall make available this information to Company daily by electronic balance reporting or other means acceptable to Bank and Company. Daily notification totals may or may not include over the counter items being presented during banking hours. Bank will make every effort to provide an accurate total to Customer provided them by Federal Reserve Banks or other Correspondent Banks, but is not liable for incorrect totals which may or may not include over the counter items and possible ACH clearings. Should Bank be unable to determine the exact amount of checks presented for payment, then the Company will fund a mutually agreed upon amount. Any excess or deficit between the estimated amount and the amount of actual checks presented will be compensated by (over or under) funding that will achieve a net zero collected balance average over the two Business Day time period. If on any day checks are presented and the Company is closed for business, the Company must make prior arrangements regarding estimated funds to be deposited in the Lead Account for that day's checks. The Company recognizes and agrees that Bank reserves the right at all times to return, unpaid, by the applicable midnight deadline, any checks presented against the Disbursement Account which have not been paid and to close the Disbursement Account should Bank deem advisable.

The term “midnight deadline” means the time by which Bank must return an item in order to dishonor it under applicable, local clearing house or other rules. Company agrees that Bank and each of its affiliates where the disbursement Account or the Lead Account is located have a right to set-off any sums owing respectively to Bank by Company in the event of a breach of this Agreement by Company. Nothing in this Agreement shall effect or modify Bank’s rights of set-off as allowed under applicable law. Company pledges and grants a security interest in all deposits on deposit at Bank as security for any credit, including payment of items without sufficient funds, extended by Bank.

X. FedEDI (ELECTRONIC DATA INTERCHANGE) SERVICES

If selected on a setup or service instruction form for any Treasury Management, Bank will provide Company with Electronic Data Interchange notification services via fax or email, as selected on the Master Authorization Form. Bank will transmit to Company, on a transaction basis, the Electronic Payment text and addenda information for each Electronic transaction conducted under this agreement.

XI. REMOTE DEPOSIT CAPTURE SERVICES

Upon Company's execution and delivery of the Master Authorization Form and Exhibit E (Remote Deposit Capture) or upon its use of the service, whichever occurs first, Company agrees as follows:

The Company has requested that Bank permit it to use one or more of the services set out in Exhibit E (collectively, the "Remote Item Processing Services"). The Bank is willing to provide the Remote Item Processing Service(s) by acting as converting bank and reconverting bank and processing for ultimate delivery to other financial institutions electronic entries or Substitute Checks by means of its correspondent banks, participating Image Exchange Networks and the Federal Reserve Bank to the accounts at paying banks of checks presented for payment. Bank is willing to provide Remote Item Processing Services, subject to the following terms and conditions.

A. SERVICES

Subject to the terms and conditions of this Agreement, the Bank hereby grants Company and Company hereby accepts a non-exclusive, non-transferable right to access and use each of the Remote Item Processing Services. The provisions of Exhibit E are incorporated by reference into this Agreement. In the event of a conflict between the provisions of this Agreement and the terms and conditions set forth in Exhibit E, the terms and conditions of Exhibit E shall prevail. Company may at any time, and from time to time, request additional Remote Item Processing Services the Bank may be offering, subject to the Bank's acceptance. Company agrees that the Remote Item Processing Services may be modified from time to time to upgrade or improve functionality. The Bank will provide Company with prior notice of any such modifications or enhancements.

B. COMPANY ACCOUNT

Company hereby requests that the Authorized Account(s) that it designates for use in connection with the Remote Item Processing Services be made available for access through the Remote Item Processing Services. Company shall make such designation during the Remote Item Processing Services set-up process. Company may request the Bank to include accounts of affiliated companies for access through the service (i.e. companies in which Company or its parent have direct, or indirect majority ownership). Company represents and warrants that it is authorized to give such instructions and to have such accounts included. Company shall provide appropriate authorizations from such companies to the Bank permitting their account(s) to be so included.

C. THE BANK'S OBLIGATIONS

1). The Bank agrees to transmit all the financial data under its control required to utilize the Remote Item Processing Services selected by Company and to act on appropriate instructions received from Company in connection with such service. Company understands and agrees that the Remote Item Processing Services may be provided by the Bank or its designated agent.

2). Company understands that service availability is at all times conditioned upon the corresponding operation and availability of those computer services and systems used in communicating Company's instructions and requests to the Bank and the Bank's response. The Bank shall not be liable or have any responsibility of any kind for any loss or damage thereby incurred or suffered by Company in the event of any failure or interruption of such services or any part thereof, resulting from the act or omission of any third party, or from any other cause not reasonably within the control of the Bank.

3). The Bank shall exercise due care in seeking both to preserve the confidentiality of the user number, password, test key, or other code or identifier and to prevent the use of the service by unauthorized persons (and in this connection it is understood and agreed by both Company and Bank that implementation by the Bank of its normal procedures for maintaining the confidentiality of information relating to its customers, and where practicable the obtaining by the Bank from any third parties engaged in the installation, maintenance and operation of the system of similar undertakings, shall constitute fulfillment of its obligation so to exercise due care) but shall not otherwise be under any liability or have any responsibility of any kind for any loss incurred or damage suffered by Company by reason or in consequence of any unauthorized person gaining access to or otherwise making use of the service. Company assumes full responsibility for the consequences of any misuse or unauthorized use of or access to the service or disclosure of any confidential information or instructions of Company by Company's employees, agents, or other third parties.

4). As relates to the Bank's provision of service, Company agrees to the following:

Company will facilitate timely cooperation between any necessary third parties in order for the Bank to provide the service.(i) Company is, and shall remain, solely and exclusively responsible for any and all financial risks, including, without limitation, insufficient funds, associated with accessing the service.(ii) Company will use the service in accordance with such reasonable rules as may be established by the Bank from time to time as set forth in any materials furnished by the Bank to Company.(iii) Company assumes exclusive responsibility for the consequences of any instructions it may give to the Bank, for Company's failures to access the service properly in a manner prescribed by the Bank, and for Company's failure to supply accurate input information, including, without limitation, any information contained in an application.(iv) Company will designate a bank settlement account to be used for the purposes of settling, in aggregate, the financial transactions requested via the service. The Bank shall provide Company with details of the specific transactions, reported similarly as other transactions may be done, that were a result of access to the service. Company shall be responsible for auditing and balancing of any settlement accounts.(v) Company will verify and reconcile any out-of-balance condition, and promptly notify the Bank of any errors in the foregoing within the time periods established in Exhibit E after receipt of the applicable detail report(s) from the Bank. If notified within such period, the Bank shall correct and resubmit all erroneous files, reports, and other data at the Bank's then standard charges, or at no charge, if the erroneous report or other data directly resulted from the Bank's error.

(vii) Company is solely responsible for purchasing, obtaining, installing and operating any and all necessary equipment or software needed to access the service from the Bank or a Bank-approved alternative, and shall be responsible for maintaining such equipment or software in an operating condition, including any mandatory maintenance service programs prescribed by the Bank. The Bank will provide minimum specifications for all such equipment or software.(viii) Company will be responsible for the payment of all telecommunications expenses associated with the service. The Bank assumes no liability or control over the internet access of its on-site systems and remote employee or affiliate access.

D. USE OF SERVICE

Company will use the service only for its own internal business use in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, Company agrees not to make the service available or allow use of the service in a computer bureau, service business, timesharing, or otherwise disclose or allow use of the service by or for the benefit of any third party.

E. ADMINISTRATIVE RULES

This Agreement shall be subject to such administrative rules as the Bank may establish and disseminate from time to time governing the services it will provide in connection with the service.

F. WARRANTIES; DISCLAIMER OF WARRANTIES

(a) Company acknowledges that the service is provided on an "as is" and "as available" basis. The bank is not responsible for any errors or omissions in or to any information resulting from company's use of the service. The bank makes no and expressly disclaims all warranties, expressed or implied, regarding the service including the warranty of title and the implied warranties of merchantability, fitness for a particular purpose and no infringement. Without limiting the generality of the foregoing, the bank disclaims any warranties regarding the *remote item processing services* performance or functionality of the services (including, without limitation, that the services will operate without interruption or be error free). Company further acknowledges that there are certain security, corruption, transmission error and access availability risks associated with using open networks such as the internet and operation, telecommunication lines or circuits. Company hereby assumes all risks relating to the foregoing.

G. BANK'S LIABILITIES

Bank shall only be liable to the Customer under this Section XI as described in Section I(N) above, and to extent modified by this Section XI(G) and Exhibit E.

The Bank shall not be liable in any manner for any and all financial risks unless (A) Company follows the procedures described in materials for use of the service; and (B) Company is assessed a penalty or late fee due to the Bank's gross negligence or willful misconduct. In no event shall the Bank's responsibilities for such penalties or late fees exceed $100.00.

The maximum aggregate liability of the bank resulting from any such claims shall not exceed the total fees paid by company for the remote item processing services resulting in such liability in the six-month period preceding the date the claim accrued. The bank's licensors or suppliers will not be subject to any liability to company in connection with any matter.

H. FORCE MAJEURE

The Bank shall not be responsible for liability, loss, or damage of any kind resulting from any delay in the performance of or failure to perform its responsibilities hereunder due to causes beyond the Bank's reasonable control.

I. TERMINATION

Either party may terminate services provided under this Section pursuant to the provisions of Section I(M). Notwithstanding any such notice of termination, this Section shall remain effective in respect of any transaction occurring prior to such termination. Upon any termination of this Section, (i) Company will immediately cease using the service, (ii) Company shall promptly remit all unpaid monies due under this Agreement and (iii) all rights and obligations of the parties shall terminate except that the rights and obligations of the parties under Subsections E, F-G, and I-K of this Section XI and Sections 6, 8 and 10 of Exhibit E shall survive. The bank may suspend company's access to the service in the event that the bank reasonably determines such suspension is necessary in order to protect the service or the bank from harm or compromise of integrity, security, reputation, or operation.

J. INDEMNIFICATION

Company agrees to indemnify, defend and hold harmless the Bank and its shareholders, directors, officers, employees and agents ("Indemnified Parties") from and against any and all losses, costs, expenses, fees (including, but not limited to, reasonable attorney fees and disbursements), claims, damages, liabilities and causes of actions of third parties resulting or arising from: (a) Company's failure to abide by or perform any obligation imposed upon Company under this Agreement, (b) the willful misconduct, fraud, criminal activity, intentional tort or negligence of Company or any of its representatives involving use of the service; (c) the actions, omissions or commissions of Company, its employees, consultants and/or agents relating to the service; and (d) any transmission or instruction, whether or not authorized, acted upon by the Bank in good faith. Company shall be provided with prompt notice of any claims and given full authority and assistance (at Company's expense) for the defense of any such claims; provided that the Bank may participate in such defense and settlement with counsel of the Bank's own choosing at the Bank's own expense; provided, further, however, Company shall have no authority to settle any claim against any Indemnified Party without the prior written consent of such Indemnified Party (which consent shall not be unreasonably withheld).

K. THIRD-PARTY BENEFICIARY

The parties acknowledge that the bank's processing agent or agents are intended third-party beneficiaries of this Agreement.

XII. LINE OF CREDIT SWEEP SERVICES

Upon Company's execution and delivery of the Master Authorization Form for Line of Credit Sweep Service or upon its use of the service, whichever occurs first, Company agrees:

A. SWEEP SERVICE

The Company authorizes Bank to determine, on a daily basis, based on clearing items for that day, the balance of, and the amount available under, the Company's revolving line of credit provided to Company by Bank. The Company further authorizes Bank, on a daily basis, to the extent available, apply funds in Company's Lead Account to (a) reduce the outstanding principal balance of the line of credit, or (b) automatically draw funds under the line of credit, if available, and deposit those funds into the Lead Account if necessary to fund disbursements from the Lead Account on that day.

B. STATEMENTS

All transactions related to Line of Credit Sweep Service will appear on Company's line of credit statement.

C. CREDIT

Line of Credit Sweep Service is based on the terms and conditions of the Company's lending agreement and is subject to credit approval.

Line of Credit Sweep Services require Customer to have a Line of Credit account. This section is subject to the provisions of this Agreement.

DEPOSITORY BANK SERVICES AGREEMENT

THIS DEPOSITORY BANK SERVICES AGREEMENT ("Agreement") is made and entered into by and between the City of Watauga, Texas, a home-rule municipality ("City"), and Southside Bank a banking association, organized under the laws of the United States and authorized by law to do banking business in the State of Texas ("Bank"). City and Bank are sometimes referred to collectively as the "parties" or individually as a "party."

1. **Designation of Depository**. The City, through action of the City Council on June 10, 2019, hereby designates Bank as its primary depository bank for the period beginning September 1, 2019 and continuing through August 31, 2021. City shall have the option with mutual agreement between the City and Bank and upon City Council approval to extend this Agreement for three (3) additional terms of one (1) year each under the same terms and conditions by giving Bank written notice of its intent to extend prior to the expiration of the then-current term.

2. **General**. All services rendered to City by Bank under this Agreement shall be performed in accordance with accepted commercial banking standards for public fund organizations and under the overall direction and instructions of City pursuant to Bank's standard operations, policies, and procedures.

3. **Scope of Services**. Bank agrees to provide those services as described in the City of Watauga Request for Application for Depository Bank Services released on March 7, 2019 ("RFA"). The RFA and Bank's response to the RFA (the "Application") are incorporated herein by reference. Bank acknowledges that all services performed by Bank are subject to the approval of City.

4. **City Representatives**. During the term of this Agreement, City will, through appropriate action of its City Council, designate the officer, or officers, who singly or jointly will be authorized to represent and act on behalf of City in any and all matters of every kind arising under this Agreement and to (a) appoint and designate, from time to time, a person or persons who may request withdrawals, orders for payment or transfer on behalf of City in accordance with the electronic funds or funds transfer agreement and addenda, and (b) make withdrawals or transfer by written instrument.

5. **Custodian**. City and Bank, by execution of this Agreement, hereby designate Federal Home Loan Bank as custodian ("Custodian"), to hold in trust, according to the terms and conditions of this Agreement, the collateral described and pledged by Bank in accordance with the provisions of this Agreement.

6. **Custodian Fees**. Any and all fees associated with Custodian's holding of collateral for the benefit of City shall be paid by Bank and City will have no liability therefore.

7. **Entire Agreement**. The entire agreement between Bank and City shall consist of this Agreement, City's RFA (except to the extent Bank took specific exceptions in the Bank's Application), Bank's Application, the Custodial Agreement with Custodian, and other such bank service agreements, policies and documents as may be required and approved by the parties (collectively, the "Banking Agreements"), each incorporated by reference as they presently exist and each listed in governing order of precedence in the event of conflict among the documents. This Agreement supersedes any and all prior representations, statements, and agreements, whether written or oral. The terms and provisions of this Agreement may not be amended, altered, or waived except by mutual agreement evidenced by a written instrument signed by duly authorized representatives of both parties.

8. **Collateralization**. All funds on deposit with Bank to the credit of City shall be secured by collateral as provided for in the Public Funds Investment Act (Chapter 2256 of the Government Code, as amended), the Public Funds Collateral Act (Chapter 2257 of the Government Code, as amended), City's Investment Policy, and Bank's Application.

If marketable securities are pledged, the total market value of the securities securing such deposits shall be in an amount at least equal to the minimum required amount as per City's Investment Policy. The market value of any pledged securities (collateral) must be obtained from non-Bank-affiliated sources. Bank shall monitor and maintain the required collateral margins and levels at all times.

Bank has heretofore, or will immediately hereafter, deliver to Custodian collateral of the kind and character above mentioned of sufficient amount and market value to provide adequate collateral for the funds of City deposited with Bank. Custodian shall accept said collateral and hold the same in trust for the purposes herein stated. Said collateral or substitute collateral, as hereinafter provided for, shall be kept and retained by Custodian in trust so long as deposits of City remain with Bank. Bank hereby grants a security interest in such collateral to City.

If at any time the collateral in the hands of Custodian shall have a market value in excess of the required balances, City may authorize the withdrawal of a specified amount of collateral, and Custodian shall deliver this amount of collateral (and no more) to Bank.

If surety bonds or letters of credit are utilized, City shall agree as to the issuer and form of contract prior to the pledge. The amount of surety bonds or letters of credit will be at least equal to the minimum required amount as per City's Investment Policy. The termination or expiration of any surety bond or letter of credit shall be a minimum of two (2) business days after City anticipates withdrawing the secured deposit.

9. **Pledge Receipts**. Custodian shall promptly forward to City copies of pledge receipts covering all such collateral held for Bank, including substitute collateral as provided for herein.

10. **Substitution of Collateral**. If Bank shall desire to sell or otherwise dispose of any one or more of said securities so deposited with Custodian, with the advance written approval of City, it may substitute for any one or more of such securities other securities of the same market value and of the character authorized herein. Such right of substitution shall remain in full force and may be exercised by Bank as often as it may desire; provided, however, that the aggregate market value of all collateral pledged hereunder, shall be at least equal to the amount of collateral required hereunder. If at any time, the aggregate market value of such collateral so deposited with Custodian be less than the total sum of City's funds on deposit with Bank, Bank shall immediately deposit with Custodian such additional collateral as may be necessary to cause the market value of such collateral to equal the total amount of required collateral. Bank shall be entitled to income on securities held by Custodian, and Custodian may dispose of such income as directed by Bank without approval of City.

11. **Withdrawal of Collateral**. If at any time the collateral in the hands of Custodian shall have a market value in excess of the sum of the balances due City by Bank as required by City's Investment Policy, City shall authorize the withdrawal of a specific amount of collateral. Custodian shall deliver this amount of collateral (and no more) to Bank, taking its receipt therefore, and Custodian shall have no further liability for collateral so redelivered to Bank.

12. **Default**. Should Bank fail at any time to pay and satisfy, when due, any check, draft, or voucher lawfully drawn against any deposits and the interest on such deposits or in any manner breach the Banking Agreements with City, City shall give written notice of such failure or breach to Bank, and Bank

shall have one (1) business day to cure such failure or breach. In the event Bank shall fail to cure any such failure or breach within one (1) business day or should Bank be declared insolvent by a Federal banking regulatory agency, it shall be the duty of Custodian, upon demand of City, to surrender the above described collateral to City, or it shall be the duty of the surety bond or letter of credit provider to perform under the terms of their respective contract.

City may sell any part of such collateral or receive all or any part of a surety bond or letter of credit settlement, and out of the proceeds thereof, pay City all damages and losses sustained by it, together with all expenses of any and every kind incurred by it on account of such failure or insolvency, or sale, and account to Bank for the remainder, if any, of said proceeds or collateral remaining unsold.

13. **Sale of Collateral**. Any sale of such collateral, or any part thereof, made by City hereunder may be either at public or private sale, provided however, it shall give both Custodian and Bank two (2) hours' notice of the time and place where such sale shall take place, and such sale shall be to the highest bidder therefore for cash. City and Bank shall have the right to bid at such sale.

14. **Release of Collateral**. When the relationship of City and Bank shall have ceased and when Bank shall have properly paid out all deposits of City, it shall be the duty of City to give Custodian notice to that effect; whereupon Custodian shall, with the approval of City, redeliver to Bank all collateral then in its possession belonging to Bank. An order in writing to Custodian by City and a receipt for such collateral by Bank shall be a full and final release of Custodian of all duties and obligations undertaken by it by virtue of these presents.

15. **Successors**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever a reference is made herein to either party, such reference shall include the party's successors and assigns.

16. **Compensation**. City and Bank agree that any compensation for the performance of all duties and services is set forth in the Application accepted by City. Except as may otherwise be provided in the Banking Agreements, said compensation shall constitute full payment for all services, liaison, products, materials, and equipment required to provide the professional banking services, including services, materials, training, equipment, travel, overhead, and expenses. Fees shall be fixed for the term of the Banking Agreements, including all extensions.

17. **Consideration**. The Banking Agreements are executed by the parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed.

18. **Counterparts.** The Banking Agreements shall be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes. A facsimile signature shall also be deemed to constitute an original if properly executed.

19. **Authority to Execute**. The individuals executing the Banking Agreements on behalf of the respective parties below represent to each other and to others that all appropriate and necessary action has been taken to authorize the individual who is executing the Banking Agreements to do so for and on behalf of the party for which his or her signature appears, that there are no other parties or entities required to execute the Banking Agreements in order for the same to be an authorized and binding on the party for whom the individual is signing and that each individual affixing his or her signature hereto is authorized to do so.

20. **Governing Law and Venue**. This Agreement shall be governed by the laws of the State of Texas. Tarrant County, Texas shall be the venue for any lawsuit arising out of this Agreement.

21. **Notices**. Except as may otherwise be specified in the applicable service-level agreements and/or set-up forms, any demand, notice, request, instruction, designation, or other communication(s) required in writing under this Agreement shall be personally delivered or sent certified mail, return receipt requested, to the other party as follows:

Bank: Ms. Mary McLarry, Senior Vice President
Southside Bank
P. O. Box 1079
Tyler, Texas 75710

City: Ms. Sandra Gibson, Director of Finance & Administration
City of Watauga
7105 Whitley Road
Watauga, Texas 76148

Changes to notice information may be made by either party with written notification to the other party.

22. **Severability**. If any provision of this Agreement is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the parties, shall, if possible, agree on a legal, valid, and enforceable substitute provision that is as similar in effect to the illegal, invalid, or unenforceable provision as possible. The remaining portion of the Agreement not declared illegal, invalid, or unenforceable shall remain valid and in full force and effect for the term remaining.

23. **Binding Commitment**. Bank hereby acknowledges itself duly and firmly bound for the faithful performance of all the duties and obligations required by applicable law, including the Government Code and Local Government Code, such that all funds deposited with it as depository shall be faithfully kept by it and accounted for according to law.

24. **Continuation**. Unless this Agreement is terminated sooner, Bank's designation as the primary City Depository will remain continuously in effect through August 31, 2021, subject to execution of the extension options.

Executed by the undersigned duly authorized officers of the parties hereto:

CITY OF WATAUGA, TEXAS

By: ________________________
Name: ______________________
Title: ______________________
Date: ______________________

ATTEST:
By: ________________________
Name: ______________________
Title: ______________________

SOUTHSIDE BANK

By: ___________________________
Name: _________________________
Title: _________________________
Date: _________________________

ATTEST:
By: ___________________________
Name: _________________________
Title: _________________________

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY
CERTIFICATION OF FILING

Certificate Number:
2021-754109

Date Filed:
05/18/2021

Date Acknowledged:
5-18-2021

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

Southside Bank
Tyler, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

City of Watauga

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

19-005 EXT#1
Depository Services

4 Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable) Controlling	Intermediary
Southside Bancshares, Inc.	Tyler, TX United States	X	

5 Check only if there is NO Interested Party. ☐

6 UNSWORN DECLARATION

My name is Mary Mclarry, and my date of birth is 11-21-75.

My address is 608 Charmwood Dr (street), Chandler (city), TX (state), 75758 (zip code), US (country).

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Smith County, State of Texas, on the 18th day of May (month), 2021 (year).

Mary McLarry
Signature of authorized agent of contracting business entity
(Declarant)

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: May 4, 2021

TO: Honorable City Council Members

FROM: Randy Barkley, Assistant Fire Chief

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consider action to approve an Interlocal Agreement between Tarrant County and the City of Watauga regarding the use City personnel in the administration of the COVID-19 vaccination

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BACKGROUND/INFORMATION:

The City of Watauga, along with other neighboring cities, have been assisting in the operation of the Northeast Tarrant County vaccination clinic at the Hurst Convention Center since January 2021. Fire Department and administrative personnel have assisted with vaccine administration and other operational functions. The attached Interlocal Agreement formalizes the FEMA reimbursement process to the City.

FINANCIAL IMPLICATIONS:

None. Costs are being recuperated.

RECOMMENDATION/ACTION DESIRED:

It is respectfully requested that the Interlocal Agreement between Tarrant County and the City of Watauga be approved.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. NETC Vaccination Site MAA 03.30.21

REVIEWED BY:

Shawn Fannan, Fire Chief	Approved - 5/19/2021
Karrie Marling, Legal	Approved - 5/20/2021
George Hyde, Legal	Approved - 5/21/2021
Andrea Gardner, City Manager	Approved - 5/21/2021
Raquel Guajardo, Deputy City Secretary	Final Approval - 5/21/2021

Approved as to form for inclusion on Agenda

INTERLOCAL AGREEMENT BETWEEN TARRANT COUNTY AND THE CITY OF WATAUGA

This Interlocal Agreement ("Agreement") is between TARRANT COUNTY, TEXAS (the "COUNTY") and the CITY OF WATAUGA (the "CITY") and shall be effective on January 12, 2021 (the "Effective Date"). The COUNTY and the CITY have reviewed the Agreement and each make the following findings:

WHEREAS, on March 11, 2020, the World Health Organization declared COVID-19 a worldwide pandemic; and

WHEREAS, President Donald Trump, Governor Greg Abbott, and County Judge Whitley have issued Declarations of Disaster for the United States, the State of Texas, and the COUNTY, respectively; and

WHEREAS, the CITY desires to provide the COUNTY with a number of the CITY's resources to help the COUNTY administer COVID-19 vaccinations; and

WHEREAS, this Agreement is made pursuant to the authority of Sections 791.001-792.029 of the Texas Government Code; and

WHEREAS, the expenses of any payments or performance required by this Agreement shall come from current revenues legally available to the parties; and

WHEREAS, the subject of this contract is necessary for the benefit of the public and each party has the legal authority to perform and to provide the governmental function or service which is the subject matter of this contract; and

NOW, THEREFORE, for and in consideration of the mutual undertaking hereinafter set forth and for adequate consideration given, the Parties agree to the following:

1. Scope of Services. The CITY shall assist the COUNTY in administering the North East Tarrant County Vaccination Site located at the Hurst Convention Center and other sites in the northeast portion of the county by assigning staff and resources to perform work for the COUNTY on COVID related activities. CITY staff will perform duties such as providing shots to citizens, first aid, security, traffic flow, and administrative support functions. The CITY shall provide the COUNTY with a point of contact for any issues that may arise with the identified employees. The County Public Health Director shall be the point of contact for the CITY and shall determine the tasks to be completed by the designated employees. The specific manner in which these tasks are completed shall be directed by the CITY. The CITY may also provide equipment, materials, and supplies to carry out the functions of the vaccination site as needed. These item categories may include digital signage, medical supplies, medical waste disposal, office supplies, information technology equipment, tents, and shuttle bus services.

2. Payment. The CITY will provide the COUNTY with reports of personnel and any other expenses incurred in support of the vaccination program. The Parties further agree that the consideration for this Agreement shall be the mutual benefit of providing the services outlined in Paragraph 1 for the residents of CITY and the COUNTY.

3. Designated Employees. The CITY shall be responsible for designating the agreed upon number of employees needed to assist the COUNTY.

4. Term and Termination. This Agreement shall begin on the Effective Date and remain in effect until June 30, 2021. Either party may terminate this Agreement with thirty (30) days written notice. If the COUNTY is not satisfied with the quality of services being provided by a specific individual, the COUNTY may request an immediate reassignment.

5. No Employment Relationship. The CITY shall control the manner that the designated employees complete their work. The CITY acknowledges that the designated employees remain employed with the CITY. The Parties further acknowledge that they do not have a joint employer relationship and that the CITY remains responsible for the continued payment of the designated employees and related taxes.

6. Not Debarred. The CITY represents that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal or state department or agency.

7. Choice of Law. The venue for any legal proceeding arising out of this Agreement shall lie in a court of competent jurisdiction in Tarrant County, Texas. This Agreement shall be governed by the laws of the State of Texas. Governing law and venue shall survive termination of this Agreement.

8. Entire Understanding. This Agreement represents the entire understanding between the Parties and supersedes all prior representations.

EXECUTED by the duly authorized Parties below:

THE CITY OF __________

By:_______________________________
Name: Date
Title:

TARRANT COUNTY

By:_______________________________
Name: B. Glen Whitley Date
Title: County Judge

APPROVED AS TO FORM:

____
Criminal District Attorney's Office*

*By law, the Criminal District Attorney's Office may only approve contracts for its clients. We reviewed this document as to form from our client's legal perspective. Other parties may not rely on this approval. Instead those parties should seek contract review from independent counsel.

CERTIFICATION OF FUNDS IN THE AMOUNT OF $______________________

______________________________ Date: __________
AUDITOR

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: May 7, 2021

TO: Honorable City Council Members

FROM: Raquel Guajardo, Deputy City Secretary

THROUGH: Andrea Gardner, City Manager

SUBJECT: Consider action to approve the meeting minutes of the April 8, 2021 NE Chamber of Commerce 63rd Annual Awards Banquet ; April 24, 2021 Joint WEDC & Special City Council Meeting; April 25, 2021 Special City Council Meeting; April 26, 2021 Regular City Council Meeting and May 12, 2021 Special City Council Meeting

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BACKGROUND/INFORMATION:

Meeting minutes are attached for review and action.

FINANCIAL IMPLICATIONS:

None.

RECOMMENDATION/ACTION DESIRED:

Staff respectfully recommends the City Council approve the meeting minutes as presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. 040821 NE Chamber 63rd Annual Awards Banquet Minutes
2. 042421 Joint WEDC and Special City Council Meeting Minutes
3. 042521 Special City Council Meeting Minutes
4. 042621 Regular City Council Meeting Minutes
5. 051221 Special City Council Meeting Minutes

REVIEWED BY:

Andrea Gardner, City Manager — Final Approval - 5/20/2021

Approved as to form for inclusion on Agenda

MINUTES
WATAUGA CITY COUNCIL
NE TARRANT 63RD ANNUAL AWARDS BANQUET
GRAND HALL AT NRH CENTRE
6000 HAWK AVENUE, NORTH RICHLAND HILLS, TX 76180
APRIL 8, 2021

The following members of the Watauga City Council attended the NE Tarrant 63rd Annual Awards Banquet on April 8, 2021:

Arthur Miner	Mayor
Lovie Downey	Council Member Place 3
Andrew Neal	Council Member Place 4
Juanita King	Council Member Place 5
Jan Hill	Council Member Place 7

and

Andrea Gardner	City Manager/City Secretary

There was no discussion or debate by the members present and no action was taken on any City business at this event.

APPROVED: this the day of , 2021

SIGNED: this the day of , 2021

APPROVED:

____
Arthur L. Miner, Mayor

ATTEST:

____
Andrea Gardner, City Secretary

MINUTES
JOINT SPECIAL MEETING OF THE CITY COUNCIL
AND WATAUGA ECONOMIC DEVELOPMENT CORPORATION
HECTOR F. GARCIA COMMUNITY CENTER
7901 INDIAN SPRINGS, WATAUGA, TX 76148
APRIL 24, 2021
12:00 PM

CALL TO ORDER

The Watauga EDC Board and City Council of the City of Watauga, Texas convened at 12:13 p.m.

ROLL CALL

The following members of the WEDC and City Council were present:

WEDC Board Members:

Place 1, Arthur Miner, President
Place 2, AJ Fazalbhai, Absent
Place 3, Jan Hill, Secretary
Place 4, Malissa Minucci
Place 5, Mike Alexander
Place 6, Vacant
Place 7, Lissa Sieja, Vice-President

Watauga City Council:

Mayor, Arthur Miner
Mayor Pro Tem/Council Member, Place 2, Tom Snyder
Council Member, Place 1, Vacant
Council Member, Place 3, Lovie Downey
Council Member, Place 4, Andrew Neal
Council Member, Place 5, Juanita King
Council Member, Place 6, Mark Taylor
Council Member, Place 7, Jan Hill

and

Andrea Gardner, City Manager / City Secretary

ANNOUNCEMENTS

None provided.

REPORTS FROM STAFF

1. **Presentation and update on the WEDC's Five Year Strategic Plan**

   Andrea Gardner provided the update to the WEDC Strategic Plan

2. Presentation and update on the City's Ten Year Strategic Plan

Andrea Gardner reviewed the presentation with the Council.

PUBLIC COMMENT

No Public Comment.

PUBLIC TESTIMONY

Ms. Jillian Giles, 6605 Sunny Hill Drive, Watauga, TX 76148.

Ms. Giles provided testimony on the Business Retention Plan, performance metrics, and certificate of obligations. She also commented "if you fail to plan, you plan to fail." She further stated she would like to see a plan in place before deciding the use of the funds.

ACTION ITEMS

1. Discuss and provide direction on the WEDC's Five Year Strategic Plan to include developing a Mission and Vision Statement and Goals for the Corporation

Andrea Gardner led the discussion with the Board and City Council that resulted in the following direction:

- Add a Mission Statement "To advance the economic strength of the Watauga community through business support programs, public education and strategic partnerships."
- Add a Vision Statement "The Watauga Economic Development Corporation is committed to building an economically vibrant and diverse community by supporting our local businesses through the development of business retention programs, completion of quality-of-life projects and new business attraction programs."
- Add the following Goals:
  - Create a public branding campaign that supports local business
  - Identify and implement programs that create economic opportunities
  - Heighten awareness and emphasize the importance of economic development to Watauga
  - Celebrate the successes of the WEDC annually
  - Partner with the City to ensure the Mission of the WEDC is supported
  - Partner with the City to improve the quality-of-life for Watauga businesses and residents
  - Attract businesses that provide career development opportunities for Watauga residents
  - Board directed the ED Director to draft metric options for the Board to consider and include in the FY 2022 proposed budget.

The meeting recessed at 1:45 p.m., and reconvened at 1:51 p.m.

2. Discuss and provide direction to the Executive Director for the FY 2022 Proposed Budget of the Watauga Economic Development Corporation

Andrea Gardner requested direction on funds to be included in the budget for Retail Coach, Business Retention Programs, marketing, training, and the SBA's Community Navigator program.

The Board and Council directed funds for the above items to be included in the FY 2022 Proposed Budget. Additionally, both agreed to share the Media Specialist position if sufficient funds are available.

The meeting recessed at 2:56 p.m., and reconvened at 3:08 p.m.

Mayor Miner introduced a discussion on legal services as it impacts the budget and requested to discuss options for legal services during the budget process.

No direction was provided after the discussion.

3. Discuss and provide direction on the use of the 2020 Certificates of Obligation related to the WEDC's dedicated project for economic development purposes

Andrea Gardner reviewed the history of the bond issuance and incubator project. The WEDC Board and Council directed staff to move forward with the use of the funds for a food business area to be constructed in Capp Smith Park. Staff is to provide location options to the Board and Council for consideration at a future joint meeting.

ADJOURNMENT

The meeting adjourned at 4:00 p.m.

APPROVED: **this** **day of** **, 2021**

SIGNED: **this** **day of** **, 2021**

APPROVED:

____
Arthur L. Miner, Mayor

ATTEST:

____
Andrea Gardner, City Secretary

NOTE: Original Audio Recording of this meeting is preserved and maintained by the City Secretary's Office

MINUTES

WATAUGA CITY COUNCIL
SPECIAL MEETING
HECTOR F. GARCIA COMMUNITY CENTER
7901 INDIAN SPRINGS, WATAUGA, TX 76148
SUNDAY, APRIL 25, 2021
9:00 AM

CALL TO ORDER

The City Council of the City of Watauga, Texas convened at 9:11 a.m.

ROLL CALL

The following members were present:

Mayor, Arthur Miner
Mayor Pro Tem/Council Member, Place 2, Tom Snyder Council
Member, Place 1, Vacant
Council Member, Place 3, Lovie Downey
Council Member, Place 4, Andrew Neal
Council Member, Place 5, Juanita King
Council Member, Place 6, Mark Taylor
Council Member, Place 7, Jan Hill

and

Andrea Gardner, City Manager / City Secretary
George Hyde, City Attorney

and

Ira Nicodemus, Performance Services

PRESENTATIONS

1. Presentation and discussion by Performed Services on AMI Technology opportunities

Mr. Nicodemus reviewed the presentation with the City Council to include explanation of metering technologies, the financial impact of transitioning to AMI technology and options for implementation.

Mr. Nicodemus and City Council Members engaged in a question-and-answer session.

Mayor Miner recessed the meeting at 10:26 a.m.

Mayor Miner reconvened the meeting at 10:37 a.m.

2. Presentation and update on the City's Ten Year Strategic Plan

Andrea Gardner reviewed the presentation with the Council.

PUBLIC COMMENT

No Public Comment.

PUBLIC TESTIMONY

Written testimony was submitted by Andra Dunn and read into the record by Mayor Miner regarding the preference for American Rescue Funds to be used for the purchase of generators.

ACTION ITEMS

1. Discuss and provide direction on the City's Ten Year Strategic Plan to include revisions to the Vision Statement and Goals of the City and creation of a Mission Statement

Ms. Gardner led the discussion with the City Council that resulted in the following direction:

- Amend the City's Vision Statement as "The City of Watauga remains focused on building an inclusive community that delivers an exceptional quality of life with access to amenities and programs through good governance, fiscal responsibility and transparency."
- Add a Mission Statement as "Develop programs to attract and support businesses to our community, provide a safe and secure community for all.

Council Member Hill made a motion to table the goals discussion. Council Member Downey seconded the motion. Motion Carried 6-0-0.

Mayor Miner recessed the meeting at 12:17 p.m.

Mayor Miner reconvened the meeting at 12:37 p.m.

Council Member Hill made a motion to remove the goals discussion from the table. Council Member Downey seconded the motion. Motion Carried 6-0-0.

Staff was directed to make the following amendments to the Strategic Plan:

- Agreed the Planning Issues in the City's Strategic Plan should be the City Goals and the label of Planning Issue should be renamed to Strategic Planning Goal.
- Study and pursue the AMI technology in FY 2022.
- Add the proposed changes included in the presentation provided by staff and make other staff requested amendments included in the presentation.

2. Discuss and provide direction to the City Manager on the upcoming fiscal year 2022 budget

Ms. Gardner led the discussion on the item to include a review of the debt schedule, potential impacts of HB 1869, consideration of a certificates of obligation debt issuance for the Summer 2021, a review of revenues and expenses as projected by Finance for FY 2022 and departmental requests that require prioritization.

Council provided the following direction:

- Proceed with CO Issuance (begin with Notice of Intent in June 2021)
- Directed the budget be prepared at the max allowed Natural Disaster Rate (old Rollback Rate), if Prop B fails and a 5% increase over prior year if Prop B passes
- Create a method for a funding set aside to cover the leave liability
- Change the bereavement leave from 5 days to 3 days
- Proceed with AMI Letter of Intent in 2022
- Include 1% COLA for FY 2022
- Priorities for New Requests included Budget Prep Software, Land Use Training, City Hall Fountain, PD Drones, Park Shades, Penetration Testing for IT.
- Further evaluate options for revising Policy 6.04.
- Requested the breakdown of leave liability by compensatory time, vacation time and sick time.

Council Member King left the meeting at 2:37 p.m.

Mayor Miner meeting recessed at 2:57 p.m.

Mayor Miner reconvened the meeting at 3:12 p.m.

Mayor Miner introduced a discussion on legal services as it impacts the budget and requested to discuss options for legal services.

No direction was provided after the discussion.

3. Discuss and provide direction on the priorities for the use of American Rescue Plan Act of 2021 funds for cities

Ms. Gardner reviewed the priorities included in the agenda memorandum and commented that the citizen request to use the funds to purchase generators was not likely an appropriate use of these funds based on the authorized uses released.

Council consensus was to utilize the priorities recommended in agenda memorandum when preparing the proposed budget for use of the funds.

ADJOURNMENT

The meeting adjourned at 4:34 p.m.

APPROVED: **this** **day of** **, 2021**

SIGNED: **this** **day of** **, 2021**

APPROVED:

____

Arthur L. Miner, Mayor

ATTEST:

____

Andrea Gardner, City Secretary

NOTE: Prepared from notes and partial audio recording due to technical difficulty with the audio equipment. Original Audio Recording of this meeting is preserved and maintained by the City Secretary's Office.

MINUTES
WATAUGA CITY COUNCIL
REGULAR MEETING
MONDAY, APRIL 26, 2021
CITY HALL, COUNCIL CHAMBER, 7105 WHITLEY ROAD
6:30 PM

CALL TO ORDER

The Regular Meeting of the City Council was called to order at 6:30 p.m.

ROLL CALL

The City Council of the City of Watauga, Texas convened with the following members present:

Mayor, Arthur Miner
Mayor Pro Tem/Place 2, Tom Snyder
Council Place 1, Vacant
Council Place 3, Lovie Downey
Council Place 4, Andrew Neal
Council Place 5, Juanita King
Council Place 6, Mark Taylor
Council Place 7, Jan Hill

and

Andrea Gardner, City Manager/City Secretary
Raquel Guajardo, Deputy City Secretary
Samantha Ortega, Records Clerk
Sandra Gibson, Finance Director
Deby Woodard, Assistant Finance Director
Lana Ewell, Library Director
Marcia Reyna, Human Resources & Civil Service Director
George Hyde, City Attorney

INVOCATION

Pastor Dennis Hester, First Baptist Watauga, provided the invocation.

PLEDGE OF ALLEGIANCE

Mayor Miner led the pledge to the flags.

ANNOUNCEMENTS

Mayor Miner announced that early voting ends April 27, 2021 and encouraged all to research ballot items and to contact him with questions.

Council Member Neal announced that election day is Saturday, May 1, 2021, and encouraged all to vote.

PRESENTATIONS

1. Proclamation to recognize the 52nd Annual Professional Municipal Clerk Week as May 2-8, 2021

Mayor Miner presented the proclamation.

2. Proclamation to recognize May 9-15, 2021 as "National Economic Development Week"

Mayor Miner presented the proclamation.

3. Proclamation to recognize Alliance for Children in honor of Child Abuse Prevention Month - April 2021

Mayor Miner presented the proclamation to Alliance for Children.

4. Presentation by Texas Police Chiefs Association for Watauga Police Department achieving Re-Recognition

Mr. Patrick Arata, Chief of Police, Town of Trophy Club, and member of Texas Police Chiefs Association, presented an award in recognition of the Watauga Police Department.

PUBLIC COMMENT

Mayor Miner recognized Ms. Andra Dunn, 6516 Alta Vista Drive, Watauga. Ms. Dunn commented regarding ensuring online broadcasts are fully available to view in their entirety and asked Council to speak loudly into the microphone, so all comments are clearly heard.

PUBLIC TESTIMONY FOR ACTION ITEMS

Mayor Miner read the following Public Testimony submission (attached to meeting minutes) into the record: Ms. Jillian Giles of 6605 Sunny Hill Drive, Watauga.

Mayor Miner responded to the comments submitted by Ms. Giles.

Mayor Miner recognized Ms. Lindsey Neal, 6920 Cheatham Drive, Watauga. Ms. Neal suggested consideration of Mr. Mickey Nevill as a Hometown Hero 2021 nomination and spoke of his many actions in support of the Watauga community.

CONSENT AGENDA

1. **Consider action to amend Ordinance Chapter 12-30(e) to provide for Cabana Rental fees and after hours event fees at the Capp Smith Park Splash Pad**

2. ~~**Consider action to accept the Monthly Financial Report for the period ending March 31, 2021**~~ **(*Moved to Action Item #2*)**

3. **Consider action to approve the meeting minutes of the Regular Council meeting held April 12, 2021**

4. ~~**Consider action to approve a resolution authorizing the submission of projects in consideration in the Tarrant County Transportation Bond Program 2021**~~ **(*Moved to Action Item #1*)**

5. **Consider action on a Professional Service Agreement between the City of Watauga, Texas and Burgess & Niple, Inc. for the Risk and Resilience Assessment (RRA) and Emergency Response Plan (ERP) that complies with the America's Water Infrastructure Act (AWIA)**

Mayor Miner announced the relocation of Consent Agenda #4 to Action Item #1.

Council Member Neal Made a motion to accept the Consent Agenda as modified. Motion seconded by Council Member King.

Council Member Taylor requested Consent Agenda #2 be relocated to the Action Item section of the agenda.

Council Member Neal Made a motion to accept the Consent Agenda as modified. Motion seconded by Council Member King. Motion carried 6-0-0-0.

Ayes: Snyder, Downey, Neal, King, Taylor, Hill
Nays: None
Abstain: None
Absent: None

PUBLIC HEARINGS / ACTION

A public hearing was not held.

ACTION ITEMS

1. **Consider action to approve a resolution authorizing the submission of projects in consideration in the Tarrant County Transportation Bond Program 2021 (*Formally Consent Agenda Item #4)***

Mr. Hyde presented the item to Council stating that a substitute reading is required to comply with the written documentation submission requirements as the resolution was modified to include a ratification to April 16, 2021.

Mayor Miner read Resolution 2021-019.

Council Member Hill made a motion to accept the amended resolution. Motion seconded by Mayor Pro Tem Snyder. Mayor Miner called for discussion and hearing none, called for the Council to vote. Motion carried 6-0-0-0.

Ayes: Snyder, Downey, Neal, King, Taylor, Hill
Nays: None
Abstain: None
Absent: None

2. Consider action to accept the Monthly Financial Report for the period ending March 31, 2021 (*Formally Consent Agenda Item #2*)

Council Member Taylor made points of clarification regarding sales tax revenue and certificates of obligation.

Mr. Hyde asked Council Member Taylor to refrain from discussing any measures related to the election.

Mayor Miner commented regarding sales tax.

Council Member Taylor made a motion to accept the financial report. Motion seconded by Mayor Pro Tem Snyder. Mayor Miner called for discussion and hearing none, called for the Council to vote. Motion carried 6-0-0-0.

Ayes: Snyder, Downey, Neal, King, Taylor, Hill
Nays: None
Abstain: None
Absent: None

3. Discuss and consider action to adopt a Resolution by the City Council of the City of Watauga, Texas adding Policy 13.06 Non-Travel Related Food Purchases to the Personnel, Administration and Financial Policies and Procedures Manual; providing for repeal; providing for severability; providing an effective date

Ms. Reyna presented the item to Council.

Council Member Hill made a motion to approve the policy as presented. Motion seconded by Mayor Pro Tem Snyder. Mayor Miner called for discussion and hearing none, called for the Council to vote. Motion carried 6-0-0-0.

Ayes: Snyder, Downey, Neal, King, Taylor, Hill
Nays: None
Abstain: None
Absent: None

4. Discuss and consider action to reappoint members and a parent liaison to the Youth Advisory Council for the City of Watauga

Mayor Miner presented the item to Council recommending appointment of Ms. Lindsey Neal. Mayor Miner stated that Youth Members with expired terms had been contacted by email but had not responded.

Council Member Hill made a motion to accept the item as presented. Motion seconded by Mayor Pro Tem Snyder. Mayor Miner called for discussion and hearing none, called for the Council to vote. Motion carried 6-0-0-0.

Ayes: Snyder, Downey, Neal, King, Taylor, Hill
Nays: None
Abstain: None
Absent: None

Mayor Miner encouraged youth interested in being considered for appointment to apply.

5. Discuss and consider action on a resolution finding that Oncor Electric Delivery Company LLC's application for approval to amend its distribution cost recover factor to increase distribution rates within the City of Watauga should be denied; authorizing participation with OCSC; authorizing the hiring of legal counsel and consulting services; and finding that the City's reasonable rate case expenses shall be reimbursed by the Company; finding that the meeting at which this resolution is passed is open to the public as required by law; requiring notice of this resolution to the company and legal counsel

Ms. Gardner presented the item to Council stating that Oncor filed a rate case on April 8, 2021. Ms. Gardner recommended the denial of the rate case to allow an opportunity to negotiate with Oncor representatives.

Mayor Pro Tem Snyder made a motion to accept the item as presented. Motion seconded by Council Member Hill. Mayor Miner called for discussion and hearing none, called for the Council to vote. Motion carried 6-0-0-0.

Ayes: Snyder, Downey, Neal, King, Taylor, Hill
Nays: None
Abstain: None
Absent: None

6. Discuss and consider action to adopt a Resolution by the City Council of the City of Watauga, Texas amending Policy 10.09 Drug and Alcohol Free Workplace in the Personnel, Administration and Financial Policies and Procedures Manual regarding the policy to maintain a drug and alcohol free workplace; providing for repeal; providing for severability; providing an effective date

Ms. Reyna presented the item to Council.

Mayor Pro Tem Snyder made a motion to accept the item as presented. Motion seconded by Council Member King. Mayor Miner called for discussion.

Council Member Neal inquired regarding a list of specific drugs included within the policy for General and DOT employees. Ms. Reyna responded that there is a list of five (5) and a list of seven (7) drugs covered by DOT law. The occupational health clinic refers to a specific list when testing general employees.

As there was no further discussion, Mayor Miner called for the Council to vote. Motion carried 6-0-0-0.

Ayes: Snyder, Downey, Neal, King, Taylor, Hill
Nays: None
Abstain: None
Absent: None

7. Discuss and consider action to nominate an individual(s) for the Hometown Hero Award

Mayor Miner presented the item to Council.

Council Member Downey recommended Mr. Mickey Nevill and spoke of his generous support to those in need during the recent snowstorm and assistance to neighbors with lawn care maintenance or mechanical issues.

The consensus of the Council was to make one motion to include the three (3) nominations.

Council Member Taylor requested a process and procedure be created for future recommendations prior to April meetings.

Council Member Taylor recommended Police Chief Robert Parker and Fire Chief Shawn Fannan, as they have taken on additional responsibilities and assist with WEDC and local businesses.

Ms. Gardner commented that the NE Chamber provided the information late in the week prior to the Council meeting. Typically, Council discusses nominations February through April.

Mayor Miner agreed that the discussion for recommendations should begin in January or early February as it is an annual event.

Council Member Downey stated that due to the pandemic and recent storm, the NE Chamber is catching up on event scheduling and agreed that Council should start considering recommendations in January and February to gather ideas and to also reach out to the public.

Mayor Miner called for a motion to accept the recommendations of Mr. Mickey Nevill, Chief Robert Parker and Chief Shawn Fannan.

Council Member Taylor made a motion to accept the nominations for Hometown Hero as presented. Motion seconded by Council Member Hill. As there was no further discussion, Mayor Miner called for the Council to vote. Motion carried 6-0-0-0.

Ayes: Snyder, Downey, Neal, King, Taylor, Hill
Nays: None
Abstain: None
Absent: None

8. Discuss and consider action on a resolution of the City Council of the City of Watauga, Texas, amending Resolution 2021-015 by changing the due date for recommended changes to February 1, 2022 and changing the projected election to the May 2022 election ballot; providing that all resolutions in conflict herewith are hereby repealed to the extent that they are in conflict; providing a savings clause; providing an effective date

Mayor Miner presented the item to Council stating that the deadline had passed and that there is no room in the budget for the Charter Review Commission meetings needed to discuss recommended changes. Mayor Miner also stated that he is not aware of the current charter having any items that require urgent attention.

Council Member Taylor inquired if a specific election cycle should be referenced or be kept open ended. Mr. Hyde responded that a deadline does not have to be referenced and stated that four (4) months is an adequate time to review each article.

Council Member Hill made a motion to accept the item as presented. Motion seconded by Mayor Pro Tem Snyder. As there was no further discussion, Mayor Miner called for the Council to vote. Motion carried 6-0-0-0.

Ayes: Snyder, Downey, Neal, King, Taylor, Hill
Nays: None
Abstain: None
Absent: None

ITEMS FOR FUTURE AGENDAS

Council Member Taylor requested the following future agenda items: (1) revisit the COVID emergency declaration; and (2) bulk trash parameters, rules, and violations.

ADJOURNMENT

Mayor Miner adjourned the meeting at 7:44 p.m.

APPROVED: **this** **day of** **, 2021**

SIGNED: **this** **day of** **, 2021**

APPROVED:

____
Arthur L. Miner, Mayor

ATTEST:

____
Andrea Gardner, City Secretary

NOTE: Original Audio and Video Recording of this meeting is preserved and maintained by the City Secretary's Office

Print

City Council Meeting Registration - April 26, 2021 - Submission #30193

Date Submitted: 4/25/2021

This notice is posted pursuant to the Texas Open Meetings Act. Notice is hereby given that a Regular City Council Meeting of the City of Watauga, Texas will be held at which time the following subjects will be discussed and may be acted upon.

The City shall continue to allow expanded opportunities for members of the public who do not attend to participate in Public Comment and Public Testimony. Such participation will be allowed when recognized upon the Mayor's announcement.

ANYONE WHO DOES NOT ATTEND BUT DESIRES TO COMMENT ON A MATTER NOT ON THE AGENDA OR TESTIFY ON A MATTER ON THE AGENDA AT THIS MEETING MUST SEND THEIR COMMENT IN WRITING USING THIS FORM NO LATER THAN ONE (1) HOUR PRIOR TO THE MEETING.

All written comments must comply with applicable decorum rules for comments made during a public meeting of the Watauga City Council to be read into the record. Up to three minutes shall be allotted for each written or oral comment to be read/spoken into the record of the meeting. All timely written comments will be read into the record of the meeting at the appropriate time during the meeting. While reasonable efforts will be taken to gather comments received within the hour prior to the meeting or received during the meeting, all such comments are considered untimely and may not be recognized and read during the meeting.

First Name*
Jillian

Last Name*
Giles

Address1*
6605 Sunny Hill Dr

Address2

City*
Watauga

State*
TX

Zip*
76148

Email*
[redacted]

Phone
512-787-0002

I wish to comment during (check all that apply):*

- [x] Public Comment
- [ ] Action Item 1
- [ ] Action Item 2
- [ ] Action Item 3
- [ ] Action Item 4
- [ ] Action Item 5
- [ ] Action Item 6

Comments - Indicate which section of the meeting your comments refer to:

My comments are in reference to Consent Agenda Item #1 Cabana Rental Fees and After Hours Event Fees at the Capp Smith Park Splash Pad.

1. What are regular operating hours of the splash pad and what are the hours available the "after hours events?" I do not see these hours listed in the packet, only the hours available for regular cabana rentals. The information regarding the After Hours and Private Splash Parties states that the renter will have "3 hours of private splash pad use." This seems to indicate that the general public would not be allowed to access the splash pad during these private parties- is that correct? If so, I would ask that this change not be approved as the splash pad was paid for with public funds and should therefore be open to the public at all times the park is open, which should be the same hours that Capp Smith and other parks are open.

2. Why is there a $150 deposit fee for rentals of the cabanas and after hours private splash parties? None of the other facilities listed show any deposit fees. What does this deposit cover and what are the terms for refund of the deposit?

MINUTES
WATAUGA CITY COUNCIL
SPECIAL MEETING – VIDEOCONFERENCE
WEDNESDAY, MAY 12, 2021
4:00 PM

CALL TO ORDER

The Special Meeting of the City Council was called to order at 4:00 p.m.

ROLL CALL

The City Council of the City of Watauga, Texas convened by videoconference with the following members present:

Mayor, Art Miner
Mayor Pro Tem/ Council Member Place 2, Tom Snyder (Absent with notice)
Council Member Place 1, (Vacant)
Council Member Place 3, Lovie Downey
Council Member Place 4, Andrew Neal
Council Member Place 5, Juanita King (Absent with notice)
Council Member Place 6, Mark Taylor
Council Member Place 7, Jan Hill

and

Andrea Gardner, City Manager/ City Secretary
Raquel Guajardo, Deputy City Secretary
Samantha Ortega, Records Clerk
Marcia Reyna, Human Resources & Civil Service Director

PUBLIC COMMENT

Requests for public comment were not received.

PUBLIC TESTIMONY FOR ACTION ITEMS

Requests for public testimony were not received.

ACTION ITEMS

1. **Discuss and consider action on the canvass of the votes for the May 1, 2021 General and Special Elections to include approval of a Resolution canvassing the votes and declaring the results**

Ms. Gardner, City Secretary, read the results of the canvass. Summary is as follows:

- Mayor, Arthur L. Miner Elected
- Place 1, Patrick "Pat" Shelbourne Elected
- Place 3, Lovie Downey Elected
- Place 4, Andrew Neal Elected

- Place 5, Juanita King Elected
- Proposition A Passed
- Proposition B Passed

Council Member Neal made a motion to accept the results as presented. Motion seconded by Council Member Hill. As there was no additional discussion, Mayor Miner called for the Council to vote by a show of right hand. Motion passed 4-0-0-2.

Ayes: Downey, Neal, Taylor, Hill
Nays: None
Abstain: None
Absent: Snyder, King

ADJOURNMENT

Mayor Miner adjourned the meeting at 4:13 p.m.

APPROVED: this day of , 2021

SIGNED: this day of , 2021

APPROVED:

____
Arthur L. Miner, Mayor

ATTEST:

____
Andrea Gardner, City Secretary

NOTE: Original Audio and Video Recording of this meeting is preserved and maintained by the City Secretary's Office.

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: May 20, 2021

TO: Honorable City Council Members

FROM: Andrea Gardner, City Manager

THROUGH:

SUBJECT: Consider action to approve an Ordinance by the City Council of the City of Watauga, Texas amending chapter 2, article iii "boards and commissions" of the code of ordinances of the City of Watauga, Texas; adopting a new division 8, sections 2-131 through 2-140, creating the parks advisory board; establishing powers and duties; providing for its composition; appointment and removal of members; providing for new members; providing for conflicts of interest; providing for liaisons; providing for officers; providing for compensation of its members, fundraising activities and expenditures; providing for meetings; providing for assistance by staff; providing for severability; and providing an effective date.

BACKGROUND/INFORMATION:

In March 2021, the Council approved Ordinance No. 2021-003 as stated. However, during review of ordinances, it was discovered that the Ordinance establishing a Youth Advisory Council had already created the new Division 7 and was reserved for that Board, but not yet codified. Thus, the attached ordinance only changes the Division to be created from Division 7 to Division 8 for the Parks Advisory Board.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

City staff respectfully recommends the City Council adopt Ordinance No. 2021-025 to correct the Division of the Code from Division 7 to Division 8.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. ORDINANCE NO. 2021-003
2. Parks Advisory Board Creation Ordinance 2021 025

REVIEWED BY:

Andrea Gardner, City Manager	Approved - 5/20/2021
George Hyde, Legal	Approved - 5/21/2021

AGENDA MEMORANDUM

Andrea Gardner, City Manager
Raquel Guajardo, Deputy City Secretary
Approved as to form for inclusion on Agenda

Approved - 5/21/2021
Final Approval - 5/21/2021

CITY OF WATAUGA, TEXAS
ORDINANCE NO. 2021-003

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AMENDING CHAPTER 2, ARTICLE III "BOARDS AND COMMISSIONS" OF THE CODE OF ORDINANCES OF THE CITY OF WATAUGA, TEXAS; ADOPTING A NEW DIVISION 7, SECTIONS 2-131 THROUGH 2-140, CREATING THE PARKS ADVISORY BOARD; ESTABLISHING POWERS AND DUTIES; PROVIDING FOR ITS COMPOSITION; APPOINTMENT AND REMOVAL OF MEMBERS; PROVIDING FOR NEW MEMBERS; PROVIDING FOR CONFLICTS OF INTEREST; PROVIDING FOR LIAISONS; PROVIDING FOR OFFICERS; PROVIDING FOR COMPENSATION OF ITS MEMBERS, FUNDRAISING ACTIVITIES AND EXPENDITURES; PROVIDING FOR MEETINGS; PROVIDING FOR ASSISTANCE BY STAFF; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, City Council of the City of Watauga recognizes the substantial benefits from public input regarding the planning, development and construction of city parks and coordinating activities and programs held at city park facilities; and

WHEREAS, the City Council, finds that a Parks Advisory Board will serve a public purpose and provide benefit to the City through recommendations to the City Council regarding the development of future park facilities, enhancements to existing park facilities, and assisting staff in coordinating community activities and programs for the public benefit; and

WHEREAS, the City Council finds City's Home Rule Charter, Section 7.07 provides the City Counsel with a ministerial duty to create those boards and commissions which are deemed necessary to carry out the function and obligations of the City; and

WHEREAS, the City Council finds creating the Parks Advisory Board is necessary to carry out the function and obligations of the city, requiring its creation, in accordance with the City Charter.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga, Texas as follows:

I.

The facts and recitations set forth in the preamble of this Ordinance are hereby found to be true and correct and adopted herein for all purposes.

II.

The City of Watauga Code of Ordinances Chapter 2, Article III, is hereby amended, adopting a new Division 7, Sections 2-131 through 2-140, which provide as follows:

DIVISION 7. –PARKS ADVISORY BOARD

Sec. 2-131. - Created.

(a) There is hereby created for the city a board which shall be known as the "Parks Advisory Board" (hereinafter "the board").

Sec. 2-132. - Powers and duties.

(a) The purpose of the Parks Advisory Board is to advise the City Council and the city manager regarding:

(1) the present and future development of city parks, playgrounds, and recreational facilities; and

(2) the general welfare of the city's parks, playgrounds, and recreational facilities and their use by the public; and

(3) ways and means by which the city's parks, playgrounds, and recreational facilities may be strengthened and supported; and

(4) providing support for new parks, programs, and activities.

(b) The board shall promote close cooperation between the City of Watauga and all citizens, institutions, and agencies interested in or conducting recreational activities, so that all recreational resources within the City may be coordinated to secure the greatest possible benefit to the public.

(c) The board shall perform other duties as directed by the City Council or as prescribed by the Code of Ordinances.

(d) The board shall have no authority in the hiring or assignment of employees or volunteers in the city parks, playgrounds, and recreational facilities for the city. The board shall not have any authority in the activities or the establishment of salary ranges for such employees. Further, the board and its members shall direct all communications concerning city officers and employees through the office of the city manager and neither the board nor its members shall instruct or direct any such officer or employee, either publicly or privately.

Sec. 2-133. - Composition; appointment and removal of members.

(a) The board shall consist of five regular members. Places on the board shall be numbered one through five with all members appointed for two-year terms to expire August 31 except as provided by subsection (1) below:

(1) The first appointments to places one, three, and five on the Board shall be appointed for an initial term that expires August 31, 2021, regardless of when such members are first appointed. Thereafter, all terms shall be two years.

(2) Appointees' terms shall be staggered so that continuity among the board will be maintained. Odd-numbered places on the Board (places 1, 3, and 5) shall have their terms expire on each odd-numbered year and even-numbered places on the Board (places 2 and 4) shall have their terms expire on even-numbered years.

(b) A board member who is absent without a valid excuse under this section for three consecutive regular meetings or one-third of all regular meetings in a "rolling" twelve-month period automatically vacates the member's position. This does not apply to an absence due to illness or injury of the board member, an illness or injury of a board member's immediate family member, or the birth or adoption of the board member's child for ninety (90) days after the event. The board member must notify a board liaison of the reason for the absence not later than the date of the next regular meeting of the board. Failure to notify the liaison before the next regular meeting of the board will result in an unexcused absence.

(c) Members of the Board serve at the pleasure of City Council and may be removed at the discretion of the council.

(d) In the event that a position with an unexpired term becomes vacant, the Mayor shall, subject to the approval and consent of City Council as provided by Section 3.06(d) of the City Charter, recommend the appointment of a member to the vacant position on the Board to serve the unexpired portion of the position's term. City Council approval must be in accordance with the voting procedure set forth in section 3.09(c) of the City Charter.

(e) No city staff member or employee shall be a member of the board.

(f) All members of the Board must be in good standing with the City.

Sec. 2-134. - New members.

Upon completion of the appointment process, new members should become familiar with all aspects, duties and responsibilities of the board. The board secretary is encouraged to furnish the telephone numbers of other board members and staff, the governing regulations, and any other pertinent information to the new member within seven days of the new member's appointment.

Sec. 2-135. – Conflict of Interest.

Any board member who shall have a conflict of interest, while conducting city business, shall immediately disclose such interest to other members of the board of which he is a member. The disclosure, and subsequent actions, must be in accordance with the procedures set forth in section 14.14 of the City Charter.

Sec. 2-136.- Liaisons.

In addition to regular board members, the board shall have two members of the city council appointed by the mayor subject to the approval and consent of city council to serve as liaisons to the board. The purpose of the liaisons is to provide guidance to the board in matters pertaining to city administration and home rule charter affairs, and to provide interface with city staff, the city attorney, and the full city council in any matters that may arise. City council liaisons shall not have the right to vote in any matter before the board, but shall have the right to fully participate in all discussions of matters that come before the board.

Sec. 2-137.- Officers.

(a) *Composition.* The officers of the board shall be a chairperson or chair, a vice-chairperson, and a secretary.

(b) *Membership; term.* At its first meeting in September of each year, the membership of the board shall determine by majority vote the chairperson, vice-chairperson and secretary. The term of those positions shall be, in accordance with the board's bylaws.

(c) *Vacancies.* Vacancies that occur in office are to be filled as follows:

(1) In the event of a vacancy or incapacity of the chairperson, the vice-chairperson (shall be the chairperson for the unexpired portion of the term).

(2) Vacancies that occur in the other offices shall be filled by special election for the unexpired term.

(3) Vacancies occurring in any office shall be filled at the next meeting of the board.

(d) *Duties.* Duties of the officers shall be as follows:

(1) *Chairperson.*

a. Preside at all meetings.

b. Represent the board at public functions.

c. Appoint special committees.

d. Provide an agenda for each meeting, including an item requested by any other board member, or by the director of the department with whom this board directly interfaces. The agenda shall be provided to the city secretary no less than five working days prior to any meeting to provide proper posting notice in accordance with state open meetings laws.

e. Schedule meetings of the board, if other than the pre-established time, day, or week of the month.

f. Shall be permitted to vote on issues coming before the board.

(2) *Vice-chairperson.* Assist the chairperson in directing the affairs of the board and act in the chair's absence.

(3) *Secretary.* Is responsible for the preparation and accuracy of the minutes of the board's meetings.

a. The minutes of each board meeting must include the vote of each member on each item before the board and must indicate whether a member is absent or failed to vote on an item. A draft copy of those minutes will be provided to the city secretary within three working days following any meeting.

b. Shall sign the approved minutes.

Sec. 2-138. - Compensation of members; fundraising activities; expenditures.

(a) All members of the board shall serve without compensation.

(b) The board shall obtain authorization from the city council through the city manager prior to seeking any donations, engaging in any solicitations, or other fundraising activity. All other revenues derived from fundraising activities shall be deposited into the city general fund and utilized to support related activities as determined by the city council during the budgeting process or review for all city departments. No debts of any kind or character shall be made or incurred by the board or anyone acting on its behalf without the express authority of the city council.

Sec. 2-139. - Meetings.

(a) All board meetings shall be conducted in accordance with Texas Government Code Chapter 551, the Texas Open Meetings Act. The board may not conduct a closed meeting without prior approval from the City Attorney's office.

(b) Board meetings shall be governed generally by the specific edition of Robert's Rules of Order, or its amendments, adopted by the city. Failure to follow Robert's Rules of Order shall not invalidate any action taken at the meeting.

(c) Agendas. Two or more board members may place an item on the agenda by oral or written request to the chairperson. After consulting with and receiving input from board members the chair shall approve each final meeting agenda. The chair shall submit the meeting agenda for each meeting to be posted not less than fourteen days before the meeting. Posting of the agenda shall comply with the Texas Open Meetings Act.

(d) A quorum shall consist of a majority of the members of the board and is required to conduct official business; no action taken by the board in the absence of a quorum shall be effective.

(e) The board shall meet at least once every other month. The board shall determine and adopt a schedule of the planned meetings for the upcoming year, in accordance with its bylaws.

(f) Future meetings may be rescheduled if a majority of board members so vote at any meeting at which a quorum is present.

(g) Special meetings may be called by the Chairperson, or as requested by the Mayor. The Chairperson shall also call a special meeting if requested by any three members of the Board. Notice of special meetings shall be given to the city secretary to be posted at least fourteen days prior to such a special meeting and shall state the purpose, time, day, month, date, year, and location of the meeting.

(h) For a board action to be effective, it must be adopted by an affirmative vote of the number of members necessary to provide a quorum.

(i) The board shall allow citizens to address the board on agenda items and during a period of time set aside for citizen communications. The chair may limit a speaker to three minutes. A member of the public may not address the board at a meeting on an item posted as a briefing.

(j) The secretary of the board shall ensure that minutes of each board meeting are prepared.

(1) The minutes of each board meeting must include the vote of each member on each item before the board and must indicate whether a member is absent or failed to vote on an item.

(2) Except as prohibited by conflict-of-interest laws or the City Charter, all members of a board or commission authorized to vote shall vote "aye" or "nay" on every action requiring a vote.

(3) The nature of a conflict of interest shall be concisely stated in the minutes.

(k) The city secretary shall retain agendas, approved minutes, internal review reports and bylaws. The Parks and Community Services Department, as defined by the City Charter, shall retain all other Board documents.

Sec. 2-140. - Assistance by city staff.

(a) City departments are to furnish the board with reports and services at the direction of the city manager or city council.

(b) The board may receive reports, advice and available services from the various city departments as required and directed by the city manager or his designated representative. The parks director and his staff will be available for advice and consultation and shall cooperate with and render such services for the board as shall be reasonably necessary for the operations of the board.

III.

This Ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas and this Ordinance shall not operate to repeal or affect any of such other ordinances except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Ordinance, in which event such conflicting provisions, if any, in such other Ordinances or Ordinances are hereby repealed.

IV.

If any section, sub-section, sentence, clause, or phrase of this Ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

V.

Any person who violates, or any person who causes or allows another person to violate any provision of this Ordinance shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine in accordance with the general penalty provision found in section 1-7. Each occurrence of any violation of this Ordinance shall constitute a separate offense. Each day in which any violation of this Ordinance occurs shall constitute a separate offense.

VI.

This Ordinance shall become effective and shall be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon approval thereof by the Mayor of the City of Watauga, Texas, and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this, the 11th day of January , 2021.

APPROVED:

Arthur L Miner

ARTHUR L. MINER, MAYOR

ATTEST:

Andrea Gardner

ANDREA GARDNER, CITY SECRETARY

CITY OF WATAUGA, TEXAS

APPROVED AS TO FORM AND LEGALITY:

with permission

GEORGE HYDE, CITY ATTORNEY
Russell Rodriguez Hyde & Bullock LLP

CITY OF WATAUGA, TEXAS
RESOLUTION NO. 2019-026

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS APPROVING THE BYLAWS OF THE WATAUGA PARKS ADVISORY BOARD; PROVIDING FOR REPEAL; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Watauga recognizes the substantial benefits from public input regarding the planning, development, and construction of city parks and coordinating activities and programs held at city park facilities; and

WHEREAS, the City Council, finds that a Parks Advisory Board will provide benefit to the City through recommendations to the City Council regarding the development of future park facilities or enhancements to existing park facilities and assisting staff in coordinating community activities and programs for the public benefit;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Watauga, Texas that:

I.

The facts and recitations set forth in the preamble of this Resolution are hereby found to be true and correct.

II.

The bylaws of the Watauga Parks Advisory Board set forth in "EXHIBIT A," attached hereto and incorporated herein by reference, are hereby approved and adopted by the City Council of the City of Watauga, Texas.

III.

This Resolution shall be and is hereby cumulative of all other resolutions of the City of Watauga, Texas, and this Resolution shall not operate to repeal or affect any of such other resolutions, except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this resolution, in which event such conflicting provisions, if any, in such other resolution or resolutions are hereby repealed.

IV.

If any section, subsection, sentence, clause, or phrase of this Resolution shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this resolution.

V.

This Resolution shall become effective and shall be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon application of law and in accordance with Section 3.13 of the Charter of the City of Watauga, Texas.

PASSED AND ADOPTED by the City of Watauga City Council on this 12th day of November 2019.

APPROVED

Arthur L. Miner

Arthur L. Miner, Mayor

ATTEST:

Andrea Gardner

Andrea Gardner, City Secretary

APPROVED AS TO FORM AND LEGALITY:

George E. Hyde

George E. Hyde, Interim City Attorney

CITY OF WATAUGA, TEXAS
ORDINANCE NO. 2021-025

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AMENDING CHAPTER 2, ARTICLE III "BOARDS AND COMMISSIONS" OF THE CODE OF ORDINANCES OF THE CITY OF WATAUGA, TEXAS; ADOPTING A NEW DIVISION 8, SECTIONS 2-131 THROUGH 2-140, CREATING THE PARKS ADVISORY BOARD; ESTABLISHING POWERS AND DUTIES; PROVIDING FOR ITS COMPOSITION; APPOINTMENT AND REMOVAL OF MEMBERS; PROVIDING FOR NEW MEMBERS; PROVIDING FOR CONFLICTS OF INTEREST; PROVIDING FOR LIAISONS; PROVIDING FOR OFFICERS; PROVIDING FOR COMPENSATION OF ITS MEMBERS, FUNDRAISING ACTIVITIES AND EXPENDITURES; PROVIDING FOR MEETINGS; PROVIDING FOR ASSISTANCE BY STAFF; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, City Council of the City of Watauga recognizes the substantial benefits from public input regarding the planning, development and construction of city parks and coordinating activities and programs held at city park facilities; and

WHEREAS, the City Council, finds that a Parks Advisory Board will serve a public purpose and provide benefit to the City through recommendations to the City Council regarding the development of future park facilities, enhancements to existing park facilities, and assisting staff in coordinating community activities and programs for the public benefit; and

WHEREAS, the City Council finds City's Home Rule Charter, Section 7.07 provides the City Counsel with a ministerial duty to create those boards and commissions which are deemed necessary to carry out the function and obligations of the City; and

WHEREAS, the City Council finds creating the Parks Advisory Board is necessary to carry out the function and obligations of the city, requiring its creation, in accordance with the City Charter.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga, Texas as follows:

I.

The facts and recitations set forth in the preamble of this Ordinance are hereby found to be true and correct and adopted herein for all purposes.

II.

The City of Watauga Code of Ordinances Chapter 2, Article III, is hereby amended, adopting a new Division 8, Sections 2-131 through 2-140, which provide as follows:

DIVISION 8. –PARKS ADVISORY BOARD

Sec. 2-131. - Created.

(a) There is hereby created for the city a board which shall be known as the "Parks Advisory Board" (hereinafter "the board").

Sec. 2-132. - Powers and duties.

(a) The purpose of the Parks Advisory Board is to advise the City Council and the city manager regarding:

(1) the present and future development of city parks, playgrounds, and recreational facilities; and
(2) the general welfare of the city's parks, playgrounds, and recreational facilities and their use by the public; and
(3) ways and means by which the city's parks, playgrounds, and recreational facilities may be strengthened and supported; and
(4) providing support for new parks, programs, and activities.

(b) The board shall promote close cooperation between the City of Watauga and all citizens, institutions, and agencies interested in or conducting recreational activities, so that all recreational resources within the City may be coordinated to secure the greatest possible benefit to the public.

(c) The board shall perform other duties as directed by the City Council or as prescribed by the Code of Ordinances.

(d) The board shall have no authority in the hiring or assignment of employees or volunteers in the city parks, playgrounds, and recreational facilities for the city. The board shall not have any authority in the activities or the establishment of salary ranges for such employees. Further, the board and its members shall direct all communications concerning city officers and employees through the office of the city manager and neither the board nor its members shall instruct or direct any such officer or employee, either publicly or privately.

Sec. 2-133. - Composition; appointment and removal of members.

(a) The board shall consist of five regular members. Places on the board shall be numbered one through five with all members appointed for two-year terms to expire August 31 except as provided by subsection (1) below:

(1) The first appointments to places one, three, and five on the Board shall be appointed for an initial term that expires August 31, 2021, regardless of when such members are first appointed. Thereafter, all terms shall be two years.

(2) Appointees' terms shall be staggered so that continuity among the board will be maintained. Odd-numbered places on the Board (places 1, 3, and 5) shall have their terms expire on each odd-numbered year and even-numbered places on the Board (places 2 and 4) shall have their terms expire on even-numbered years.

(b) A board member who is absent without a valid excuse under this section for three consecutive regular meetings or one-third of all regular meetings in a "rolling" twelve-month period automatically vacates the member's position. This does not apply to an absence due to illness or injury of the board member, an illness or injury of a board member's immediate family member, or the birth or adoption of the board member's child for ninety (90) days after the event. The board member must notify a board liaison of the reason for the absence not later than the date of the next regular meeting of the board. Failure to notify the liaison before the next regular meeting of the board will result in an unexcused absence.

(c) Members of the Board serve at the pleasure of City Council and may be removed at the discretion of the council.

(d) In the event that a position with an unexpired term becomes vacant, the Mayor shall, subject to the approval and consent of City Council as provided by Section 3.06(d) of the City Charter, recommend the appointment of a member to the vacant position on the Board to serve the unexpired portion of the position's term. City Council approval must be in accordance with the voting procedure set forth in section 3.09(c) of the City Charter.

(e) No city staff member or employee shall be a member of the board.

(f) All members of the Board must be in good standing with the City.

Sec. 2-134. - New members.

Upon completion of the appointment process, new members should become familiar with all aspects, duties and responsibilities of the board. The board secretary is encouraged to furnish the telephone numbers of other board members and staff, the governing regulations, and any other pertinent information to the new member within seven days of the new member's appointment.

Sec. 2-135. – Conflict of Interest.

Any board member who shall have a conflict of interest, while conducting city business, shall immediately disclose such interest to other members of the board of which he is a member. The disclosure, and subsequent actions, must be in accordance with the procedures set forth in section 14.14 of the City Charter.

Sec. 2-136.- Liaisons.

In addition to regular board members, the board shall have two members of the city council appointed by the mayor subject to the approval and consent of city council to serve as liaisons to the board. The purpose of the liaisons is to provide guidance to the board in matters pertaining to city administration and home rule charter affairs, and to provide interface with city staff, the city attorney, and the full city council in any matters that may arise. City council liaisons shall not have the right to vote in any matter before the board, but shall have the right to fully participate in all discussions of matters that come before the board.

Sec. 2-137.- Officers.

(a) *Composition.* The officers of the board shall be a chairperson or chair, a vice-chairperson, and a secretary.

(b) *Membership; term.* At its first meeting in September of each year, the membership of the board shall determine by majority vote the chairperson, vice-chairperson and secretary. The term of those positions shall be, in accordance with the board's bylaws.

(c) *Vacancies.* Vacancies that occur in office are to be filled as follows:

(1) In the event of a vacancy or incapacity of the chairperson, the vice-chairperson (shall be the chairperson for the unexpired portion of the term).

(2) Vacancies that occur in the other offices shall be filled by special election for the unexpired term.

(3) Vacancies occurring in any office shall be filled at the next meeting of the board.

(d) *Duties.* Duties of the officers shall be as follows:

(1) *Chairperson.*

a. Preside at all meetings.

b. Represent the board at public functions.

c. Appoint special committees.

d. Provide an agenda for each meeting, including an item requested by any other board member, or by the director of the department with whom this board directly interfaces. The agenda shall be provided to the city secretary no less than five working days prior to any meeting to provide proper posting notice in accordance with state open meetings laws.

e. Schedule meetings of the board, if other than the pre-established time, day, or week of the month.

f. Shall be permitted to vote on issues coming before the board.

(2) *Vice-chairperson.* Assist the chairperson in directing the affairs of the board and act in the chair's absence.

(3) *Secretary.* Is responsible for the preparation and accuracy of the minutes of the board's meetings.

a. The minutes of each board meeting must include the vote of each member on each item before the board and must indicate whether a member is absent or failed to vote on an item. A draft copy of those minutes will be provided to the city secretary within three working days following any meeting.

b. Shall sign the approved minutes.

Sec. 2-138. - Compensation of members; fundraising activities; expenditures.

(a) All members of the board shall serve without compensation.

(b) The board shall obtain authorization from the city council through the city manager prior to seeking any donations, engaging in any solicitations, or other fundraising activity. All other revenues derived from fundraising activities shall be deposited into the city general fund and utilized to support related activities as determined by the city council during the budgeting process or review for all city departments. No debts of any kind or character shall be made or incurred by the board or anyone acting on its behalf without the express authority of the city council.

Sec. 2-139. - Meetings.

(a) All board meetings shall be conducted in accordance with Texas Government Code Chapter 551, the Texas Open Meetings Act. The board may not conduct a closed meeting without prior approval from the City Attorney's office.

(b) Board meetings shall be governed generally by the specific edition of Robert's Rules of Order, or its amendments, adopted by the city. Failure to follow Robert's Rules of Order shall not invalidate any action taken at the meeting.

(c) Agendas. Two or more board members may place an item on the agenda by oral or written request to the chairperson. After consulting with and receiving input from board members the chair shall approve each final meeting agenda. The chair shall submit the meeting agenda for each meeting to be posted not less than fourteen days before the meeting. Posting of the agenda shall comply with the Texas Open Meetings Act.

(d) A quorum shall consist of a majority of the members of the board and is required to conduct official business; no action taken by the board in the absence of a quorum shall be effective.

(e) The board shall meet at least once every other month. The board shall determine and adopt a schedule of the planned meetings for the upcoming year, in accordance with its bylaws.

(f) Future meetings may be rescheduled if a majority of board members so vote at any meeting at which a quorum is present.

(g) Special meetings may be called by the Chairperson, or as requested by the Mayor. The Chairperson shall also call a special meeting if requested by any three members of the Board. Notice of special meetings shall be given to the city secretary to be posted at least fourteen days prior to such a special meeting and shall state the purpose, time, day, month, date, year, and location of the meeting.

(h) For a board action to be effective, it must be adopted by an affirmative vote of the number of members necessary to provide a quorum.

(i) The board shall allow citizens to address the board on agenda items and during a period of time set aside for citizen communications. The chair may limit a speaker to three minutes. A member of the public may not address the board at a meeting on an item posted as a briefing.

(j) The secretary of the board shall ensure that minutes of each board meeting are prepared.

(1) The minutes of each board meeting must include the vote of each member on each item before the board and must indicate whether a member is absent or failed to vote on an item.

(2) Except as prohibited by conflict-of-interest laws or the City Charter, all members of a board or commission authorized to vote shall vote "aye" or "nay" on every action requiring a vote.

(3) The nature of a conflict of interest shall be concisely stated in the minutes.

(k) The city secretary shall retain agendas, approved minutes, internal review reports and bylaws. The Parks and Community Services Department, as defined by the City Charter, shall retain all other Board documents.

Sec. 2-140. - Assistance by city staff.

(a) City departments are to furnish the board with reports and services at the direction of the city manager or city council.

(b) The board may receive reports, advice and available services from the various city departments as required and directed by the city manager or his designated representative. The parks director and his staff will be available for advice and consultation and shall cooperate with and render such services for the board as shall be reasonably necessary for the operations of the board.

III.

This Ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas and this Ordinance shall not operate to repeal or affect any of such other ordinances except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Ordinance, in which event such conflicting provisions, if any, in such other Ordinances or Ordinances are hereby repealed.

IV.

If any section, sub-section, sentence, clause, or phrase of this Ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

V.

Any person who violates, or any person who causes or allows another person to violate any provision of this Ordinance shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine in accordance with the general penalty provision found in section 1-7. Each occurrence of any violation of this Ordinance shall constitute a separate offense. Each day in which any violation of this Ordinance occurs shall constitute a separate offense.

VI.

This Ordinance shall become effective and shall be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon approval thereof by the Mayor of the City of Watauga, Texas, and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this, the 24th day of May 2021.

APPROVED:

____
ARTHUR L. MINER, MAYOR

ATTEST:

____
ANDREA GARDNER, TRMC
CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:

____
GEORGE HYDE, CITY ATTORNEY
Russell Rodriguez Hyde & Bullock LLP

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: May 20, 2021

TO: Honorable City Council Members

FROM: Andrea Gardner, City Manager

THROUGH:

SUBJECT: Consider action to repeal Article III, Secs 101-50 through 101-56, Capital Improvements Advisory Committee, of the Code of Ordinances

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BACKGROUND/INFORMATION:
City Council created a Capital Improvements Plan Advisory Committee on January 26, 2004. Such a Committee is required by Texas Local Government Code Chapter 395 for cities that assess impact fees. The City of Watauga no longer assesses impact fees and the Committee ceased to function for many years.

FINANCIAL IMPLICATIONS:
N/A

RECOMMENDATION/ACTION DESIRED:
City staff respectfully recommends the City Council adopt Ordinance No. 2021-026 , repealing Sections 101-50 through Sections 101-56 of the Code of Ordinances.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. Archive - Ordinances 1176 - 1_26_2004
2. Continuation of Cap Improv Advisory Cmte Op Ltr
3. Ordinance to Repeal and Abolish Impact Fee Committee 05.24.2021

REVIEWED BY:

Andrea Gardner, City Manager	Approved - 5/21/2021
George Hyde, Legal	Approved - 5/21/2021
Andrea Gardner, City Manager	Approved - 5/21/2021
Raquel Guajardo, Deputy City Secretary	Final Approval - 5/21/2021

Approved as to form for inclusion on Agenda

CITY OF WATAUGA, TEXAS
ORDINANCE NO. 1176

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AMENDING CHAPTER 9 OF THE CODE OF ORDINANCES OF THE CITY OF WATAUGA, TEXAS TO INCLUDE ARTICLE 9.1700, CREATING THE CAPITAL IMPROVEMENT ADVISORY COMMITTEE; PROVIDING THAT ALL ORDINANCES IN CONFLICT HEREWITH ARE HEREBY REPEALED TO THE EXTENT THAT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Council of the City of Watauga, Texas desires to be compliant with Local Government Code 395.058(e) when financing for capital improvements by new development in the City of Watauga.

NOW, THEREFORE, BE IT ORDAINED, by the City Council of the City of Watauga, Texas as follows:

I.

Chapter 9 of the Code of Ordinance shall be amended to add Article 9.1700, and shall read as follows:

ARTICLE 9.1700 Capital Improvement Advisory Committee

Section 9.1701 ORGANIZATION

The Capital Improvements Advisory Committee, herein also called Advisory Committee, shall be composed of the seven (7) regular members of the Planning and Zoning Commission plus one additional member engaged in the real estate, development and/or building industry who shall be appointed by the City Council and serve as an ad hoc voting member of the Planning and Zoning Commission when it acts as the Capital Improvements Advisory Committee. The Advisory Committee shall exercise such powers as prescribed by Chapter 395, Local Government Code, as now or hereafter amended, and as further granted by the City Council of the City of Watauga, Texas, so long as those granted powers are not in conflict with Chapter 395.

Section 9.1702 OFFICERS

The officers of the Planning and Zoning Commission shall hold like positions on the Advisory Committee. Those officers shall be Chairperson, Vice-

Chairperson and Secretary, and each shall be selected in accordance with the Rules and Procedures of the Planning and Zoning Commission.

Section 9.1703 DUTIES

The Advisory Committee shall serve in an advisory capacity and is established by the City Council to perform the following duties:

1. To advise and assist the City Council in adopting Land Use Assumptions.

2. To review the Capital Improvements Plan and file its written comments.

3. To monitor and evaluate implementation of the Capital Improvements Plan and Impact Fees.

4. To file semi-annual written reports with respect to the progress of the Capital Improvements Plan and report to the City Council any perceived inequities in implementing the Capital Improvements Plan or imposing the Impact Fees.

5. To advise the City Council of the need to update or revise the Land Use Assumptions, Capital Improvements Plan and/or Impact Fees.

6. Provide other Impact Fee advisory services as directed by the City Council.

7. To file written comments on any proposed impact fees or revision to impact fees before the fifth (5^{th}) business day before the date of the public hearing on the imposition of the fees as required by Section 395.050 of the Local Government Code.

Section 9.1704 RULES OF ORDER

Roberts Rules of Order, latest revision, shall be the Committee's final authority on all questions of procedure and parliamentary laws not covered by these rules and procedures. The Rules and Procedures of the Advisory Committee shall be adopted and approved by the City Council. Any suggested modifications to the adopted Rules and Procedures shall first be submitted to the City Council for formal approval. An approved copy of these Rules and Procedures, and any amendments thereto, shall be filed in the office of the City Secretary and be made available for public inspection during regular business hours.

Section 9.1705 MEETINGS

A. A quorum shall consist of five, (5) members and shall be required to conduct official business and forward recommendations to the City Council.

B. An agenda shall be prepared for each meeting by employees of the Finance and/or Public Works Departments. The agenda and all reference and statistical material relating to agenda items shall be delivered to each Advisory Committee member prior to each meeting allowing adequate time for review of and familiarization with the agenda items.

C. Meetings of the Advisory Committee shall be called and conducted at various times to fulfill the obligations outlined in Chapter 395, Local Government Code, as amended, as well as directives of the City Council. The Chairperson shall call meetings and instruct employees of the Finance and/or Public Works Departments to prepare an agenda and provide any required information, reports or statistics. Meetings of the Advisory Committee shall be held in the Watauga City Hall unless otherwise directed by the Chairperson, with the approval of a majority of the Advisory Committee. The Chairperson shall establish a time for each called meeting of the Advisory Committee.

D. Notice of all meetings of the Advisory Committee shall be posted, open to the public and shall be held in accordance with state law and the Charter and Code of the City of Watauga.

E. The Advisory Committee may convene in work session in order to discuss any matter concerning Impact Fees, Land Use Assumptions and/or Capital Improvements Plans as well as any other matter relating to Chapter 395, Local Government Code. No official business shall be conducted at such work session, and a quorum shall not be required.

Section 9.1706 OFFICIAL RECORDS

A. Definition:

The official records of the Advisory Committee shall consist of these Rules and Procedures, Minutes of all meetings, supporting documents such as reports, calculations, and all other material used to approve Land Use Assumptions, Capital Improvements Plan, prepared written reports to the City Council and supporting documentation for all recommendations.

B. Minutes:

The minutes of the Advisory Committee meetings shall reflect the vote of each member, or if absent or abstaining, shall indicate that fact.

C. Record Retention:

The official records of the Advisory Committee shall be kept for a period of not less than ten (10) years and be made available for public inspection during regular business hours of the City.

Section 9.1707 HEARINGS AND DECISIONS

A. Order of Business:

The Chairperson, or in his/her absence, the Vice-Chairperson, shall preside at all meetings and shall decide all points of order or procedure. All letters of transmittal and/or correspondence from the Advisory Committee shall be over the signature of the Chairperson. The Chairperson shall call the Committee to order and call the roll of the membership. The members present and/or absent shall be recorded by the Committee Secretary or a designated municipal employee representative. The minutes of any previous meeting shall be submitted for approval. The public shall be advised of the procedures to be followed in the meeting. A representative of the Finance and/or Public Works Department shall publicly advise the Committee members of any communication received pertaining to any matter pending before the Committee.

B. Presentation and Hearing:

1. The Chairperson shall call on persons present who wish to speak to the agenda items, and shall direct that they speak in the following order:

   a. The proponent or their designated representative.
   b. Those persons in support of the agenda item.
   c. Those persons in opposition to the agenda item.

   Whenever necessary, the Chairperson shall direct that all remarks be germane to the agenda item. At the Chairperson's discretion, a specified time limit may be imposed for each speaker wishing to address a particular item. No rebuttal shall be allowed from either side, unless specifically granted by a majority vote of the Committee. The Committee may direct questions to any speaker in order to clarify statements and facts presented.

2. The Chairperson shall then declare the public presentation closed.

3. A motion may be made by any member of the Committee, other than the presiding officer.

4. Any motion may be approved or denied by a simple majority vote of the members present. In the event of a tie vote on any motion, the motion shall be considered denied and shall be so recorded.

5. A motion to table an item is not a debatable matter.

II.

This Ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas and this Ordinance shall not operate to repeal or affect any such other ordinances except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Ordinance, in which even such conflicting provisions, if any, in such other ordinance(s) are hereby repealed.

III.

If any section, subsection, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

IV.

This Ordinance shall become effective and shall be in full force and effect after passage and adoption by the City Council of the City of Watauga, Texas, and upon approval thereof by the Mayor of the City of Watauga, Texas and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this 26th day of January, 2004.

APPROVED:

Henry J. Jeffries

Henry J. Jeffries, Mayor

ATTEST:

Nancy J. Meadows

Nancy J. Meadows, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Mark G. Daniel

Mark G. Daniel, City Attorney

CITY OF WATAUGA, TEXAS

ORDINANCE NO. 2021-026

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS REPEALING SECTION 101-50 THROUGH 101-56 OF THE CITY OF WATAUGA CODE OF ORDINANCES AND ABOLSIHING THE CAPITAL IMPROVEMENTS ADVISORY COMMITTEE; PROVIDING FOR REPEAL; PROVIDING A SAVINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Watauga recognizes the need for various boards, committees, commissions and corporations (collective, the “boards”) are necessary and appropriate to assist the City with carrying out municipal functions in an efficient and responsive manner; and

WHEREAS, the City Council of the City of Watauga finds Chapter 395 of Texas Local Government Code requires a Capital Improvements Advisory Committee exist if the City assess impact fees; and

WHEREAS, the City Council of the City of Watauga finds that the City of Watauga no longer assesses such impact fees; and

WHEREAS, the City Council finds the Capital Improvements Advisory Committee no longer necessary.

NOW THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga, Texas as follows:

I.

The facts and recitations set forth in the preamble of this ordinance are hereby found to be true and correct and adopted herein for all purposes.

II.

The City of Watauga Code of Ordinances is hereby amended by deleting subsection 101-50 through 101-56 of Chapter 101 as follows:

“Subpart B - Land Development

. . . .

Article III. Capital Improvement Advisory Committee

Sec. 101-50. Composition; powers; appointment and removal of members.

Sec. 101-51. Officers.

Sec. 101-52. Duties.

Sec. 101-53. Rules or order.

Sec. 101-54. Meetings.

Sec. 101-55. Official records.

Sec. 101-56. Hearings and decisions.

III.

This Ordinance shall be and is hereby cumulative of all Ordinances of the City of Watauga, Texas, and shall not operate to repeal or affect any such other Ordinances except insofar as the provision thereof might be inconsistent or in conflict with the provisions of this Ordinance, in which event, such conflicting provisions, if any, are hereby repealed.

IV.

If any section, sub-section, sentence, clause or phrase of this Ordinance shall, for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

V.

This Ordinance shall become effective and shall be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon approval thereof by the Mayor of the City of Watauga, Texas, and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this 24th day of May 2021.

APPROVED:

____
ARTHUR L. MINER, MAYOR

ATTEST:

____
ANDREA GARDNER, TRMC
CITY SECRETARY

APPROVED AS TO FORM:

____
GEORGE E. HYDE, CITY ATTORNEY
Russell Rodriguez Hyde Bullock, LLP

WATAUGA
TEXAS
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AGENDA MEMORANDUM

DATE: March 23, 2021

TO: Honorable City Council Members

FROM: Mark Taylor, Council Member, Place 6

THROUGH:

SUBJECT: Discuss and consider action to rescind the Disaster Declaration dated March 17, 2020

BACKGROUND/INFORMATION:

Governor Greg Abbott issued a State of Disaster for all Texas counties for COVID-19 on March 13, 2020; on March 17, 2020, a Declaration of Local Disaster was issued by the City of Watauga to take measures to reduce the possibility of exposure to COVID-19 and promote the health and safety of Watauga residents; on March 23, 2020 the City Council ratified the disaster declaration signed by Mayor Arthur Miner.

Section 418.108 of the Texas Local Government Code provides that a local state of disaster may be terminated by the governing body of the political subdivision or by executive order of the Mayor; on June 15, 2020, the City Council, acting under its authority provided by the TLGC determined that conditions necessitating the proclamation of a local state of disaster have ceased to exist, ratified the ending of the Declaration of a Local State of Disaster.

FINANCIAL IMPLICATIONS:

None

RECOMMENDATION/ACTION DESIRED:

City staff respectfully recommends the City Council approve and adopt the resolution No. 2021-023 to rescind the natural disaster.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Resolution NO. 2020-010
2. Resolution to Terminate Mayors Disaster Declaration

REVIEWED BY:

Karrie Marling, Legal	Approved - 7/10/2020
George Hyde, Legal	Approved - 7/28/2020
Andrea Gardner, City Manager	Approved - 5/19/2021
Raquel Guajardo, Deputy City Secretary	Final Approval - 5/19/2021

AGENDA MEMORANDUM

Approved as to form for inclusion on Agenda

CITY OF WATAUGA, TEXAS
RESOLUTION NO. 2020-010

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS, CONTINUING THE STATE OF LOCAL DISASTER; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on March 17, 2020, Mayor Arthur Miner, acting in accordance with authority granted to him under the Charter and under Section 418.108(a) of the Texas Government Code, declared a local state of disaster for the City due to concerns related to the coronavirus disease 2019 (COVID-19) (the "disaster declaration"); and,

WHEREAS, Section 418.108(b) of the Texas Government Code provides that such a declaration of disaster may not be continued for a period of more than seven days except with the consent of the governing body of the political subdivision; and,

WHEREAS, the conditions necessitating the disaster declaration will continue to exist for a period of more than seven days; and

WHEREAS, the City Council supports the disaster declaration signed by Mayor Arthur Miner on March 17, 2020, and consents to its continuation for a period of more than seven days.

NOW, THEREFORE, BE IT PROCLAIMED BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS:

I.

The City Council hereby ratifies the disaster declaration signed by Mayor Arthur Miner on March 17, 2020, and consents to its continuation indefinitely, or until such time as it is terminated by order of the Council.

II.

This Resolution shall become effective and shall be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon application of law and in accordance with Section 3.13 of the Charter of the City of Watauga, Texas.

PASSED AND ADOPTED by the City of Watauga City Council on this 23rd day of March 2020.

APPROVED:

Arthur L Miner

ARTHUR L. MINER, MAYOR

ATTEST:

Andrea Gardner

ANDREA GARDNER, CITY SECRETARY

CITY OF WATAUGA, TEXAS

APPROVED AS TO FORM AND LEGALITY:

for ______, Assistant City Attorney

GEORGE E. HYDE, CITY ATTORNEY

CITY OF WATAUGA, TEXAS
RESOLUTION NO. 2021-023

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS, TO TERMINATE THE PROCLAMATION OF THE MAYOR AND END THE DECLARATION OF DISASTER; PROVIDING AN EFFECTIVE DATE AND FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION WAS PASSED WAS OPEN AS REQUIRED BY LAW.

WHEREAS, on March 17, 2020, Mayor Arthur Miner, acting in accordance with authority granted to him under the Charter and under Section 418.108(a), of the Texas Government Code (the Texas Disaster Act"), issued a proclamation declaring a local state of disaster for the City of WATAUGA resulting from concerns related to the coronavirus disease 2019 (COVID-19) (the "disaster declaration"); and

WHEREAS, on March 23, 2020 the City Council ratified the disaster declaration that was signed by Mayor Arthur Miner on March 17, 2020, and consented to its continuation indefinitely, or until such time as it is terminated by order of the Council; and

WHEREAS, the conditions necessitating the proclamation of a local state of disaster have ceased to exist; and

WHEREAS, the Texas Disaster Act provides that a local state of disaster may be terminated by the governing body of the political subdivision or by executive order of the Mayor.

NOW, THEREFORE, BE IT PROCLAIMED BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS:

I.

The City Council, as the governing body of the City of Watauga hereby terminates the proclamation of a local state of disaster described in the preamble above.

II.

This Resolution shall become effective and shall be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon application of law and in accordance with Section 3.13 of the Charter of the City of Watauga, Texas.

PASSED AND ADOPTED by the City of Watauga City Council on this the 24th day of May, 2021.

APPROVED:

____
ARTHUR L. MINER, MAYOR

ATTEST:

____
ANDREA GARDNER, TRMC
CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:

____
GEORGE HYDE, CITY ATTORNEY
RUSSELL RODRIGUEZ HYDE BULLOCK, LLP

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: May 4, 2021

TO: Honorable City Council Members

FROM: Arthur Miner, Mayor

THROUGH:

SUBJECT: Discuss and provide direction on establishing a policy for accepting award or recognition nominations

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BACKGROUND/INFORMATION:

On July 8, 2019, City Administration provided a discussion item to the City Council regarding development of a policy for award nominations and presentations to include the Hometown Hero Program and the NE Tarrant Chamber Leadership Program. Since the discussion, the matter hasn't surfaced until the April 26, 2021 Council Meeting when nominations for the Hometown Hero Award were made.

Because the matter involves how the City Council will make and accept nominations, City Administration felt a draft policy was best formulated by the Council. During the July 2019 meeting the Council directed staff to prepare a policy for the Council but received no input on policy specifics. Speaking with Mayor Miner, the proposal was to develop a policy that allows the Council to provide the public notice of any nomination period, accept public and Council input for nominations and then Council vote on the nomination(s) received. Nominations should require a written biography of statement related to why the individual is being recommended for nomination along with a photo of the nominee.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Mayor Miner seeks Council direction on the desired contents to be included in a policy for Council consideration.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

None

REVIEWED BY:

George Hyde, Legal	Approved - 5/21/2021
Andrea Gardner, City Manager	Approved - 5/21/2021

AGENDA MEMORANDUM

Raquel Guajardo, Deputy City Secretary
Approved as to form for inclusion on Agenda

Final Approval - 5/21/2021

AGENDA MEMORANDUM

DATE: May 17, 2021

TO: Honorable City Council Members

FROM: Arthur Miner, Mayor

SUBJECT: Discuss and consider action to consider appointments to the Zoning Board of Adjustment

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BACKGROUND/INFORMATION:

The council should discuss and consider making appointments to the Zoning Board of Adjustment (ZBA).

The Zoning Board of Adjustment to be composed of five members who shall be qualified electors of the city. It is the declared policy of the city council that it will consider for appointment by the mayor and subject to approval and consent of the city council, only those persons who have demonstrated their civic interest, general knowledge of the community, independent judgement, and availability to prepare for and attend meetings. The city council may appoint up to four alternate members of the board of adjustment who shall serve in the absence of one or more regular members of the board when requested to do so by the mayor or city manager, as the case may be. Alternate members shall be qualified electors of the city and shall serve for a period of two years from September 1 of the year in which they are appointed.

Places on the board shall be numbered one through five with all members appointed for two-year terms to expire August 31. Members serving in odd-numbered places shall have their terms expire on each odd-numbered year and members serving in even-numbered places shall have their terms expire on even-numbered years. The Board may submit to the city council the names of those current members who are recommended for reappointment. The city council in an open meeting shall appoint members to the board.

The following is the current board composition:

Place 1 - David Villafuerte - serving a current term which expires August 31, 2021.

Place 2 -Vacant - Appoint Mary Stormer (currently serving as an Alternate) to fill the unexpired term ending August 2022.

Place 3 - Pete Beierschmitt - serving a current term which expires August 31, 2021.

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AGENDA MEMORANDUM

Place 4 -Vacant - Appoint Lissa Sieja (currently serving as an Alternate) to fill the unexpired term ending August 2022.

Place 5 - Charlie Mann - serving a current term which expires August 31, 2021.

Place 1 Alternate - Mary Stormer - serving a current term which expires August 31, 2021.

Place 2 Alternate -Vacant

Place 3 Alternate - Lissa Sieja - serving a current term which expires August 31, 2021.

Place 4 Alternate -Vacant

City Council established a Board Interview Committee that is comprised of the Mayor, CM Taylor and CM Downey. The Interview Committee conducted interviews and the Mayor's appointment recommendations are attached.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Mayor Miner respectfully recommends the City Council appoint Mary Stormer to Place 2 and Lissa Sieja to Place 4 on the Zoning Board of Adjustment.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Zoning Board of Adjustment Recommendations May 2021
2. 06.16.20 Mary Stormer
3. 10.31.20 Lissa Sieja

REVIEWED BY:

Andrea Gardner, City Manager	Approved - 5/20/2021
Raquel Guajardo, Deputy City Secretary	Final Approval - 5/21/2021

Approved as to form for inclusion on Agenda

"A GREAT PLACE TO LIVE"

INTEROFFICE MEMORANDUM
MAYOR'S OFFICE

DATE: 17 May 2021

TO: City Manager Andrea Gardner

FROM: Mayor Arthur Miner

RE: ZONING BOARD OF ADJUSTMENT

Ms Gardner:

Please find below my appointment recommendations for the Zoning Board of Adjustment. Please place these on the May 24th 20221 agenda for council approval.

Place 1	David Villefuerte	Term to expire August 2021
Place 2	Vacant	Appoint Mary Stormer (alternate Place 2) to unexpired term ending August 2022
Place 3	Pete Beierscmitt	Term to expire August 2021
Place 4	Vacant	Appoint Lissa Sieja (alternate Place 3) to unexpired term ending August 2022
Place 5	Charlie Mann	Term to expire August 2021

Thank you

Art Miner
Mayor

AGENDA MEMORANDUM

DATE: May 17, 2021

TO: Honorable City Council Members

FROM: Arthur Miner, Mayor

SUBJECT: Discuss and consider action to consider appointments to the Planning & Zoning Commission to fill the unexpired terms in Places 2 & 4

BACKGROUND/INFORMATION:

The council should discuss and consider making appointments to the Planning and Zoning Commission.

The Planning and Zoning Commission shall consist of seven regular members. Places on the board shall be numbered one through seven, with all members appointed for two-year terms to expire August 31. Members serving in odd-numbered places shall have their terms expire on each odd-numbered year, and members serving in even-numbered places shall have their terms expire on even-numbered years. The commission chairperson may submit to the city council the names of those current members who are recommended for reappointment. The city council in an open meeting shall appoint members to the commission.

The following is the current Commission composition:

Place 1 - Robert Martinez-Merlo - serving a current term which expires August 31, 2021.

Place 2 - Vacant - Term expires August 31, 2022. See Mayoral Recommendation for appointment to the unexpired term.

Place 3 - Vacant - Term expires August 31, 2021. No Mayoral Recommendation.

Place 4 - Vacant - Term expires August 31, 2022. See Mayoral Recommendation for appointment to the unexpired term.

Place 5 - Cristy McCauley - serving a current term which expires August 31, 2021.

Place 6 - Karen Isbell - serving a current term which expires August 31, 2022.

Place 7 - Sharon Gehle - serving a current term which expires August 31, 2021.

AGENDA MEMORANDUM

The Council Interview Committee (Mayor Miner, Mark Taylor and Lovie Downey) conducted interviews of all applicants for the various board vacancies and the Mayor's recommendation for appointment to the P&Z unexpired terms are attached for Council consideration.

FINANCIAL IMPLICATIONS:
N/A

RECOMMENDATION/ACTION DESIRED:
Mayor Miner respectfully recommends the City Council confirm his appointment recommendations to fill the unexpired terms for Places 2 & 4 on the P&Z.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. P Z Recommendations May 21
2. 03.08.21 Quincy Adams
3. 04.06.21 Laura Nedderman

REVIEWED BY:
Raquel Guajardo, Deputy City Secretary Final Approval - 5/19/2021
Approved as to form for inclusion on Agenda

INTEROFFICE MEMORANDUM
MAYOR'S OFFICE

DATE: 19 May 21

TO: City Manager Andrea Gardner

FROM: Mayor Arthur Miner

RE: PLANNING AND ZONING COMMISSION

Ms Gardner:

Please find below my appointment recommendations for the Planning and Zoning Commission. Please place these on the May 24th 2021 agenda for council approval.

Place 1	Robert Martinez-Merlo	Term to expire August 2021
Place 2	Vacant	Appoint Quincy Adams to unexpired term ending August 2022
Place 3	Vacant	Term to expire Aug 2021
Place 4	Vacant	Appoint Laura Nedderman to unexpired term ending August 2022
Place 5	Cristy McCauley	Term to expire August 2021
Place 6	Karen Isbell	Term to expire August 2022
Place 7	Sharon Gehle	Term to expire August 2021

Thank you

Art Miner
Mayor

AGENDA
WATAUGA CITY COUNCIL
REGULAR MEETING
MONDAY, MAY 24, 2021
CITY HALL COUNCIL CHAMBER, 7105 WHITLEY ROAD
6:30 PM

This notice is posted pursuant to the Texas Open Meetings Act. Notice is hereby given that a **Regular City Council Meeting** of the City of Watauga, Texas will be held at which time the following subjects will be discussed and may be acted upon.

DATE:	May 17, 2021
TO:	Honorable City Council Members
FROM:	Arthur Miner, Mayor
SUBJECT:	Discuss and consider action to appoint an applicant to Place 2 on the Library Advisory Board

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BACKGROUND/INFORMATION:

The Library Board acts in an advisory capacity on all matters pertaining to the library. The Board assists in interpreting the policies and functions of the library department to the public and encourage in every possible manner the development and advancement of the city public library.

The Library Board is comprised of seven places (Places 1 -7). Place 2 is currently vacant.

The Mayors appointment recommendation is attached.

FINANCIAL IMPLICATIONS:
N/A

RECOMMENDATION/ACTION DESIRED:
Mayor Miner respectfully recommends the City Council confirm the recommendation to appoint Pedro Rivera to Place 2 for the unexpired term ending August 31, 2022.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. Library Board Recommendations May 2021
2. 03.24.21 Pedro Rivera

REVIEWED BY:
Raquel Guajardo, Deputy City Secretary   Final Approval - 5/21/2021
Approved as to form for inclusion on Agenda

Meeting Notices and Reservation of Rights
The City Council may retire to executive session any time between the meeting's opening and adjournment for the purpose of consultation with legal counsel pursuant to Chapter 551.071 of the Texas Government Code; discussion of personnel matters pursuant to Chapter 551.074 of the Texas Government Code if the requisite information is otherwise posted; deliberation regarding real property pursuant to Chapter 551.072 of the Texas Government Code; deliberation regarding economic development negotiations pursuant to Chapter 551.087 of the Texas Government Code; and/or deliberation regarding the deployment, or specific occasions for implementation of security personnel or devices pursuant to Chapter 551.076 of the Texas Government Code (as applicable) when determined necessary by the to address a subject matter on the agenda. Action, if any, will be taken in open session.

This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Executive Session portion of the agenda constitutes a written interpretation of Texas Government Code Chapter 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy Texas Government Code Chapter 551.144(c) and the meeting is conducted by all participants in reliance on this opinion.

Attendance by Other Elected or Appointed Officials: It is anticipated that members of other governmental bodies, and/or city council, boards, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the body, board, commission and/or committee. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a possible meeting of the other body, board, commission and/or committee, whose members may be in attendance, if such numbers constitute a quorum. The members of the city council, boards, commissions and/or committees may be permitted to participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for that city council, body, board, commission or committee subject to the Texas Open Meetings Act.

NOTICE

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT (817) 514-5825, OR FAX (817) 514-3625.

I, Andrea Gardner, City Secretary for the City of Watauga, hereby certify that this agenda was posted on the bulletin boards at City Hall, 7105 Whitley Road, Watauga, Texas, on Friday, May 21, 2021, before 6:30 p.m., in accordance with Chapter 551 of the Texas Government Code.

Andrea Gardner, City Secretary

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INTEROFFICE MEMORANDUM
MAYOR'S OFFICE

DATE: 18 May 2021

TO: City Manager Andrea Gardner

FROM: Mayor Arthur Miner

RE: LIBRARY BOARD

Ms Gardner:

Please find below my appointment recommendation for the Library Board. Please place thIS on the May 24th 2021 agenda for council approval.

Place 1	Lindsey Neal	Term to expire August 2021
Place 2	Vacant	Appoint Pedro Rivera to unexpired term ending August 2022
Place 3	Carol Coy	Term to expire August 2021
Place 4	Henrietta Egenti	Reappoint to August 2022
Place 5	Sharon Subjeck	Term to expire August 2021
Place 6	Kristen Chapman	Appoint to August 2022
Place 7	Kip Woodruff	Term to expire August 2021

Thank you

Art Miner
Mayor

WATAUGA
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"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: May 21, 2021

TO: Honorable City Council Members

FROM:

SUBJECT: Pursuant to §551.071, to deliberate and seek legal advice regarding anticipated litigation regarding claims the city may assert pursuant to Chapter 85 of the Texas Civil Practices Code

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BACKGROUND/INFORMATION:

FINANCIAL IMPLICATIONS:

RECOMMENDATION/ACTION DESIRED:

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
None

REVIEWED BY:

George Hyde, Legal	Approved - 5/21/2021
Andrea Gardner, City Manager	Approved - 5/21/2021
Raquel Guajardo, Deputy City Secretary	Final Approval - 5/21/2021

Approved as to form for inclusion on Agenda

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AGENDA MEMORANDUM

DATE: May 18, 2021

TO: Honorable City Council Members

FROM: Arthur Miner, Mayor

SUBJECT: Pursuant to Section 551.074, to deliberate upon the duties of the City Attorney and amending certain terms within the legal services agreement with the City Attorney's law firm.

BACKGROUND/INFORMATION:

The City Council will convene in executive session pursuant to (Texas Open Meetings Act), Chapter 551 of the Texas Government Code, Section 551.074 Personnel Matters; Closed Meeting, which allows the following:

Deliberation regarding the duties and certain employment agreement terms for the City Attorney in a closed meeting

FINANCIAL IMPLICATIONS:

RECOMMENDATION/ACTION DESIRED:

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Executive Session Request 24 May 21

REVIEWED BY:

George Hyde, Legal	Approved - 5/21/2021
Andrea Gardner, City Manager	Approved - 5/21/2021
Raquel Guajardo, Deputy City Secretary	Final Approval - 5/21/2021

Approved as to form for inclusion on Agenda

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: May 18, 2021

TO: Honorable City Council Members

FROM: Arthur Miner, Mayor

SUBJECT: Discuss and consider amending certain terms within the legal services agreement between the City of Watauga and Russell Rodriguez Hyde Bullock, LLP.

BACKGROUND/INFORMATION:

FINANCIAL IMPLICATIONS:
Dependent on the terms of the contract negotiated.

RECOMMENDATION/ACTION DESIRED:
City staff respectfully recommends the City Council approve a contract for legal services as provided in closed session.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. Executive Session Request 24 May 21

REVIEWED BY:

George Hyde, Legal	Approved - 5/21/2021
Andrea Gardner, City Manager	Approved - 5/21/2021
Raquel Guajardo, Deputy City Secretary	Final Approval - 5/21/2021

Approved as to form for inclusion on Agenda