



**AGENDA
CITY COUNCIL MEETING
TUESDAY, JUNE 13, 2023
1371 WEST FM 550 - McLENDON-CHISHOLM, TEXAS 75032
6:30 PM**

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1. CALL TO ORDER	
2. INVOCATION AND PLEDGE OF ALLEGIANCE TO U.S. AND TEXAS FLAGS	
3. RULES OF DECORUM	
4. PROCLAMATION	
4.1. Robin Mayall Appreciation Day Proclamation	4
5. CITIZEN COMMENTS	
6. CONSENT AGENDA	
6.1. Central Bank Documents - Approvals needed for Central Bank because Inframark changed bank of account and the City contracts with Inframark for sewer collection services. Staff Report - Central Bank Inframark June 2023 Central Bank Documents	5 - 29
6.2. Authorized Signatories for City's Financial Accounts Resolution Authorizing Signatories	30
6.3. Action Regarding the Minutes of May 17, 2023 City Council Meeting May 17, 2023 (2)	31 - 41
6.4. Action Regarding the Minutes of May 24, 2023 City Council Meeting May 24, 2023	42 - 53
6.5. Action Regarding the Minutes of June 3, 2023 City Council Workshop June 3, 2023	54 - 55
6.6. Consider a policy to establish the requisite level of information required to consider approval of proposed actions of Large Capital Investment Projects and Items.	

7. ITEMS FOR CONSIDERATION AND ACTION
 - 7.1. Discuss and action to consider bids submitted for services of Building Inspections and Plan Review Services. 56 - 57
[Staff Report](#)
 - 7.2. Setting the Speed Limit on Edwards Road to 35 MPH 58
[Staff Report](#)
 - 7.3. Discussion, presentations, and action to consider a utility service provider for interim operation, maintenance and billing services for water utilities between the City and RCH.
 - 7.4. Discuss and action to consider the terms and conditions in general of a water system asset transfer agreement with RCH Water Supply, Inc. 59 - 107
[Resolution No. 2023-06](#)
 - 7.5. Discuss and consider taking legal action against RCH Water Supply, Inc. for its violations of the Texas Open Meetings Act on its vote at the June 7, 2023 Board Meeting to put the RCH system out for request for proposals.
8. EXECUTIVE SESSION
 - 8.1. Adjourn into Executive Session (Closed Meeting) in accordance with Texas Government Code: Section 551.071(2) Consultation with attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter: Discussion to consider a utility service provider for interim operation, maintenance and billing services for water utilities between the City and RCH.
 - 8.2. Adjourn into Executive Session (Closed Session) Pursuant to Texas Government Code 55.071(2); Consultation with Attorney on a matter in which the attorney to the Governmental Body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter: Discuss the terms and conditions in general of a water system asset transfer agreement with RCH Water Supply, Inc.
 - 8.3. Reconvene Regular Meeting
 - 8.4. Executive Session Action
9. UPDATES, DISCUSSION AND DIRECTION TO STAFF
10. COUNCIL MEMBER REPORTS AND ANNOUNCEMENTS

The City Council will have an opportunity to address items of community interest including: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the City of McLendon-Chisholm; information regarding a social, ceremonial, or community event organized or sponsored by

an entity other than the City of McLendon-Chisholm that was attended or is scheduled to be attended by a member of the City Council or an official or employee of the City of McLendon-Chisholm; and announcements involving an imminent threat to the public health and safety of people in the City of McLendon-Chisholm that has arisen after posting the agenda.

10.1. Mayor Short

10.2. Mayor Pro Tem Balkum

10.3. Council Member Hoffman

10.4. Council Member McNeal

10.5. Council Member McLendon

10.6. Council Member Tucker

11. ADJOURN

As authorized by Section 551.071(a) of the Texas Government Code, this meeting may be convened into closed Executive Session in order to seek confidential legal advice from the City Attorney on any agenda item herein.

I, Rochelle Green, do hereby certify that the above Notice of Meeting of the City Council of McLendon-Chisholm, Texas was posted or before 5:00 p.m., June 9, 2023 on the outside bulletin board at City Hall, a place convenient and readily accessible to the public at all times.



Proclamation

ROBIN MAYALL APPRECIATION DAY

WHEREAS our City recognizes individuals who provide vital services to the City and the community, and who are collectively known as "Public Works"; Public Works is an integral part of our community and citizens everyday lives; and

WHEREAS Mr. Robin Mayall accepted the position of Project Manager at Blackland Water Supply Corporation ("BWSC") and has been instrumental in leading BWSC in its day-to-day operations, including leading the meter replacement program, implementing a new VT Scada and obtaining upgraded infrastructure for new developments such as DR Horton Wildwood, DR Horton River Rock, and Summer Homes Emerson Farms; and

WHEREAS his leadership has helped BWSC acquire its new contract with North Texas Water Municipal District as a new customer in December 2021, which will allow BWSC the ability to provide the much-needed water to this region; and

WHEREAS Robin was born and raised in Oaktown, Indiana, working on the family farm in the heart of Melon Country; in 1988 after graduating from North Knox High School, he went into business with his twin brother Ryan running and operating an IT company, negotiating insurance contracts for companies such as Consecro and many others; in the mid to late 90's, Robin owned and managed a landscape and irrigation company serving the Southern Indiana communities for 20 plus years and relocated to Texas in early 2020 to be close to his family; and

NOW THEREFORE I, KEITH SHORT, MAYOR OF McLENDON-CHISHOLM DO HEREBY PROCLAIM JUNE 13 ROBIN MAYALL APPRECIATION DAY IN THE CITY of McLENDON-CHISHOLM. We want to recognize the contributions Mr. Mayall makes on a daily basis to our health, safety, comfort and quality of life for his timely service and for his; coordinating efforts with neighboring water service providers and working with the City of Rockwall.

ROBIN MAYALL APPRECIATION DAY

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of McLendon-Chisholm, Texas, to be affixed this 13TH day of June 2023

Keith Short, Mayor



City of McLendon-Chisholm
Staff Report

Date: June 13, 2023

Agenda Item: Review/Action – Central Bank/Inframark Sewer Receivables

Fiscal Impact: N/A

Background: The City of McLendon-Chisholm has contracted out with Inframark, Inc. to provide all utility billing and maintenance services for its sanitary sewer function.

Based on the fact that Inframark has changed their bank of account, the city is required to give overall approval to Central Bank to hold the Utility Billing receivables.

This process is completely a 'HOUSEKEEPING' process required by Central Bank. (Bank of Account for Inframark)

Proposed Motion: Motion to approve by resolution(s) and by agreements as follows:

Consultant Authorizing Resolution

Master Signature Care Resolution

New Depository Account Resolution

Account Agreement

IntraFi Network Deposits DDA0MMDA Direct Placement Agreement

Custodial Agreement

Funds Management Sweep Service Agreement

Staff Assigned: Konrad Hildebrandt, City Administrator

**RESOLUTION AUTHORIZING NEW DEPOSITORY ACCOUNT
AT CENTRAL BANK**

CITY OF MCLENDON CHISHOLM

THE STATE OF TEXAS
COUNTY ROCKWALL

BE IT RESOLVED BY THE City Council Members OF CITY OF MCLENDON CHISHOLM, That at a duly and properly called meeting of the City Council Members of the City, the City approved the opening of the following depository account(s) at Central Bank:

Account Number	Fund Type
6039006	GOF

In accordance with:

- Master Signature Card dated, 3/28/2023
- Tax ID number, 75-2466639
- Municipal Utility District Board Authorizing Resolution for Master Signature Card dated, 3/28/2023

Approved:

3/28/2023

Date

Authorized Signature

Print Name & Title

ACCOUNT AGREEMENT

Central Bank
11201 Clay Road
Houston, TX 77041

Account Number: **6039006**

Account Owner(s) Name & Address

CITY OF MCLENDON CHISHOLM
75-2466639
GOF
ATTN: CITY OF MCLENDON CHISHOLM
1371 WEST FM 550
MCLENDON-CHISHOLM, TX 75032

Agreement Date: 3/28/2023 By: PFDS

- ☒ EXISTING Account - This agreement replaces previous agreement(s).
☒ This is a Temporary account agreement.

Account Description:

☐ Checking ☐ Savings ☒ NOW ☒ CKG

Initial Deposit \$ _____ Source: _____

Ownership of Account - CONSUMER Purpose

☒ The types of accounts provided by Texas law have been disclosed on the separate Single-Party or Multiple-Party Account Selection Form Notice (Selection Form Notice), on which the undersigned have initiated to designate the ownership type selected. The undersigned acknowledge(s) receipt of a copy of the completed Selection Form Notice.

Ownership of Account - BUSINESS Purpose

- ☒ Sole Proprietorship ☐ Single-Member LLC ☐ Partnership
☐ LLC (LLC tax classification: ☐ C Corp ☐ S Corp ☐ Partnership)
☐ C Corporation ☐ S Corporation ☐ Non-Profit

Business: _____

Additional Information:

3 SIGNATURES REQUIRED FOR
ALL 3RD PARTY WITHDRAWALS

Backup Withholding Certifications (Non-"U.S. Persons" - Use separate Form W-8)

☒ By signing at right, I, CITY OF MCLENDON CHISHOLM, certify under penalties of perjury that the statements made in this section are true.

☒ TIN: 75-2466639 The Taxpayer Identification Number (TIN) shown is my correct taxpayer identification number.

☒ **Not Subject to Backup Withholding.** I am NOT subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding.

☐ **Exempt Recipient.** I am an exempt recipient under the Internal Revenue Service Regulations. Exempt payee code (if any) _____

FATCA Code. The FATCA code entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

U.S. Person. I am a U.S. citizen or other U.S. person (as defined in the instructions).

Signature(s). The undersigned certifies the accuracy of the information he/she has provided and acknowledges receipt of a completed copy of this form. The undersigned authorizes the financial institution to verify credit and employment history and/or have a credit reporting agency prepare a credit report on the undersigned, as individuals. The undersigned also acknowledge the receipt of a copy and agree to the terms of the following agreement(s) and/or disclosure(s):

☒ Terms & Conditions ☒ Truth in Savings ☒ Funds Availability

☒ Electronic Fund Transfers ☒ Privacy ☒ Substitute Checks

☒ Common Features

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

(1): ☒ REFER TO MASTER SIGNATURE CARD

(2): ☒ I.D. # _____ D.O.B. _____

(3): ☒ I.D. # _____ D.O.B. _____

(4): ☒ I.D. # _____ D.O.B. _____

☒ I.D. # _____ D.O.B. _____
The person(s) named below are Convenience Signers only (not owners)

☒ I.D. # _____ Other _____

☒ I.D. # _____ Other _____

Signature Card-TX

Bankers Systems® VMP,

ACCOUNT AGREEMENT, CONT.

PAGE 2

Central Bank
11201 Clay Road
Houston, TX 77041

Agreement Date: 3/28/2023 By: PFDS ☒ EXISTING
Account- This agreement replaces previous agreement(s). ☒ This is a
Temporary account agreement.
Account Description:

☒ Checking ☒ Savings ☒ NOW ☐

Initial Deposit \$ _____ Source: _____

Ownership of Account - CONSUMER Purpose

☒ The types of accounts provided by Texas law have been disclosed on the separate Single-Party or Multiple-Party Account Selection Form Notice (Selection Form Notice), on which the undersigned have initialed to designate the ownership type selected. The undersigned acknowledge(s) receipt of a copy of the completed Selection Form Notice.

Ownership of Account - BUSINESS Purpose

☒ Sole Proprietorship ☒ Single-Member LLC ☒ Partnership
☒ LLC (LLC tax classification: ☒ C Corp ☒ S Corp ☒ Partnership)
☒ C Corporation ☒ S Corporation ☒ Non-Profit

Business: _____

3 SIGNATURES REQUIRED FOR ALL 3RD
PARTY WITHDRAWALS

Backup Withholding Certifications (Non-"U.S. Persons" - Use separate Form W-8)

☒ By signing at right, I, CITY OF MCLENDON CHISHOLM,
certify under penalties of perjury that the statements made in this section are true.

☒ **TIN:** 75-2466639 The Taxpayer Identification
Number (TIN) shown is my correct taxpayer identification number.

☒ **Not Subject to Backup Withholding.** I am NOT subject to backup
withholding either because I have not been notified that I am subject to backup
withholding as a result of a failure to report all interest or dividends, or the Internal
Revenue Service has notified me that I am no longer subject to backup withholding.

☒ **Exempt Recipient.** I am an exempt recipient under the Internal Revenue
Service Regulations. Exempt payee code (if any) _____

FATCA Code. The FATCA code entered on this form (if any) indicating that I am
exempt from FATCA reporting is correct.

U.S. Person. I am a U.S. citizen or other U.S. person (as defined
in the instructions).

Account Number: Master Signature Card for Tax
75-2466639

Account Owner(s) Name & Address

CITY OF MCLENDON CHISHOLM
Applies to all accounts under Tax ID# 75-2466639

ATTN: CITY OF MCLENDON CHISHOLM

1371 WEST FM 550

MCLENDON-CHISHOLM, TX 75032

Signature(s). The undersigned certifies the accuracy of the information he/she has
provided and acknowledges receipt of a completed copy of this form. The undersigned
authorizes the financial institution to verify credit and employment history and/or have
a credit reporting agency prepare a credit report on the undersigned, as individuals.
The undersigned also acknowledge the receipt of a copy and agree to the terms of the
following agreement(s) and/or disclosure(s):

☒ Terms & Conditions ☒ Truth in Savings ☒ Funds Availability

☒ Electronic Fund Transfers ☒ Privacy ☒ Substitute Checks

Common Features

The Internal Revenue Service does not require your consent to any
provision of this document other than the certifications required to
avoid backup withholding.

(1): ☒

Additional Information:

(2): ☒

I.D. # _____ D.O.B. _____

(3): ☒

I.D. # _____ D.O.B. _____

(4): ☒

I.D. # _____ D.O.B. _____

☒ The person(s) named below are Convenience Signers only (not owners)

☒

I.D. # _____ Other _____

☒

I.D. # _____ Other _____

Signature Card-TX
Bankers Systems* VMP,

Wolters Kluwer Financial Services _2016

MPSC-LAZ-TX 1/15/2016

Page 1 of 1

**MUNICIPAL UTILITY DISTRICT BOARD AUTHORIZING RESOLUTION
FOR MASTER SIGNATURE CARD**

CITY OF MCLENDON CHISHOLM

1371 WEST FM 550

MCLENDON-CHISHOLM, TX 75032
(City, State and Zip)

- A. I, _____, certify that I am the City Manager of the above-named district organized under the laws of TEXAS. Federal Employer I.D. Number 75-2466639, engaged in business under the trade name of CITY OF MCLENDON CHISHOLM, and that the following is a correct copy of resolutions adopted at a duly and properly called meeting of the City Council Members of this City. These resolutions appear in the minutes of this meeting and have not been rescinded or modified.
- B. Be it resolved that,
- (1) The Financial Institution, **Central Bank**, is designated as a depository for the funds of this district.
 - (2) This resolution shall continue to have effect until express written notice of its rescission or modification has been received and recorded by this Financial Institution.
 - (3) All transactions, if any with respect to any deposits, withdrawals, rediscounts and borrowings by or on behalf of this district with this Financial Institution prior to the adoption of this resolution are hereby ratified, approved and confirmed.
 - (4) Any of the persons named below, so long as they act in a representative capacity as agents of this district, are authorized to make any and all other contracts, agreements, stipulations and orders which have been approved by the City or approval of which has been delegated by the City to the persons named below for the effective exercise of the powers indicated below, from time to time with this Financial Institution, concerning funds deposited in this Financial Institution, moneys borrowed from this Financial Institution or any other business transacted by and between this district and this Financial Institution subject to any restrictions stated below.
 - (5) Any and all prior resolutions adopted by the City Council of this City and certified to this Financial Institution as governing the operation of this City's account(s) are in full force and effect, unless supplemented or modified by this authorization.
 - (6) This district agrees to the terms and conditions of any account agreement, properly opened by and authorized representative(s) of this district, and authorizes the Financial Institution named above, at any time, to charge this district for all checks, drafts, or other orders, for the payment of money, that are drawn on this Financial Institution, so long as they contain the required number of signatures for this purpose.
- C. If indicated, any person listed below (subject to any expressed restrictions) is authorized to:

City Council	(Printed Name)	Title	Signature
(1)	_____	_____	_____
(2)	_____	_____	_____
(3)	_____	_____	_____
(4)	_____	_____	_____
(5)	_____	_____	_____

Indicate 1, 2, 3, 4, and/or 5

- | | | |
|------------------|----|--|
| <u>NA</u> | a) | Exercise all of the powers listed in (b) through (e). |
| <u>1-2-3-4-5</u> | b) | Open any deposit or checking account(s) in the name of the district. |
| <u>1-2-3-4-5</u> | c) | Endorse checks and orders for the payment of money and withdraw funds on deposit with this Financial Institution.
Number of authorized signatures required for this purpose <u>3</u> |
| <u>NA</u> | d) | Borrow money on behalf and in the name of this district, sign, execute and deliver promissory notes or other evidences of indebtedness. |
| <u>NA</u> | e) | Enter into written lease for the purpose of renting and maintaining a Safe Deposit Box in this Financial Institution.
Number of authorized signatures required for this purpose _____ |

- D. I further certify that the Board of Directors of this City has, and at the time of adoption of this resolution had, full power and lawful authority to adopt the foregoing resolutions and to confer the powers granted to the persons named who have full power and lawful authority to exercise the same.

In Witness Whereof, I have hereunto subscribed my name for this district on:

3/28/2023

Attest by One Other Officer

City Manager

CONSULTANT AUTHORIZATION RESOLUTION

CITY OF MCLENDON CHISHOLM

A. As the undersigned in Section C, I certify that I am a Mayor of the above named City organized under the laws of Texas; Federal Employer ID. Number is 75-2466639, and that the following is a correct copy of resolutions adopted at a duly and properly called meeting of the City Council of this City. These resolutions appear in the minutes of this meeting and have not been rescinded or modified.

B. Be it resolved that,

- (1) Texas Water Code, states that funds of the City may be invested and reinvested in time deposits and demand deposits of Financial Institutions within the state;
- (2) Texas Water Code further states that the City, by resolution, may provide that an authorized representative of the City may invest, reinvest, and conduct general business for the funds of the City on such terms as the City Council considers advisable.
- (3) This resolution provides the authority for authorized representatives with the authorization level of one (1) to amend only the representatives with the authorization levels of three (3) or four (4), by adding or deleting as needed.
- (4) This resolution provides for the authority to conduct business in the name of the City and for the account of the City to include electronic funds transfer. This resolution does not provide authority for the representatives named below to conduct or execute third party transactions.
- (5) All transactions, if any, regarding investment and reinvestment of funds on behalf of this City with this Financial Institution, Central Bank, prior to the adoption of this resolution are hereby ratified, approved and confirmed.
- (6) This resolution shall continue to have effect until express written notice of its rescission or modification has been received and recorded by this Financial Institution.
- (7) Any of the persons named below, so long as they act in a representative capacity as agents of this City, are authorized to (a) invest and reinvest the funds of the City; (b) withdraw City's funds from appropriate accounts of the City for the investment of same in accordance with the terms of the City Investment Policy; and (c) arrange for adequate security for uninsured deposits or funds of the City pursuant to and in compliance with a Public Funds Depositor Collateral Security Agreement which shall be substantially in the form attached as Exhibit "B" to the City's Investment Policy, and to execute said Agreement(s) and any documentation required in the connection therewith on behalf of the City.
- (8) Any and all prior resolutions adopted by the City Council of this City and certified to this Financial Institution as governing the operation of this City account(s) are in full force and effect, unless supplemented or modified by this authorization. Check the appropriate box:

- ☐ This resolution does not rescind any prior Consultant Authorization Resolution.
- ☒ This resolution does rescind any prior Consultant Authorization Resolution.

(9) The Financial Institution is hereby authorized to act upon either telephone or written instructions from the below named representatives as indicated by their level of authority.

Consultant Name	Signature	Pin #	Authorization Level*
KONRAD HILDEBRANDT			1

☒ Check here if additional authorized representatives attached.

*** AUTHORIZATION LEVEL**

- (1) Exercise all the powers listed in (2) through (4).
- (2) Authorized to invest and reinvest the City's funds in time deposits and demand deposits of the Financial Institution provided that all such investments shall be made in the name of and for the account of the City.
- (3) Conduct general banking business, such as open and/or close accounts, stop payments, etc. Does not include internal transfers.
- (4) Account inquiries only.

C. I further certify that the City Council of this City has, and at the time of adoption of this resolution had, full power and lawful authority to adopt the foregoing resolutions and to confer the powers granted to the persons named who have full power and lawful authority to execute the same.

In Witness Whereof, I have hereunto subscribed my name on 3/28/2023.

BY:

Mayor NAME & TITLE:



IntraFi
Network Deposits™

Formerly
CDARS™ and ICS™
deposit products

IntraFi Network Deposits DDA-MMDA Deposit Placement Agreement

You, the undersigned, **CITY OF MCLENDON CHISHOLM**, enter into this IntraFi Network Deposits DDA-MMDA Deposit Placement Agreement ("*Agreement*") with the following financial institution ("*we*" or "*us*"), Central Bank:

This Agreement states the terms and conditions on which we will endeavor to place deposits for you at other financial institutions through the DDA-MMDA Option of IntraFiSM Network DepositsSM. IntraFi Network Deposits is a product of IntraFi Network LLC ("*IntraFi*") that encompasses services for placing deposits at depository institutions.

This Agreement is an amended version of the ICS Deposit Placement Agreement ("*ICS DPA*"). The DDA-MMDA Option of IntraFi Network Deposits ("*DDA-MMDA Option*") is the deposit placement functionality formerly known as part of ICS®, the Insured Cash Sweep® service. IntraFi is the entity formerly known as Promontory Interfinancial Network, LLC.

During a branding transition period, you may see references to ICS on statements or other documents. These references are to the DDA-MMDA Option of IntraFi Network Deposits.

1. Deposit Placement

1.1. IntraFi Network Deposits DDA-MMDA Option

(a) **Schedule 1** describes the procedure by which we will place deposits for you through the DDA-MMDA Option. **Schedule 2** includes descriptions of the account type and placement feature that we will use.

(b) Each depository institution at which we place deposits for you through the DDA-MMDA Option ("*Destination Institution*") will be one at which deposit accounts are insured by the Federal Deposit Insurance Corporation ("*FDIC*") up to the FDIC standard maximum deposit insurance amount ("*SMDIA*") of \$250,000.

(c) Subject to the terms and conditions of this Agreement, when we place deposits in a deposit account at a Destination Institution for your funds placed through the DDA-MMDA Option ("*Deposit Account*"), the amount of our outstanding placements for you at the Destination Institution through the DDA-MMDA Option and through the CD Option of IntraFi Network Deposits, which is the deposit placement functionality formerly known as part of CDARS®, the Certificate of Deposit Account Registry Service®, will not exceed \$250,000.

(d) The Bank of New York Mellon ("*BNY Mellon*") provides services that support deposit placement through the DDA-MMDA Option. BNY Mellon's services include acting as our sub-custodian and settlement agent.

(e) You must be capable of using, and you agree to use, the Depositor Control Panel ("*DCP*"), an online tool, to review provisional allocations of deposits and for other purposes. You also agree to receive notices that may be posted on the DCP or sent to you by email.

1.2. Deposit Accounts

(a) Deposits that we place for you in Deposit Accounts will be "deposits," as defined by federal law, at the Destination Institutions.

(b) Each Deposit Account, including the principal balance and the accrued interest, will be a deposit obligation solely of the Destination Institution at which it is held. It will not be a deposit obligation of us or of IntraFi, BNY Mellon, or any other person or entity.

2. Your Relationship With Us

2.1. Agency and Custodial Relationship

(a) We will act as your agent in placing deposits for you through the DDA-MMDA Option. Under a separate agreement with you that grants us custodial powers ("*Custodial Agreement*"), we will also act as your custodian for the Deposit Accounts.

(b) Each Deposit Account will be recorded (i) on the records of the Destination Institution in the name of BNY Mellon, as our sub-custodian, (ii) on the records of BNY Mellon in our name, as your custodian, and (iii) on our records in your name. The recording will occur in a manner that permits the Deposit Account to be FDIC-insured to the same extent as if it were recorded on the records of Destination Institution in your name.

(c) For purposes of Article 8 of the Uniform Commercial Code, we will act as your securities intermediary for, and will treat as financial assets, the Deposit Accounts and all your security entitlements and other related interests and assets with respect to the



Deposit Accounts, and we will treat you as entitled to exercise the rights that constitute the Deposit Accounts.

(d) All interests that we hold for the Deposit Accounts will be held by us only as your securities intermediary and will not be our property. You will be the owner of the funds in the Deposit Accounts and any interest on those funds.

2.2. Termination of Custodial Relationship

(a) Either you or we may terminate the custodial relationship between you and us at any time. You may not transfer the Deposit Accounts to another custodian, but you may dismiss us as your custodian for a Deposit Account and request that it be recorded on the records of the Destination Institution in your name.

(b) We will endeavor to cause any request from you pursuant to Section 2.2(a) to be promptly forwarded to the Destination Institution. Each Destination Institution has agreed that it will promptly fulfill any such request, subject to its customer identification policies and other account opening terms and conditions.

(c) If a Deposit Account has been recorded on the records of a Destination Institution in your name pursuant to this Section 2, you will be able to enforce your rights in the Deposit Account directly against the Destination Institution, but we will no longer have any custodial responsibility for it and you will not be able to enforce any rights against the Destination Institution through us.

(d) If we were to become insolvent, our receiver or other successor in interest could transfer custody of the Deposit Accounts, and our rights and obligations under this Agreement, to a new custodian. Alternatively, you could exercise your right to have the Deposit Accounts recorded on the records of the Destination Institutions in your name pursuant to this Section 2.

3. Custodial Account and Interest Rate

3.1. Custodial Account

(a) As your custodian, we will open on our records, either directly or with the assistance of BNY Mellon, a custodial account in which we will hold your interests in the Deposit Accounts ("*Custodial Account*"). We may permit you to have multiple Custodial Accounts.

(b) On the signature page of this Agreement, you will enter a unique alphanumeric identifier for you ("*Depositor Identifier*"), which will be associated with the Custodial Account. You will enter as your Depositor Identifier your federal taxpayer identification number

("TIN"), unless you do not have a TIN, in which case you will enter an alternate identifier that we approve.

(c) If you use an alternate identifier, you must use the same alternate identifier for all placements of deposits for you, by us or by any other financial institution, through the DDA-MMDA Option or through the CD Option of IntraFi Network Deposits. If you later obtain a TIN, you must promptly report it to us and to any such other institutions, and we may use it as your Depositor Identifier.

3.2. Interest Rate

(a) The interest rate for the Deposit Accounts at Destination Institutions on any day will be the then-current rate that we specify, which may be any rate (including zero) and which we may modify at any time ("*Interest Rate*"). Through your continued participation in the DDA-MMDA Option, you accept each applicable Interest Rate.

(b) If we permit you to have more than one Custodial Account, we may specify a different Interest Rate for each Custodial Account.

(c) Payment of the full amount of all accrued interest on a Deposit Account at a Destination Institution will be solely the responsibility of the Destination Institution. Neither we nor any other person or entity will be indebted to you for such payment.

4. Placement Procedures

4.1. Account Type, DDA-MMDA Option Settlement, and Statements

(a) Settlement of payments to and from participating institutions in the DDA-MMDA Option through BNY Mellon that includes the type of deposits we place for you ("*DDA-MMDA Option Settlement*") will occur each day that is not a Saturday, a Sunday, or another day on which banks in New York, New York, are authorized or required by law or regulation to close ("*Business Day*").

(b) You may confirm through the DCP (i) the aggregate principal balance in the Deposit Accounts ("*Program Balance*") and (ii) the principal balance and accrued interest at each Destination Institution as of the preceding Business Day or, after DDA-MMDA Option Settlement-related processing, as of that Business Day.

(c) We will provide you with periodic account statements that include, as of the end of the statement period, your Program Balance, your principal balance at each Destination Institution, the total interest you have

earned on the Deposit Accounts during the period, and the rate of return you have earned on the daily average closing principal balance for the period ("*Statement Period Yield*").

(d) The account information available on the DCP as described in Section 4.1(b), and the periodic statements described in Section 4.1(c), will be the only evidence that you receive of your ownership of the funds. You should retain the account statements.

4.2. Triggering Events

(a) Schedule 1 sets forth events for triggering a transfer of funds from a root account with us that contains your funds ("*Root Account*") to the Deposit Accounts at DDA-MMDA Option Settlement ("*Program Deposit*") or a transfer of funds from the Deposit Accounts to the Root Account at DDA-MMDA Option Settlement ("*Program Withdrawal*").

(b) An event for triggering a Program Deposit or a Program Withdrawal ("*Triggering Event*") will be any such event described in Schedule 1.

(c) If you signed a previous version of this Agreement identified as an ICS DPA and became a party to this amended version of the Agreement after you were given notice of amendment, the content of Schedule 1 to this Agreement is the same as the content of Schedule 1 to the version you signed, subject to the following changes:

(i) "ICS" is changed to "the DDA-MMDA Option of IntraFi Network Deposits."

(ii) "Transaction Account," if it appears, is changed to "Root Account."

4.3. Program Deposits

(a) Subject to the terms and conditions of this Agreement, and except as provided in Section 4.3(b), a Triggering Event for a Program Deposit will result in a transfer of funds to the Deposit Accounts at DDA-MMDA Option Settlement the *next* Business Day ("*Regular Program Deposit*").

(b) Schedule 1 states whether a transfer of funds to the Deposit Accounts at DDA-MMDA Option Settlement on the *same* Business Day ("*Same-Day Program Deposit*") is available and, if so, the cutoff time for you to request a Same-Day Program Deposit ("*Same-Day Deposit Cutoff Time*"). If so stated, a request that we receive and accept before the Same-Day Deposit Cutoff Time will be a Triggering Event for a Same-Day Program Deposit.

(c) We may impose a maximum Program Balance amount for deposits that we place for you through the DDA-MMDA Option and will inform you of any such amount we impose. Even if a Triggering Event for a Program Deposit occurs, we may choose not to transfer the amount to the Deposit Accounts if it would cause the Program Balance to exceed the maximum. In addition, we may choose not to transfer to the Deposit Accounts an amount that we have credited to the Root Account, but have not yet collected from a third party.

4.4. Program Withdrawals

(a) Subject to the terms and conditions of this Agreement, and except as provided in Section 4.4(b), a Triggering Event for a Program Withdrawal will result in a transfer of funds from the Deposit Accounts at DDA-MMDA Option Settlement the *next* Business Day ("*Regular Program Withdrawal*").

(b) Schedule 1 states whether the transfer of funds from your Deposit Accounts at DDA-MMDA Option Settlement on the *same* Business Day ("*Same-Day Program Withdrawal*") is available and, if so, the cutoff time for you to request a Same-Day Program Withdrawal ("*Same-Day Withdrawal Cutoff Time*"). If Section 1 so states, a request that we receive and accept before the Same-Day Withdrawal Cutoff Time will be a Triggering Event for a Same-Day Program Withdrawal.

4.5. Withdrawal Advances; Security Interest

(a) If Schedule 1 states that we will advance funds to you in anticipation of a Program Withdrawal, or if we otherwise decide in our discretion to advance funds to you in anticipation of a Program Withdrawal, you will owe the amount of these funds to us and we will retain from the funds we receive at DDA-MMDA Option Settlement the amount we have advanced to you.

(b) With respect to any amount that you owe to us pursuant to Section 4.5(a):

(i) you grant us, and acknowledge that we have, a security interest in, and a lien on, the Deposit Accounts, related security entitlements, and other related interests and assets that we may hold for you as custodian and securities intermediary pursuant to the Custodial Agreement for the amount that you owe to us,

(ii) if a Destination Institution fails before a Program Withdrawal is completed, we may retain the amount of the Program Withdrawal from the

proceeds of your FDIC insurance claim to satisfy the amount that you owe to us, and

(iii) to the extent that the amount that you owe to us is not satisfied from the interests and assets we are holding for you pursuant to the Custodial Agreement, or from the proceeds of any FDIC insurance claim, the amount remains owed by you to us and is payable on demand.

(c) If, in a separate agreement, you have granted us a security interest in the Deposit Accounts or in any security entitlements or other interests or assets relating to the Deposit Accounts as collateral for a loan to you or otherwise, we may decline to honor a request for a Program Withdrawal, or decline to honor a debit transaction in the Root Account that would trigger a Program Withdrawal or be funded by a Program Withdrawal, to the extent the Program Withdrawal would cause your Program Balance to fall below the loan amount or other amount that you have agreed to maintain in the Deposit Accounts or to which the security interest applies. If, in a separate agreement, you have granted us a security interest in the Root Account, we also may decline to honor transactions in the Root Account in accordance with the separate agreement.

4.6. Account Type and Withdrawal Limit, If Any

(a) Deposits that we place for you through the DDA-MMDA Option at a Destination Institution will be placed in a Deposit Account that is a demand deposit account ("DDA") or a Deposit Account that is a money market deposit account ("MMDA"), as provided in Section 1 of Schedule 2.

(b) Section 1 of Schedule 2 provides (i) that we will place deposits for you in DDAs, (ii) that we will place deposits for you in MMDAs, or (iii) that we may place deposits for you in DDAs or MMDAs.

(c) If you signed a previous version of this Agreement identified as an ICS DPA and became a party to this amended version of the Agreement as a result of having been given notice of amendment, the following applies:

(i) If the version you signed provided that we would place deposits for you in DDAs, Section 1 of Schedule 2 is deemed to state: "We will place deposits for you in DDAs."

(ii) If the version you signed provided that we would place deposits for you in MMDAs, Section 1 of Schedule 2 is deemed to state: "We will place deposits for you in MMDAs."

(iii) If the version you signed provided that we might place deposits for you in DDAs or MMDAs, Section 1 of Schedule 2 is deemed to state: "We may place deposits for you in DDAs or MMDAs."

(d) Section 1 of Schedule 2 also provides, if MMDAs will or may be used, (i) that an MMDA Program Withdrawal limit of six per month applies or (ii) that no MMDA Program Withdrawal limit applies.

(e) If you signed a previous version of this Agreement identified as an ICS DPA and became a party to this amended version of the Agreement as a result of having been given notice of amendment, and if the version you provided that MMDAs would or might be used, the following applies:

(i) If the version you signed provided that an MMDA Program Withdrawal limit would apply and we have not informed you that we will not enforce such a limit, Section 1 of Schedule 2 is deemed to state, in addition to the statement given in Section 4.6(c), "You may use up to six MMDA Program Withdrawals per month."

(ii) If the version you signed provided that an MMDA Program Withdrawal limit would not apply or we have informed you that we will not enforce such a limit, Section 1 of Schedule 2 is deemed to state, in addition to the statement given in Section 4.6(c), "No MMDA Program Withdrawal limit applies."

(f) If a Program Withdrawal limit applies and you exceed the six permitted Program Withdrawals from MMDAs in a month:

(i) We may (A) transfer all the remaining funds in the MMDAs to the Root Account associated with the Custodial Account for the MMDAs or (B), if you also have a Custodial Account for DDA deposits, transfer all the remaining funds in the MMDAs to the Custodial Account for DDA deposits.

(ii) In subsequent months we may effect either such transfer at the time of your sixth Program Withdrawal.

(g) If you exceed the six permitted Program Withdrawals from MMDAs in multiple months, we may also make the Custodial Account for the MMDAs ineligible for Program Deposits.



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5. Placement Feature

5.1. Reciprocal and One-Way

(a) If we are an FDIC-insured depository institution, we are eligible to use a feature of the DDA-MMDA Option in which, when we place deposits, we receive matching deposits placed by other participating institutions in the DDA-MMDA Option and may pay a fee to IntraFi ("*Reciprocal Feature*").

(b) Whether or not we are eligible to use the Reciprocal Feature, we are eligible to use a feature of the DDA-MMDA Option in which, when we place deposits, we do not receive matching deposits, but we and IntraFi may receive fees from Destination Institutions ("*One-Way Feature*").

(c) Section 2 of Schedule 2 provides (i) that we may use either the Reciprocal Feature or the One-Way Feature, (ii) that we will use only the Reciprocal Feature, or (iii) that we will use only the One-Way Feature.

(d) If you signed a previous version of this Agreement identified as an ICS DPA and became a party to this amended version of the Agreement as a result of having been given notice of amendment, the following applies:

(i) Section 2 of Schedule 2 is deemed to provide that we may use either the Reciprocal Feature or the One-Way Feature if (A) Schedule 4 to the version that you signed contained two check boxes, one stating that we might use either ICS Reciprocal or ICS One-Way and the other stating that we would use only ICS Reciprocal, and (B) the box stating that we might use either ICS Reciprocal or ICS One-Way was checked.

(ii) Section 2 of Schedule 2 is deemed to provide that we will use only the Reciprocal Feature if (A) Schedule 4 to the version that you signed contained two check boxes, one stating that we might use either ICS Reciprocal or ICS One-Way and the other stating that we would use only ICS Reciprocal, and (B) the box stating that we would use only ICS Reciprocal was checked.

(iii) Section 2 of Schedule 2 is deemed to provide that we will use only the One-Way Feature if Schedule 4 to the version that you signed contained no check boxes regarding the use of ICS Reciprocal or ICS One-Way.

5.2. Placement Feature and Rate

(a) Interest on the Deposit Accounts will be earned at the specified Interest Rate regardless of whether the Reciprocal Feature or the One-Way Feature is used.

(b) When the Reciprocal Feature is used, the fee paid to IntraFi may affect rate determination. When the One-Way Feature is used, fees paid by Destination Institutions, or cost-of-funds rates for Destination Institutions, may affect rate determination.

(c) If we are eligible to use the Reciprocal Feature, and you authorize us to use either the Reciprocal Feature or the One-Way Feature, we may use a feature with greater benefits to you, to us, or both.

5.3. Placement Requirements

(a) Under the laws of some states, governmental units may submit deposits for placement through a deposit placement network only if the placing institution is located in the state and receives matching deposits of an equal maturity, if any, and an equal amount.

(b) If you are a state governmental unit, or if you are otherwise subject to restrictions on the placement of deposits for you, you are responsible for determining whether deposit placement in accordance with this Agreement satisfies any applicable restrictions.

6. Daily Allocation and Depositor Control

6.1. Daily Allocation; Review and Consent

(a) The DDA-MMDA Option process for allocating Program Deposits, Program Withdrawals, and funds already on deposit reflects various considerations, including the need for certain Destination Institutions to receive deposits in amounts that they have placed for their own customers and possible limits on the amounts that an institution is authorized to place or a Destination Institution has agreed to receive. Applicable deposit amounts may change from day to day. Accordingly, the allocation of funds takes place each Business Day.

(b) The set of Destination Institutions to which your funds on deposit are allocated on a Business Day, and the amount allocated to each Destination Institution, may differ from a previous Business Day's allocation. A different allocation may involve the movement of funds from one Destination Institution to another Destination Institution, even though you do not have a Program Deposit or a Program Withdrawal. Such movements of funds will not affect the Interest Rate.

(c) You exercise control over the allocation of your funds through direct contact with us and through the DCP. You are responsible for reviewing the important information we provide you through the DCP, including information regarding proposed allocations that we provide each Business Day. In addition, on request at any time, we will provide you with a list of all Destination Institutions.

(d) Although we will not allocate your funds to Destination Institutions that you exclude or reject as set forth below, you authorize and consent to the allocation of your funds at Destination Institutions that you approve, or do not exclude or reject, as set forth below.

6.2. Destination Institution Exclusions

(a) You may enter the name of any depository institution on a list of exclusions from eligibility to receive deposits we place for you through the DDA-MMDA Option ("Exclusions List").

(b) We may ask you to provide your initial Exclusions List by entering exclusions in Section 3(c) of Schedule 2 or by giving us notice of your Exclusions List in another manner we specify.

(c) If you signed a previous version of this Agreement identified as an ICS DPA and became a party to this amended version of the Agreement as a result of having been given notice of amendment, your Exclusions List will include any depository institutions you included in your List of Exclusions in the ICS DPA unless you have subsequently removed them.

(d) An Exclusions List will be effective within one Business Day after the first Business Day on which we have received the Exclusions List from you.

(e) You may add to or subtract from your Exclusions List by giving us notice in a manner we specify. If you add an exclusion in this manner, the new exclusion will be effective within one Business Day after the first Business Day on which we have received the notice from you.

6.3. Depositor Control Panel

(a) IntraFi will assist us in providing the DCP. The address of the Depositor Control Panel is <https://www.depositorcontrol.com>.

(b) You represent that you have a computer with Internet access, an e-mail address, the ability to download and print information from the DCP, and the knowledge and experience to use an online tool for DCP functionality. In addition, you acknowledge that you

must obtain and maintain all equipment and services necessary for access to the DCP.

(c) To access the DCP, you will be required to enter your login credentials. Your initial user name will be the account number for the Root Account or such other user name as we specify. Your initial password will be the last four characters of the Depositor Identifier entered for the sole or primary Depositor on the signature page of this Agreement.

(d) You will also be required to enter the email address you have provided to us. We will separately advise you of any additional steps required of you by security controls.

6.4. Depositor Placement Review

(a) Each Business Day, your aggregate principal balance that will be in Deposit Accounts after that day's DDA-MMDA Option Settlement will be provisionally allocated to Destination Institutions. The amount allocated will reflect your Program Balance as of the last DDA-MMDA Option Settlement, plus any Program Deposit that will occur at the day's DDA-MMDA Option Settlement, minus any Program Withdrawal that will occur at the day's DDA-MMDA Option Settlement. The allocation may provide that previously-deposited funds will be removed from a Destination Institution and deposited in another Destination Institution.

(b) After the provisional allocation occurs on a Business Day, but before allocation becomes final at DDA-MMDA Option Settlement, Depositor Placement Review ("DPR") will occur through the DCP. Even if a Destination Institution is not on your Exclusions List, the final allocation that day will not allocate your funds to the Destination Institution if you reject it during DPR through the DCP. Your rejection of a Destination Institution will be effective only if you submit it before DPR ends.

(c) The DPR period each Business Day will be as follows: 3:00 PM to 3:15 PM Eastern time. Daylight Saving Time applies when nationally in effect. We may change the DPR period by posting notice on the DCP in advance of the change.

(d) In DPR, you will see a list of Destination Institutions to which your funds are proposed to be allocated at DDA-MMDA Option Settlement later that day ("Proposed Placement List"), reflecting the provisional allocation of all your funds, including funds that will be moved from one Destination Institution to another Destination Institution. The Proposed Placement List will include the principal balance allocated to each Destination Institution. If you review

the Proposed Placement List, and you click the approval button or you do not reject any of the Destination Institutions on the list, you will be approving the allocation and your funds will be allocated in accordance with the list.

(e) If you reject any of the Destination Institutions on the Proposed Placement List, you will be approving allocation to Destination Institutions on the list that you do not reject. After entering rejections, if sufficient time remains in DPR, you will have the opportunity to review a list of other Destination Institutions to which your funds could be allocated ("*Alternate Placement List*"). If you click the approval button for the Alternate Placement List, or you do not reject any of the Destination Institutions on it, you will be approving the allocation of your funds to any of the listed Destination Institutions. If you reject any of the Destination Institutions on the Alternate Placement List, you will be approving allocation to listed Destination Institutions that you do not reject. Your funds may be allocated to any combination of Destination Institutions on the Proposed Placement List and the Alternate Placement List that you do not reject.

(f) If the provisional allocation on a Business Day would result in funds of yours currently at a Destination Institution being moved to another Destination Institution and you reject the other Destination Institution in DPR that Business Day, the funds will not necessarily remain at the first Destination Institution. The funds will be allocated to a Destination Institution that you do not reject or returned to the Root Account.

(g) A Destination Institution that you reject in DPR will also be added to your Exclusions List, for purposes of future allocations, within one Business Day after the Business Day on which you submit the rejection.

(h) We do not guarantee that all your funds will be allocated to Destination Institutions on any particular day, even if they were allocated to Destination Institutions on a previous day. Exclusions and rejections of Destination Institutions may increase the chance that funds will not be allocated. If funds not yet transferred to the Deposit Accounts are not allocated to a Destination Institution on a Business Day, the funds will remain in the Root Account. If funds previously transferred to the Deposit Accounts are not allocated to a Destination Institution on a Business Day, the funds will be returned to the Root Account.

7. FDIC Insurance Considerations

7.1. Deposit Insurance Coverage

(a) You may obtain information about FDIC deposit insurance coverage by visiting the FDIC website at www.fdic.gov or by contacting the FDIC by letter, email, or telephone.

(b) All of your deposits at a Destination Institution in the same insurable capacity (whether you are acting directly or through an intermediary) will be aggregated for the SMDIA. You should add to your Exclusions List any depository institution at which you have other deposits in the same insurable capacity. Insurable capacities include, among others, individual accounts and joint accounts.

(c) You are responsible for determining whether deposits we place for you are maintained in separate insurable capacities. Separate divisions within a corporate entity are not eligible for separate insurance coverage, and a separate TIN or other Depositor Identifier does not establish a separate insurable capacity.

(d) We will use the Depositor Identifier to identify you, and we will place deposits for you on the understanding that you are not submitting deposits for placement under more than one Depositor Identifier in the same insurable capacity.

(e) The requirements for FDIC deposit insurance coverage of the deposits of governmental units, including the United States government, state and local governments, the District of Columbia, and the Commonwealth of Puerto Rico, are set forth in FDIC regulations. If you are a governmental unit, you are responsible for determining whether the requirements for deposit insurance have been met. We are not responsible for losses resulting from the placement of deposits that are not eligible for FDIC deposit insurance.

(f) Records that we maintain, or that BNY Mellon maintains for us, reflecting ownership of the Deposit Accounts will be used to establish your eligibility for deposit insurance coverage. Accordingly, you must immediately report to us any changes in ownership information so that there will be accurate information to provide to the FDIC if a Destination Institution fails and the FDIC pays its insured deposits by cash payment. The FDIC could also require you to provide additional documentation.

7.2. Responsibility to Monitor Deposits; Available Information:

(a) You are responsible for monitoring the total amount of your funds at each Destination Institution in each insurable capacity to determine the extent of FDIC deposit insurance coverage available to you for deposits at that Destination Institution. You should confirm that each placement of your funds at Destination Institutions is consistent with your exclusions and rejections.

(b) You can obtain publicly available financial information on Destination Institutions from the National Information Center of the Federal Reserve System at www.ffiec.gov/nicpubweb/nicweb/nichome.aspx.

7.3. Uninsured Deposits

(a) Although we will not place a deposit for you through the DDA-MMDA Option at any one Destination Institution in an amount that exceeds the SMDIA, a deposit that we place for you will not be eligible for FDIC insurance coverage at a Destination Institution before it becomes a deposit at the Destination Institution or after it is withdrawn from the Destination Institution.

(i) If we are an FDIC-insured depository institution and the Root Account is eligible for FDIC insurance coverage, a deposit in the Root Account will be aggregated with your other deposits with us in the same insurable capacity for application of the SMDIA of \$250,000.

(ii) If we are a credit union the share accounts of which are insured by the National Credit Union Administration ("NCUA") and the Root Account is a share account with us that is eligible for NCUA insurance coverage, a deposit in the Root Account will be aggregated with your other deposits with us in the same insurable capacity for application of the NCUA standard maximum share insurance amount of \$250,000.

(iii) If we are not an FDIC-insured depository institution or the Root Account is not eligible for FDIC insurance coverage, a deposit in the Root Account will not be FDIC-insured. If we are not an NCUA-insured credit union or the Root Account is not eligible for NCUA insurance coverage, a deposit in the Root Account will not be NCUA-insured.

(b) If you cannot accept the risk of having a deposit with us that is not fully insured, you will be responsible for making arrangements with us, if we offer them, to have the deposits collateralized, protected by a properly-executed repurchase sweep arrangement, or

otherwise adequately protected, in a manner consistent with applicable law. You should consult your legal advisor to determine whether a collateralization arrangement is consistent with applicable law.

(c) If you cannot accept the risk of having a deposit with us that is not fully insured, and we do not offer arrangements of the kind described in Section 7.3(b) or we offer them but you do not make such arrangements with us, you should not submit deposits for placement through the DDA-MMDA Option.

7.4. Deposit Insurance Payments

(a) In case of the liquidation of, or other closing or winding up of the affairs of, an insured depository institution, the FDIC is generally required by law to pay each insured deposit "as soon as possible," either by cash payment or by transferring the deposit to another insured depository institution. It is possible, however, that an insurance payment could be delayed. Neither we nor any other person or entity will be obligated to advance funds to you with respect to an insurance payment or to make any payment to you in satisfaction of a loss you might incur as a result of a delay in an insurance payment.

(b) If a Destination Institution at which we place deposits for you is closed and the FDIC does not transfer deposits that include your funds to another insured depository institution, but will make a deposit insurance cash payment, we will cause a deposit insurance claim for your funds to be filed with the FDIC, and we will credit to you the proceeds of the deposit insurance claim that we receive for your funds, subject to any valid security interest.

(c) If the FDIC makes a deposit insurance cash payment for a Deposit Account at a closed Destination Institution, the FDIC is required by law to pay the principal amount plus unpaid accrued interest to the date of the closing of the Destination Institution, as prescribed by law, subject to the SMDIA. No interest is earned on a Deposit Account at a Destination Institution after it closes.

(d) If the FDIC transfers the deposits of a closed Destination Institution to another insured depository institution, the acquiring institution may assume a Deposit Account. The acquiring institution may change the rate at which it pays interest on the assumed Deposit Account, subject to your right to withdraw the funds.



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8. Additional Considerations

8.1. Compare Rates

(a) We are not acting as your investment advisor, and we are not advising you about alternative investments. You are responsible for comparing the rates of return and other features of the Deposit Accounts to other available deposit accounts and other kinds of investments before choosing placement through the DDA-MMDA Option.

(b) The Interest Rate may be higher or lower than a cost-of-funds rate for a Destination Institution, an interest rate for another customer, or interest rates on comparable deposits available directly from us, from the Destination Institutions at which the Deposit Accounts are held, from other Destination Institutions, or from insured depository institutions that are not Destination Institutions.

8.2. Allocation Considerations

(a) The DDA-MMDA Option allocation process is subject to applicable law and may be affected by our objectives, IntraFi's objectives, or both, including administrative convenience, reduction of costs, and enhancement of profits.

(b) Participating institutions in the DDA-MMDA Option service may make compensatory payments resulting in payments to other participating institutions, or receive compensatory payments resulting from payments by other participating institutions, including compensatory payments that reflect the difference between an interest rate for deposits placed by an institution and a rate at which the receiving institution would otherwise pay interest.

8.3. Mutual Institution Rights

(a) Your funds may be placed in a Deposit Account at a Destination Institution that is in the mutual form of organization. Such a Deposit Account will be recorded on the records of the mutual institution in the name of the sub-custodian and not in your name. The sub-custodian will not attend or vote at any meeting of the depositor members of a mutual institution, or exercise any subscription rights in a mutual institution's mutual-to-stock conversion, either on its own behalf or on your behalf.

(b) If we receive from the sub-custodian notice of a meeting of depositor members of a mutual institution or other materials or information relating to a mutual institution's mutual-to-stock conversion, we may forward

such notice, materials, or information to you. If you wish to receive such notice, materials, or information directly from the mutual institution, or if you wish to attend or vote at any meeting of the depositor members of the mutual institution or receive subscription rights, you must, before the applicable record date (a date that is usually at least one year before the mutual institution's board of directors adopts a plan of conversion), dismiss us as your custodian and have the Deposit Account recorded on the records of the mutual institution in your name pursuant to Section 2.2.

9. Other Provisions

9.1. Release and Use of Identifying Information

(a) We may provide information that identifies you ("*Identifying Information*"), including your name, your TIN or other Depositor Identifier, and information on your deposits, to a party that provides services in connection with the DDA-MMDA Option ("*Service Provider*"), including IntraFi and BNY Mellon. A Service Provider may use Identifying Information in providing services in connection with the DDA-MMDA Option.

(b) We or a Service Provider may also provide Identifying Information to a Destination Institution, but will do so only to the extent necessary to comply with a request by you or your agent or to comply with applicable law. In addition, we or a Service Provider may provide Identifying Information to the FDIC in connection with a deposit insurance claim.

(c) Except as provided in Section 9.1(a) or Section 9.1(b), we will not provide Identifying Information to any party unless we determine that (i) we are required by applicable law to do so or (ii) we are permitted by applicable law to do so and have reasonable grounds to do so to protect our own legal or business interests or the legal or business interests of IntraFi or BNY Mellon.

(d) IntraFi may use and disclose any and all analyses, comparisons, indexes, or other data or information assembled, compiled, or otherwise developed by IntraFi, including information regarding aggregated activity of the DDA-MMDA Option depositors, as long as it does not individually identify you.

9.2. Tax Reporting and Withholding

(a) To the extent required by applicable law, we will file with the U.S. Internal Revenue Service ("IRS"), and furnish to you, IRS Form 1099-INT or its equivalent, or IRS Form 1042-S or its equivalent, for interest paid on the Deposit Accounts by the Destination Institutions.

(b) If we are notified by the IRS that backup withholding is required for interest on the Deposit Accounts, or if we otherwise determine that we are required by applicable law to collect such backup withholding, we will collect it and pay it to the IRS.

9.3. Liability and Dispute Resolution

(a) We will maintain, directly or through a Service Provider, appropriate records of our placements for you. We will not place deposits for you through the DDA-MMDA Option at a Destination Institution that is the subject of a then-effective exclusion on your Exclusions List, at a Destination Institution that is the subject of a then-effective rejection by you, or at a Destination Institution under one Depositor Identifier in an amount that exceeds the SMDIA.

(b) If all or part of your deposit at a Destination Institution is uninsured because of our failure to comply with the requirements set forth in Section 9.3(a), and if the Destination Institution fails and you do not otherwise recover the uninsured portion, we will reimburse you for your documented loss of the uninsured portion that you do not otherwise recover.

(c) SUBJECT TO OUR REIMBURSEMENT OBLIGATION IN SECTION 9.3(b), AND EXCEPT AS MAY BE OTHERWISE REQUIRED BY APPLICABLE LAW, WE WILL NOT BE LIABLE, AND IN NO EVENT WILL INTRAFI OR BNY MELLON BE LIABLE, TO YOU OR TO ANY OTHER PERSON OR ENTITY FOR ANY LOSS OR DAMAGE INCURRED OR ALLEGEDLY INCURRED IN CONNECTION WITH THIS AGREEMENT. WITHOUT LIMITING THE FOREGOING, WE, INTRAFI, AND BNY MELLON WILL NOT HAVE ANY LIABILITY TO YOU OR ANY OTHER PERSON OR ENTITY FOR: (i) ANY LOSS ARISING OUT OF OR RELATING TO A CAUSE OVER WHICH WE DO NOT HAVE DIRECT CONTROL, INCLUDING THE FAILURE OF ELECTRONIC OR MECHANICAL EQUIPMENT OR COMMUNICATION LINES, TELEPHONE OR OTHER INTERCONNECT PROBLEMS, UNAUTHORIZED ACCESS, THEFT, OPERATOR ERRORS, GOVERNMENT RESTRICTIONS, OR FORCE MAJEURE (E.G., EARTHQUAKE, FLOOD, SEVERE OR EXTRAORDINARY WEATHER CONDITIONS, NATURAL DISASTERS OR OTHER ACT OF GOD, FIRE, ACTS OF WAR, TERRORIST ATTACKS, INSURRECTION, RIOT, STRIKES, LABOR DISPUTES OR SIMILAR PROBLEMS, ACCIDENT, ACTION OF GOVERNMENT, COMMUNICATIONS, SYSTEM OR POWER FAILURES, OR EQUIPMENT OR SOFTWARE MALFUNCTION), (ii) DELAY IN ANY FDIC INSURANCE PAYMENT, (iii) THE FINANCIAL CONDITION OF ANY DESTINATION INSTITUTION OR THE ACCURACY OF ANY FINANCIAL INFORMATION ABOUT ANY DESTINATION INSTITUTION, OR (iv) ANY SPECIAL, INDIRECT, PUNITIVE, INCIDENTAL, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS).

(d) ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT WILL BE GOVERNED BY THE DISPUTE RESOLUTION, ARBITRATION, CHOICE OF LAW, VENUE, WAIVER OF JURY TRIAL, AND COSTS RELATED TO DISPUTES PROVISIONS, IF ANY, CONTAINED IN THE CUSTODIAL AGREEMENT.

9.4. Miscellaneous

(a) This Agreement constitutes the entire agreement between you and us relating to the placement of deposits through the DDA-MMDA Option and any other matter herein, supersedes prior agreements, understandings, negotiations, representations, and proposals, whether written or oral, relating to any matter herein, and may not be amended by any oral representation or oral agreement. This Section 9.4(a) will not affect the validity of any addenda into which we have entered with you.

(b) Schedule 1 and Schedule 2 are incorporated into and made part of this Agreement. We may amend this Agreement, including any Schedule, prospectively by giving you written notice of the amendment at least fourteen (14) days before the effective date of the amendment, which will be specified in the amendment or, if no effective date is specified in the amendment, the date that is fourteen (14) days after we give you written notice of the amendment. We may provide written notice of the amendment by means of a posting on the DCP, an entry on your account statement, an email message, or a printed letter.

(c) Either party may terminate this Agreement on written notice to the other, but the obligations of both parties will survive with respect to any funds deposited at the time of termination. In addition, the provisions of this Section 9.4 will survive termination.

(d) Except as provided in Section 2.2(d), this Agreement may not be assigned, in whole or in part, by either party except by operation of law or as required by applicable law, and any purported assignment in violation hereof is void.

(e) The headings in this Agreement are not intended to describe, interpret, define, or limit the scope, meaning, or intent of this Agreement or any clause in it. Except as otherwise specified, a reference to a Section is a reference to a section of this Agreement. A reference to a Schedule is a reference to a schedule to this Agreement. The term "applicable law" refers to all applicable statutes, rules, regulations, and judicial orders, whether federal, state, or local. The words "include," "includes," and "including" do not imply exclusion.



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(f) This Agreement and, unless otherwise provided in the Custodial Agreement, the Custodial Agreement may be executed in counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument. This Agreement and, unless otherwise provided in the Custodial Agreement, the Custodial Agreement will be valid, binding, and enforceable against you and us when executed by one of the following means that we accept: (i) an original manual signature, (ii) a DocuSign®

eSignature or another electronic signature that we accept, or (iii) a faxed, scanned (including in a Portable Document Format or PDF document), or photocopied signature that we accept. Each DocuSign® eSignature, other electronic signature, or faxed, scanned, or photocopied signature that we accept shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original signature, and you and we waive any objection to the contrary.

The remainder of this page is intentionally left blank.



By signing below, you ("*Depositor*") and we ("*Relationship Institution*") agree to be legally bound by this IntraFi Network Deposits DDA-MMDA Deposit Placement Agreement, effective when you and we have signed it. If the Custodial Account will be a joint account, each owner of the Custodial Account must sign this Agreement.

RELATIONSHIP INSTITUTION

Institution: CENTRAL BANK

Signature:

cmypku, svf

Name and title of authorized signatory:

Christin Yokubaitis

Senior Vice President

Date signed: _____

SOLE OR PRIMARY DEPOSITOR

Depositor: CITY OF MCLENDON CHISHOLM

Signature: _____

Name and title of authorized signatory (if not individual):

Konrad Hildebrandt

Depositor TIN or approved alternate identifier (and type):

75-2466639

Email: cityadministrator@mclendon-chisholm.com

Date signed: 3/28/2023

ADDITIONAL DEPOSITOR (FOR JOINT ACCOUNT)

Depositor: _____

Signature: _____

Depositor TIN or approved alternate identifier (and type):

Email: _____

Date signed: _____

(Add signature lines as needed.)



Schedule 1 to IntraFi Network Deposits DDA-MMDA Deposit Placement Agreement Program Deposits and Program Withdrawals

This **Schedule 1** is part of the IntraFi Network Deposits DDA-MMDA Deposit Placement Agreement ("Agreement"). Terms not defined in this Schedule 1 have the meanings, if any, assigned elsewhere in the Agreement.

1. Specified Terms

The Same-Day Deposit Cutoff Time is as follows:

☐ AM ☒ PM ☐ Eastern ☒ Central ☐ Mountain ☐ Pacific
(insert time) (check AM or PM) (check time zone)

Daylight Saving Time applies when nationally in effect unless checked here ☐

1. Program Deposits

(a) The Triggering Event for a Regular Program Deposit is a Regular Program Deposit request by you that we receive and accept. Subject to the terms and conditions of this Agreement, if such a Triggering Event occurs, we will transfer the requested amount to the Deposit Accounts at DDA-MMDA Option Settlement on the next Business Day.

(a) The Triggering Event for a Same-Day Program Deposit is a Same-Day Program Deposit request by you that we receive and accept before the Same-Day Deposit Cutoff Time on a Business Day. Subject to the terms and conditions of this Agreement, if such a Triggering Event occurs, we will transfer the requested amount to the Deposit Accounts at DDA-MMDA Option Settlement later on the same Business Day.

(b) If a Triggering Event for a Program Deposit occurs, we may debit the Root Account and credit a holding account before the transfer of funds to the Deposit Accounts occurs at DDA-MMDA Option Settlement.

2. Program Withdrawals

(c) The Triggering Event for a Regular Program Withdrawal is a Regular Program Withdrawal request by you that we receive and accept. Subject to the terms and conditions of this Agreement, if such a Triggering Event occurs, we will transfer the requested amount from the Deposit Accounts at DDA-MMDA Option Settlement on the next Business Day.

(d) The Triggering Event for a Same-Day Program Withdrawal is a Same-Day Program Withdrawal request by you that we receive and accept before the Same-Day Withdrawal Cutoff Time on a Business Day. Subject to the other terms and conditions of this Agreement, if such a Triggering Event occurs, we will transfer the requested amount from your Deposit Accounts at ICS Settlement later the same Business Day.

(e) Subject to the terms and conditions of this Agreement, and subject to the rules and cutoff times that otherwise apply to root accounts with us, we may in our discretion advance funds to you in anticipation of a Program Withdrawal to honor your debit transactions in the Root Account so long as the sum of your Root Account balance and your balance in the Deposit Accounts of the applicable type, after taking into account any pending Program Deposits and any pending Program Withdrawals, is not less than zero. We may do so even if the amount of the debit transaction exceeds your Root Account balance. You will owe us any amounts that we credit as advances in anticipation of a Program Deposit and we will retain those amounts from the funds we receive at DDA-MMDA Option Settlement.

(f) If a Triggering Event for a Program Withdrawal occurs, we may credit the Root Account and debit a holding account before the transfer of funds from the Deposit Accounts occurs at DDA-MMDA Option Settlement.



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Schedule 2 to IntraFi Network Deposits DDA-MMDA Deposit Placement Agreement Account Type, Placement Feature, and Exclusions

This **Schedule 2** is part of the IntraFi Network Deposits DDA-MMDA Deposit Placement Agreement ("*Agreement*"). Terms not defined in this Schedule 2 have the meanings, if any, assigned elsewhere in the Agreement.

1. Account Type

☒ We will place deposits for you in DDAs.

☐ We will place deposits for you in MMDAs.

☐ We may place deposits for you in DDAs or in MMDAs.

(Check one above.)

→

☐ You may use up to six MMDA Program Withdrawals per month.

☐ No per-month MMDA Program Withdrawal limit applies.

(If MMDAs will or may be used, check one above.)

2. Placement Feature

☒ We may use the Reciprocal Feature, the One-Way Feature, or both in placing deposits for you.

☐ We will use only the Reciprocal Feature in placing deposits for you.

☐ We will use only the One-Way Feature in placing deposits for you.

(Check one above.)

3. Exclusions

(a) You may place depository institutions on your Exclusions List by identifying them in the list below, unless we specify another means by which you will provide your Exclusions List.

(b) The Exclusions List should include the city and state of the depository institution's main office (rather than the city and state of a branch location). The Exclusions List may also include the institution's FDIC certificate number or transit routing number. If you do not list any exclusions enter "none" under Name of Institution on the first line (but your signature after a blank list will constitute your acknowledgment that you have not listed any exclusions).

(c) Exclusions List. **SEE ATTACHED LIST.**

Signature of Primary Depositor
Konrad Hildebrandt



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Custodial Agreement

You, the undersigned, **CITY OF MCLENDON CHISHOLM**, enter into this Custodial Agreement ("*Agreement*") with the following financial institution ("*we*" or "*us*"), Central Bank:

1. Pursuant to this Agreement, you authorize us to hold and act as your custodian with respect to all deposit accounts, including all time deposits, money market deposit accounts, and demand deposit accounts, issued or established pursuant to the IntraFi Network Deposits CD Deposit Placement Agreement, the IntraFi Network Deposits DDA-MMDA Deposit Placement Agreement, or a predecessor agreement ("*Deposit Accounts*") for funds of yours placed as deposits through the IntraFiSM Network DepositsSM CD Option ("*CD Option*"), formerly known as CDARS[®], or the IntraFi Network Deposits DDA-MMDA Option ("*DDA-MMDA Option*"), formerly known as ICS[®], and all your security entitlements and other related interests and assets with respect to the Deposit Accounts ("*Related Entitlements*"). The custodial account in which we will hold the Deposit Accounts and Related Entitlements ("*Custodial Account*") comprises all the CD Option and DDA-MMDA Option custodial accounts that we maintain for you.
2. As your custodian, we may (i) cause the Deposit Accounts to be titled in our name or in the name of our sub-custodian, (ii) collect for your account all interest and other payments of income or principal pertaining to the Deposit Accounts, (iii) endorse on your behalf any check or other instrument received for your account that requires endorsement, (iv) in accordance with your instructions, deposit your funds in, or withdraw your funds from, the Deposit Accounts, (v) in accordance with your instructions, deliver or transfer funds from another account with us to the Deposit Accounts or deliver or transfer funds from the Deposit Accounts to another account with us, (vi) for Deposit Accounts that are time deposits, surrender for payment for your account maturing CDs and those for which early withdrawal is requested, (vii) execute and deliver or file on your behalf all appropriate receipts and releases and other instruments, including whatever certificates may be required from custodians or may be necessary to obtain exemption from taxes and to name you when required for the purpose of the instrument, and (viii) take such other actions as are customary or necessary to effectuate the purposes of this Agreement.
3. For purposes of Article 8 of the Uniform Commercial Code in applicable state law ("*UCC*"), we will act as your securities intermediary for, and will treat as financial assets, any Deposit Accounts and Related Entitlements that we hold for you pursuant to this Agreement. The Custodial Account will be a securities account, as defined in the UCC.
4. We may comply with any writ of attachment, execution, garnishment, tax levy, restraining order, subpoena, warrant, or other legal process that we believe (correctly or otherwise) to be valid. We may notify you of such process by telephone, electronically, or in writing. If we are not fully reimbursed for records research, imaging, photocopying, and handling costs by the party that served the process, we may charge such costs to your account, in addition to any minimum fee we charge for complying with legal processes.
5. We may honor any legal process that is served personally, by mail, or by electronic mail or facsimile transmission at any of our offices or an office of our agent (including locations other than where the funds, records, or property sought is held), even if the law requires personal delivery at the office where your account or records are maintained.
6. We will have no liability to you for any good-faith act or omission by us in connection with this Agreement. You agree to indemnify us and our sub-custodian, and to hold us and our sub-custodian harmless from, all expenses (including counsel fees), liabilities, and claims arising out of any good-faith act or omission by us in connection with this Agreement or compliance with any legal process relating to the Custodial Account that we believe (correctly or otherwise) to be valid. You agree to pay any service charges that we impose on the Custodial Account.
7. You may be an individual in an individual capacity, more than one individual in a joint capacity, or a trust, partnership, corporation, or other legal entity. We may accept instructions on your behalf from any individual who signs this Agreement as or on behalf of a Depositor and from any of the following individuals:

S2-2 DDA-MMDA DPA Schedule 2 - Version 2021-01



	Name	Title or Legal Capacity
1.		
2.		
3.		
4.		
5.		

(Add lines if necessary.)

The remainder of this page is intentionally left blank.



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By signing below, you ("*Depositor*") and we ("*Relationship Institution*") agree to be legally bound by this Custodial Agreement, effective when you and we have signed it. If the Custodial Account will be a joint account, each owner of the Custodial Account must sign this Agreement.

RELATIONSHIP INSTITUTION

Institution: **CENTRAL BANK**

Signature: _____

Christin Yokubaitis, SVP

Name and title of authorized signatory:

Christin Yokubaitis

Senior Vice President

Date signed: _____

SOLE OR PRIMARY DEPOSITOR

Depositor: **CITY OF MCLENDON CHISHOLM**

Signature: _____

Name and title of authorized signatory (if not individual):

Konrad Hildebrandt

Depositor TIN or approved alternate identifier (and type):

75-2466639

Email: **cityadministrator@mclendon-chisholm.com**

Date signed: **3/28/2023**

ADDITIONAL DEPOSITOR (FOR JOINT ACCOUNT)

Depositor: _____

Signature: _____

Depositor TIN or approved alternate identifier (and type):

Email: _____

Date signed: _____

(Add signature lines as needed.)

**PLEASE INSERT THE
BANK EXCLUSION LIST HERE**

**PURPOSE:
TO PROVIDE INFTRAFI
A LIST OF BANKS THAT THE DISTRICT
CURRENTLY OR WILL IN THE FUTURE
DEPOSIT FUNDS.**



CENTRAL BANK FUNDS MANAGEMENT SWEEP SERVICE

In accordance with **CITY OF MCLENDON CHISHOLM's** Master Signature Card & Master Signature Card Resolution with the 75-2466639, all checking accounts and money market accounts are eligible to participate in Central Bank's Funds Management Sweep Service.

The current District accounts are:

	ACCOUNT NUMBER	TYPE FUND
1.	6039006	GOF
2.		
3.		
4.		
5.		

In the event CITY OF MCLENDON CHISHOLM should open additional accounts or close accounts, the Master Signature Card & Master Signature Card Resolution on file will govern the participating checking and money market accounts.

CITY OF MCLENDON CHISHOLM agrees that Central Bank, at its discretion, will determine threshold balances by account. Initially, the City will open an IntraFi Network Deposits DDA-MMDA Deposit accounts (formerly known as, Insured Cash Sweep) to facilitate the sweep. As other financial options are available, such as TexasClass, the City and/or its representative will have the option to indicate an outgoing credit sweep using an Automated Clearing House file, as long as there is an established account at the financial to receive the funds.

Acknowledged:

Signature

Authorized Representative Konrad Hildebrandt

Date 3/28/2023

**CITY OF MCLENDON-CHISHOLM
RESOLUTION NO. 2023-07**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS, PROVIDING FOR AUTHORIZED SIGNATORIES TO THE CITY'S FINANCIAL ACCOUNTS WITH ALLIANCE BANK, TEXPOOL, LOGIC, AND WILMINGTON TRUST; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS:

SECTION 1: That the following elected or appointed City officials:

**KEITH SHORT, MAYOR
ADRIENNE BALKUM, MAYOR PRO TEM
FLOYD MCLENDON, CITY COUNCIL MEMBER
KONRAD HILDEBRANDT, CITY ADMINISTRATOR
ROCHELLE GREEN, CITY SECRETARY**

are hereby authorized signatories for the City of McLendon-Chisholm accounts with Alliance Bank, TexPool, LOGIC, and Wilmington Trust.

SECTION 2: That the following elected or appointed City official is hereby removed as an authorized signatory for the City of McLendon-Chisholm accounts with Alliance Bank, TexPool, LOGIC, and Wilmington Trust.

TRUDY WOESSNER, COUNCIL MEMBER

SECTION 3: That the City Secretary shall cause signature cards to be prepared and executed reflecting the intent of this Resolution.

SECTION 4: That this Resolution shall take effect immediately from and after its adoption, and it is so resolved.

PASSED AND APPROVED this 13th day of June 2023.

APPROVED:

Keith Short, Mayor

ATTEST:

Rochelle Green, City Secretary



CITY COUNCIL MEETING
City of McLendon-Chisholm, Texas
Meeting Minutes
May 17, 2023

The City Council of the City of McLendon-Chisholm convened in Regular Session on Wednesday, May 17, 2023, at City Hall, 1371 West FM 550, McLendon-Chisholm, Texas, with the following members present:

ATTENDING:	Keith Short	Mayor
	Trudy Woessner	Mayor Pro Tem
	Lorna Kipphut	Council Member
	Daniel Tucker	Council Member
	Floyd McLendon	Council Member
	Bryan McNeal	Council Member
Staff Present:	Konrad Hildebrandt	City Administrator
	Shelly Green	City Secretary
	Michael Halla	City Attorney

1. CALL TO ORDER

Mayor Short called the meeting to order at 6:34 p.m.

2. INVOCATION AND PLEDGE OF ALLEGIANCE TO U.S. AND TEXAS FLAGS

Council Member Tucker delivered the invocation and Council Member Kipphut led the pledge of allegiance to the U.S. and Texas Flags.

3. RULES OF DECORUM

Mayor Short announced the Rules of Decorum are in place and are to be observed throughout the meeting.

4. CITIZEN COMMENTS

Bev Stibbens, 279 Partridge Dr., 75032. Speaking on Item 6.5. City-Wide Solid Waste and Recycling Outside Procurement Assistance Request. This item confuses me. Why in the world would our city spend \$30,000.00 to issue and RFPs and get new proposals for this service. Prosper, who is noted in the staff report, has over 30,000 residents. Might make sense for them to use it, they're six times our size. Maybe it's needed for them, but it's not needed for us. I was part of the Council that hired the initial trash service for the City. It cost me an election, but I did it and I'm proud of it. I know Ms. Balkum was part of the process in contracting CWD. I'd be very happy to

assist in reviewing proposals which come back for a new service. If I miss read this and it's not going to cost \$30,000 for somebody to get us a new trash service, I apologize, but I think staff is more than capable of doing this. Thank you.

David Black, 1419 Siena Dr., 75032. Addressed Items 6.4, 6.6, and 6.7. 6.4.-It's my understanding that the update on the city-wide maps, it's my understanding you're going to modify the comprehensive plan to reflect the latest status of annexations and zoning, and I was just wondering if there's anything else that's going to happen on that. 6.6.-Consider the process for our city to become home rule charter as opposed to Texas local government law. It's not required. You know we met the threshold of 5,000 people. It's not required to switch to home charter. You could stay, some places stay with local for a little while. But the wording in the staff report seems to say sort of like we're doing it. So I guess my question would be, is that what we're doing. Has there been analysis of the difference between the two and all that kind of stuff. Or will you know, maybe you can consider informing the citizenry with objective analysis much of which has already been created by experts. You can look up the papers and things such as pros and cons, capabilities, and limitations, real world comparative analysis of cities making the switch and those not picking the switch. There are good case studies and I hope at least the process elements of those studies will show up in the admins presentation tonight and also that there'll be a best effort be made to justify why at this time in MC Chisholm development it is necessary to switch. But, if it's in our overwhelming interest, we should do it. In case you aren't familiar, home rule permits cities to make laws beyond those permitted by the local rule. The idea I think for the local role was to help the inexperienced cities or maybe their staff by setting boundaries of what they can and cannot do. But no well-represented government's going to try to hurt its citizens but poor judgments can be made and that's invisible. 6.7. City-Wide Communication Cloud-based Texting Software Purchase – Texas My Gov. I hadn't heard about this, maybe it's come up before. It's one piece of software that you're focused on so I'm wondering if the staff report had other packages. What was the in comparative analysis and do we understand the interfaces required and are the interfaces standardized or proprietary. Also, how is this different than using the Rockwall Emergency Management System. For instance, I subscribe to this free service and receive critical weather, traffic incidents and other emergency messages. Perhaps there's an interface for you guys to put in special things like water breaks, water line breaks and valve shut-offs. You know, stuff we need to know and just be part of that system that already exists. The non-agenda thing had to do with the comprehensive plan short-term action items. There are actually 33 of those. Short term is defined as anything that can be implemented within three years from the publication of the comprehensive plan. On page 67 is where the table starts that has short-term, medium-term, and long-term. We're a little more than halfway to that term for short and so I'm wondering if any of those 33 action items have been done and if we will be able to see what you guys came up with. I figured there might be some that are already done. The planned and controlled development category, there are five short. You know, four of the five action items are short-term and we're doing a lot of that short of stuff right now. So, I was wondering if there's anything on that done.

5. CONSENT AGENDA

- 5.1. Action regarding the minutes of the April 11, 2023 City Council Meeting
- 5.2. Action regarding the Minutes of April 19, 2023 City Council Meeting

- 5.3. Confidentiality Agreement requested by RCH Water Systems for technical, fiscal, administrative and overall review of the entire RCH water system by the City of McLendon-Chisholm.

Council Member Kipphut requested that the Confidentiality Agreement be removed from the Consent Agenda.

MOTION: REMOVE THE CONFIDENTIALITY AGREEMENT FROM THE CONSENT AGENDA

MADE BY: Council Member Woessner
SECONDED BY: Council Member Kipphut
APPROVAL: Unanimous

MOTION: APPROVE ITEMS 5.1 AND 5.2, THE MINUTES OF APRIL 11, 2023 CITY COUNCIL MEETING AND THE MINUTES OF APRIL 19, 2023 CITY COUNCIL MEETING AS PRESENTED.

MADE BY: Council Member Tucker
SECONDED BY: Council Member Woessner
APPROVAL: Unanimous

6. ITEMS FOR CONSIDERTION AND ACTION

- 6.1. Discussion and action regarding a Resolution canvassing the returns of the General and Special Elections held on May 6, 2023 for the purpose of electing three Council Members (Places 1, 3, and 5) to serve two year terms and canvassing the returns of the Special Election to elect one Council Member to fill the one year unexpired term of Place 4.

Council Member Kipphut presented the following election certifications:

"I, Christopher J. Lynch, the undersigned Elections Administrator of Rockwall County, do hereby certify that I have made the actual check and comparison of all the ballots tabulated as voted with Return Sheets, and the unused ballots as recorded on the Register of Official Ballots. I, therefore make the following finding from the May 6th, 2023 Election that was held in Rockwall County, Texas.

I, hereby certify the results to be full, true and correct tabulation, audit and count of the votes cast in the said election.

Witnessed, by my hand on this May 12th, 2023."

Results were as follows:

Jennifer Hoffman, City Council Place 1	435 votes
Floyd McLendon, City Council Place 3	437 votes
Dan Tucker, City Council Place 5	299 votes
Bob Steinhagen, City Council Place 5	219 votes
Adrienne Balkum, City Council Place 4 Unexpired term	411 votes

MOTION: APPROVE RESOLUTION NO. 2023-04 CANVASSING THE ELECTION RETURNS AND DECLARING ELECTION RESULTS IN THE GENERAL ELECTION HELD IN THE CITY OF MCLENDON-CHISHOLM ON MAY 6, 2023 FOR THE PURPOSE OF ELECTING THREE COUNCIL MEMBERS FOR PLACES 1, 3, AND 5 FOR A TERM OF TWO YEARS; AND, APPROVE RESOLUTION NO. 2023-05 CANVASSING THE ELECTION RETURNS AND DECLARING ELECTION RESULTS IN THE SPECIAL ELECTION HELD IN THE CITY OF MCLENDON-CHISHOLM ON MAY 6, 2023 FOR THE PURPOSE OF ELECTING ONE COUNCIL MEMBER FOR PLACE 4 FOR A TERM OF ONE YEAR.

MADE BY: Council Member Kipphut
SECONDED BY: Council Member Woessner
APPROVAL: Unanimous

6.2. Swear in Newly Elected Council Members for Places 1, 3, 4, and 5.

Mayor Keith Short swore in Floyd McLendon to Place 3 and Judge Mark Russo swore in Jennifer Hoffman to Place 1, Daniel Tucker to Place 5, and Adrienne Balkum to Place 4.

6.3. Discuss and vote to appoint a Mayor Pro Tem in accordance with 22.07(b) of the Texas Local Government Code.

MOTION: Elect Council Member Dan Tucker as Mayor Pro Tem

MADE BY: Council Member McNeal
SECONDED BY: Council Member Tucker
APPROVAL: Ayes: 2; Noes: 3 – Motion Failed

MOTION: Elect Council Member Adrienne Balkum as Mayor Pro Tem

MADE BY: Council Member McLendon
SECONDED BY: Council Member Hoffman
APPROVAL: Ayes: 4
Nays: 1

Mayor Short moved back to 5.3 which was removed from the Consent Agenda.

- 5.3. Confidentiality Agreement requested by RCH Water Systems for technical, fiscal, administrative and overall review of the entire RCH Water system by the City of McLendon-Chisholm, Texas.

City Administrator Hildebrandt presented a staff report on this item:

Background:

The City of McLendon-Chisholm has for the past 6 months worked toward completing requirements for the acquisition/transfer of the RCH Water Certificate of Convenience and Necessity (CCN) to the City of McLendon-Chisholm.

Through negotiations, the RCH Board of Directors has indicated that they are amenable to allow our contract professional water engineers and professional staff (Teague, Nall and Perkins, Inframark and our City Contract Finance Director) into RCH to do a complete evaluation of the RCH system.

One of the major components to this approval is for the city to provide RCH a Confidentiality Agreement to protect and safeguard the integrity and operations of the RCH water system.

City Administrator Hildebrandt explained this has gone to the attorneys for their review and comments. It was passed to the RCH board president for his review.

MOTION: APPROVE THE CONFIDENTIALITY AGREEMENT REQUESTED BY RCH WATER SYSTEMS FOR TECHNICAL, FISCAL, ADMINISTRATIVE AND OVERALL REVIEW OF THE ENTIRE RCH WATER SYSTEM BY THE CITY OF MCLENDON-CHISHOLM, TEXAS.

MADE BY: Council Member Tucker

SECONDED BY: Council Member McNeal

Council Member Tucker stated it was his understanding that we are ready to move forward with this. It has been looked at by our lawyer, Mr. Halla, and the folks at RCH and they're in compliance with this or they have an understanding that this is what they want.

Mayor Pro Tem Balkum asked the City Attorney if there was anything he wanted to add. He replied no. She further stated that as mentioned by our city administrator that the RCH president was the one that added the item in blue. This item, I believe that we need to have further discussion with our water attorney. She personally has not spoken with our water attorney. She would like to spend some time discussing that with her as well as other issues that may be concerning. Plus, there's also a few more meetings that will be taking place very soon in regard to RCH, so she believes that we need to wait a little bit to get through those meetings first just to be sure.

APPROVAL: AYES – 1
 NOES – 4
 Motion Failed

6.4. Update City-Wide Maps – ETJ and City Boundaries

City Administrator Hildebrandt presented this item:

Fiscal Impact: Estimated \$3,000 – included in the current year's budget

Background:

The City of McLendon-Chisholm has recently completed an annexation (Trilogy Development); and, has qualified for the next population tier in the Extraterritorial Jurisdiction State of Texas requirements (current population 5,388 – February 6, 2023). These two actions necessitate the need to update our city boundaries map and our ETJ map.

The ETJ will be widened from the current ½ mile allowance to a 1-mile allowance.

The City Council needs to decide if you want to include the 4,000 acres to the North and East of Edwards Road, that previously was relinquished to the City of Rockwall and subsequently dropped by Rockwall. Do you want to re-claim this area? Direction is requested.

City Administrator Hildebrandt will move forward with this update.

6.5. City-Wide Solid Waste and Recycling Outside Procurement Assistance Request

City Administrator Hildebrandt presented this item:

Background:

The City Council has shown interest in receiving outside bids for the city-wide solid waste and recycling pickup and removal. Based on the increased technical nature of this State of Texas required procurement process, staff requests utilizing the services of Burns and McDonnell, Inc. to complete the overall procurement process. Burns and McDonnell have completed these types of procurement for multiple citizens throughout the Metroplex and the State of Texas and other States. Currently, they are finalizing the solid waste/recycling procurement process for the City of Prosper, Texas. Through this professional assistance, we are assured that everything is done correctly and that hopefully the cost of procurement is more than received in the solid waste/recycling returns. Projected cost is \$30,000.

City Administrator Hildebrandt pointed out that this is a very technical nature. This type of bid procurement and the amount of money that's involved over a five year period is substantial. These guys are professional and have done multiple cities. The cost that was mentioned earlier is something that this company puts on as a rider in the bid package that says the successful bidder will reimburse the city for all costs that it uses for going through this process. So virtually the cost is zero to the city and the successful bidder will pay us.

Mayor Short asked if we were to agree to this thirty-thousand-dollar cost, I get the reimbursement side of it. But, if we put it out for bids and nobody responds, we're still out thirty thousand dollars, right?

Hildebrandt: No, because we'll give notice to CWD that we're closing out their bid package and we want them to bid again and if they're the apparent low bidder and who we selected, they will have to pay that.

Mayor Short: If that's in there and they end up getting the contract again, there's the potential that thirty thousand dollars will be passed along to our citizens in an increase. I am concerned about that.

Mayor Pro Tem Balkum gave a brief overview of the City's experience with the last procurement process for a waste disposal company.

Mayor Short stated that he doesn't get a vote in this unless there's a tie and I don't know that there will be a tie. As the Mayor, even though it may be money put out and money reimbursed, my concern is the pass-through the cost to the citizens. I'm speaking as a citizen at this point, having trash service within our city, I've watched the costs increase but I've also seen the service level diminish off and on throughout the whole time and that's a concern with me. The level of service and where we're going to potentially pass off a thirty-thousand-dollar cost to the folks out there.

Council Member McNeal ask if we did the \$30,000 and CWD took it, they would still have to come give us a presentation for us to look at if they were going to increase a rate or do something. Wouldn't they have to present us that package and we would be able to say yea or nay. My concern is the same as the Mayor's. Does the company just say we're going to raise the rate per customer.

Hildebrandt: We can ask each bidder to give us the price per can and guarantee it for "x" amount a year. The council can say what you want in the bid package.

Council Member McNeal: I'm only bringing it up because I understand exactly what the Mayor's saying, to protect the citizens. To make sure that they don't get the cost passed on to them. But if we, as a city council, can be the roadblock against that, would it benefit us. I guess what I'm trying to get at, I don't know that answer and I'm just trying to find out.

Mayor Short: The cost is going to get passed on, we all know that. It's whether or not we, as the Council, want to take and do the RFQ like we did before and then we review them to make the decision and when we review them or whoever bring in to discuss who we decide on, we can set those parameters.

Council Member McNeal: And that would be with anybody, right?

Hildebrandt: Every concern you may have, you'll be able to have that part of the bid package.

Council Member McNeal: I agree with the Mayor. I just want to make sure that we protect the citizens of not taking on any cost at all because we decided to, as a council, to spend \$30,000 to

go find somebody new, and if they did it before on our own, it kind of seems like keep the 30 grand. Like you said, thirty thousand is thirty thousand. Keep the thirty-thousand and then if there's a way, we can figure out how to go and get those bids out. I mean we saved that \$30,000.

Council Member Tucker: I think I'm hearing that \$30,000 is a large outlay for a process that I think we're certainly capable of performing ourselves. I mean between three or four of us I think we could sit down and analyze and put this together. I just don't see the justification for the \$30,000 especially with the threat of legal action. That's the last resort that I would consider. So I would be in alignment with you.

Mayor Short had two questions: (1) what is our timeframe before they roll over?

Hildebrandt: Six months. The end of our contract with CWD is December 31st of this year.

Mayor Short's second question is roughly, right now, how many households within McLendon-Chisholm is CWD serving?

Hildebrandt: The list Shelly just used to send out something for the commissions to all the residents was 1,300 plus.

Mayor Short asked Konrad to find out if there are any other companies that do that work for less than thirty thousand.

With Council approval, Mayor Short told Mr. Hildebrandt that he would like him to bring back additional information and we'll readdress it in one of the next couple of upcoming Council meetings since we have just a little bit of time and make a decision at that point. We've got other more pressing issues such as water and things associated with water for our citizens that are a little more pressing right now even though we do have concerns over waste management.

Hildebrandt: So what I'm understanding is you want me to go and find out if there are other providers for a cheaper cost and bring it back to the next one or two city council meetings.

Council agreed.

6.6. Discuss and consider the process for the City of McLendon-Chisholm to adopt a home rule charter in accordance with Chapter 9 of the Texas Local Government Code.

City Administrator Hildebrandt introduced this item:

Background:

The City of McLendon-Chisholm has recently passed the 5,000 inhabitant (person) threshold (5,388 per February 6, 2023). Per State of Texas Local Government Code (Section 9), the city is eligible to become a 'home rule city' and create our own charter government.

Council approval is requested to start moving toward a final city-side election for charter government approval.

City Council, if amenable, shall give direction on the selection of a 15-member charter commission.

Additional process requirements will be presented at the city council meeting.

Overview of the law is also included in your City Council packet.

City Attorney Halla: This all falls under 9.0 to the local government code. Local government code lays out the process. The main difference between home rule and a type A general law, which we are, is that home rule cities can do anything they want to do unless the law says you can't do that. Whereas a general law city can't do anything unless the law specifically says.

Mayor Pro Tem Balkum: One of the things I think that we should tackle is like you need to learn what are the benefits. The second thing is I think we kind of need to lay out visually what you just got through talking about. I know we have some workshops coming up this summer, so maybe we can take some time now and I know we're going to have you come to one of the meetings and maybe we can kind of just go through, you know sharing a little bit more in depth like what are the pros and cons. I think that was brought up by one of the citizens earlier and just really understanding what this is all about. I don't know if you're familiar with other cities, but to my understanding anytime we make changes to the Charter it has to go on the election ballot. So every time we have an election, it cost about 10 or 12 thousand dollars just in general and then whatever that item is. So we need to bring back staff, especially Michael Holla, to share at one of our workshops.

Mayor Short indicated they need more of what the pros and cons are of doing it; how it truly benefits our city. Maybe more visuals so that they can understand a lot more what our pros are as well as cons.

Council Member Tucker stated that to get to that point, we individually need to start looking into this. It's a serious issue that we need to look at.

Council Member McLendon asked about the method of determining the required population. City Administrator Hildebrandt explained the method he used.

6.7. City-Wide Communication Cloud-based Texting Software Purchase – Text My Gov

City Administrator Hildebrandt presented a staff report on this item:

Text My Gov is a unique and proactive texting software (cloud-based) that will allow the City of McLendon-Chisholm to communicate with all of our residents on an immediate and as needed basis. Some of the possible uses will include: Emergencies; Notification of weather events; Notification of City Events including special city council meetings and changes; Water line breaks and valve shut offs; etc. Polygons can be initiated to drill down to the smallest area and or neighborhood.

Fiscal Impact: \$3,500 set up cost and \$3,500 annually – currently available in this year's budget.

City Administrator Hildebrandt explained the many options available for using this system. He stated it's something we can go and research and look for others, but this is a great price and a great ability to go and communicate. I think the most underserved area, in my opinion, in local government and probably all of government is communications with its residents.

Mayor Short expressed that he feels they are going to have more questions and in the past we've asked people to sign up on stuff on the website to get notifications which brings me to a question which none of us I think can really answer without talking to our IT provider as to if we've had the ability for people to sign up for certain things if I'm providing a number or an email address. He asked if there is a capability to do that if they provide us a number for texting service. I think we need to have some more questions answered before we make a decision on this.

City Administrator Hildebrandt stated we can get a list of questions, sort of the pros and cons again. There is definitely, as I mentioned, an opt-in opt-out.

Council requested a presentation

7. UPDATES, DISCUSSION AND DIRECTION TO STAFF

None

8. COUNCIL MEMBER REPORTS AND ANNOUNCEMENTS

8.1. Mayor Short – Reminded everyone, please pay careful attention to your driving habits. Something's not so important that you need to whip around people at high rates of speed and endanger yourself, them, and others. I, unfortunately, had that experience this week on that nice, beautiful, straightaway we have at the entrance to Sonoma Verde. You know there's a speed limit sign, it says 30. I was going a little faster than 30, I can admit that. The car that passed me blew my doors off and as I watched him, they did what we call the old California stop. They bumped the brakes and just peeled out on to 205. Had there been traffic coming, he might not have survived that situation. There's nothing so important. That's not acceptable. I value each and every one of you as a human being, not only as citizens of our community. Your life is too precious to make the mistake like that and get yourself or somebody else hurt. Let's please remember that.

8.2. Mayor Pro Tem Balkum – None

8.3. Council Member Hoffman – None

8.4. Council Member McLendon – For Memorial Day, we're having a remembrance in honor of our brothers and sisters who made the ultimate sacrifice. It's going to be May 27th at 11:30 here at City Hall.

8.5. Council Member Tucker – None

8.6. Council Member McNeal – None

9. ADJOURN

There being no further business to discuss, Mayor Short adjourned the meeting at 8:02 p.m.

APPROVED:

Mayor Short

ATTEST:

Rochelle Green, City Secretary



CITY COUNCIL MEETING
City of McLendon-Chisholm, Texas
Meeting Minutes
May 24, 2023

The City Council of the City of McLendon-Chisholm convened in Regular Session on Tuesday, May 24, 2023, at City Hall, 1371 West FM 550, McLendon-Chisholm, Texas, with the following members present:

ATTENDING:	Keith Short	Mayor
	Adrienne Balkum	Mayor Pro Tem
	Jennifer Hoffman	Council Member
	Daniel Tucker	Council Member
	Floyd McLendon	Council Member
	Bryan McNeal	Council Member
Staff Present:	Konrad Hildebrandt	City Administrator
	Shelly Green	City Secretary
	Michael Halla	City Attorney
	Mike Coker	City Planner
	Jim Simmons	Fire Chief

1. CALL TO ORDER

Mayor Short called the meeting to order at 6:31 p.m.

2. INVOCATION AND PLEDGE OF ALLEGIANCE TO U.S. AND TEXAS FLAGS

Council Member Hoffman delivered the invocation and Council Member McLendon led the pledge of allegiance to the U.S. and Texas Flags.

3. RULES OF DECORUM

Mayor Short announced the Rules of Decorum are in place and are to be observed throughout the meeting.

4. PROCLAMATION

4.1. Shon Bellah, Pump Tech Supervisor, City of Rockwall

Proclamation

WHEREAS, public works provides an integral part of our community and citizens' everyday lives; and,

WHEREAS, our city wants to recognize the health and safety and comfort that this community greatly depends on facilities and services; and,

WHEREAS, the quality and effectiveness of these facilities as well as their planning design and construction is vital depending on the efforts and skills of these public works officials; and,

WHEREAS, Mr. Shon Bellah, on July 28, 2008, accepted the position of Crew Leader in the Water Division of Public Works for the City of Rockwall. On November 13, 2017, he was promoted to Pump Tech Supervisor; and,

WHEREAS, while working in the City of Rockwall, he received a Bachelor's Degree in Science and Business from Columbia Southern University. Current TCEQ licenses are Water Operator A, Wastewater Collection Operator III, Backflow Prevention Assembly Tester, and Customer Service Inspector; and,

WHEREAS, before seeking employment with the City of Rockwall, Shon Bellah had over three years of experience in the water industry employed by the Rockdale and Newton County Water Departments in Georgia; and,

WHEREAS, Shon was born and raised in Georgia, working on the family farm. After graduating from Toombs County High School in Lyons, Georgia, he went into business as a contractor installing telephone cables from 1987 to 2005. This job required him to travel all over the United States. As a telephone contractor, he met his wife from Athens, Texas. They have four sons and provide foster care for special needs children in their home in McLendon-Chisholm; and,

WHEREAS, Shon's focus has been on community relationships and being an excellent example for all of us of stepping up as a dedicated citizen in providing support for our rural water system; and,

WHEREAS, National Public Works Week is a celebration of the tens of thousands of men and women who provide and maintain the infrastructure that is collectively known as public works.

NOW, THEREFORE, I, KEITH SHORT, MAYOR OF MCLENDON-CHISHOLM, DO HEREBY PROCLAIM THE WEEK OF MAY 21–27, PUBLIC WORKS WEEK IN THE CITY OF MCLENDON-CHISHOLM.

We encourage all citizens to educate themselves with the efforts involved with public works and recognize the contributions that the City of Rockwall public works officials make every day to our health, safety, comfort and quality of life. We want to thank the extraordinary contributions that Shon Bellah has made to the City of McLendon-Chisholm community for the timely service; and coordinating efforts with neighboring service providers.

5. CITIZEN COMMENTS

None

6. CONSENT AGENDA

6.1. Action regarding the minutes of the May 19, 2023 City Council Meeting

Pulled from Agenda due to incorrect dates.

7. ITEMS FOR CONSIDERTION AND ACTION

7.1. Review and Action: Infiltration Inflow

Dub Douphrate presented his memorandum regarding this item:

Re: Summary of Infiltration Inflow Study prepared by RJN Group

The Infiltration/Inflow study of the Sonoma Verde wastewater collection system prepared by the RJN Group was completed in February of 2023. The field work involved installing 4 temporary meters to monitor the flow during dry and wet conditions to determine if in fact the system was experiencing infiltration/inflow issues during primarily wet conditions. The meters were recording flows from October 15 through November 14th. We were fortunate to capture rain events for October 16th, 24-25th, 28-29th, November 4th, 7th, and the 11th, with a significant response for the October 28-29th event.

The results provided indicate during the wet conditions there were peak flows that confirmed the inflow was occurring. The meter readings were logged daily which indicated the influx during the recorded rain days.

The next step of the study was to isolate the collection area(s) experiencing the increase in flows by performing smoke testing within the neighborhood allowing the field crew to visually see where the leaks were occurring.

The primary leaks within the system have shown, by visual observations of the smoke

discharge that 71 (out of roughly 700 existing homes) have defective sewer cleanouts which all were determined to be located within the private residential lots. Many of the clean out caps appeared to be broken possibly due to a lawn mower or removed over time.

As part of the report and for the City's records, we have pictures and a detailed list of all the defective cleanouts identified.

Estimates of repair cost for each cleanout replacement ranges from \$450 -\$3,500. Since these repairs are located within the residential lots and not within the street public easements we believe that repairing the cleanouts should be the responsibility of the homeowner and/or homebuilder not the City of McLendon Chisholm.

We suggest a memorandum be mailed to all the property owners with defective cleanouts notifying each of the I/I problems encountered due to the defective cleanouts, also providing a construction detail of the new cleanout installation , a listing of suggested plumbers within the area, and a reasonable time frame to repair the defective cleanout.

It is important that these defective cleanouts be repaired because when we have a inflow surge in the system it affects/increases the billing rates the City has to pay on a monthly basis.

I have included exhibits from the report and listed below for review.

Exhibit 1 Location of temporary flowmeters.

Exhibit 2 Location of defective cleanouts.

Exhibit 3 Listing of all residential properties with a defective cleanout.

Exhibit 4-7 Random pictures included of some of the defective residential cleanout with visual smoke discharging.

Exhibit 8 Listing of estimated cost for each cleanout repair.

Mayor Short asked what could cause this damage. City Engineer Douphrate responded it could be caused by lawnmowers, movement in the soil, or settlement.

7.2. Presentation/Discuss/Action – Upcoming Heroes Day Event and Request for Alcohol

City Administrator Hildebrandt presented a staff report for this item:

Background:

Ms. Sarah Naylor, City of MC Special Events Chair will be presenting our next city-wide event – **Heroes Day 2023** and some of the fun plans for this event. Also, she will be asking the city council to approve by motion, the sale of alcoholic beverages at this event.

Sarah Naylor presented the upcoming Heroes Day Event and requested approval for alcohol.

MOTION: APPROVE THE SALE OF ALCOHOLIC BEVERAGES DURING THE HEROES DAY EVENT.

MADE BY: Council Member McNeal
SECONDED BY: Council Member Hoffman
APPROVAL: Unanimous

- 7.3. Discussion and action regarding approval of the application of MC Trilogy Texas, LLC, requesting initial zoning of “PD” Planned Development District and updating the Comprehensive Plan and Zoning Map for two tracts of land annexed into the City of McLendon-Chisholm: an approximately 441.818-acre tract of land and an approximately 133.325-acre tract of land generally located north of FM 550 and east and west of Pullen Road and situated in the J. Simons Survey, Abstract No. 202, the W.W. Ford Survey, Abstract No. 80, and the A. Rodriguez Survey, Abstract No. 231, in Rockwall County, Texas, identified by county ID numbers 11534 and 11535, and also being a portion of the property described in a deed to Hodges Ranch Partners, Ltd., as recorded in Volume 3828, Page 322 as Document Number 00319510 in the Official Public Records of Rockwall County, Texas.

City Planner Coker presented a staff report on this item:

APPLICANT: Colin Huffines
MC Trilogy Texas, LLC
8200 Douglas Avenue
Suite 300
Dallas, Texas 75225

LOCATION: The property is generally bounded on the north by Rabbit Ridge Road, on the west by FM 550 as shown on the attached approved concept plan. Rockwall Parcel ID# 115324 and 115325.

Owner: MC Trilogy Texas, LLC
8200 Douglas Avenue
Suite 300
Dallas, Texas 75225
Representative: Colin Huffines, Project Manager

REQUEST:

1. The applicant is requesting approval of a planned development district on 575.143 acres of land recently annexed and zoned Agriculture. The subject property is part of an existing development agreement and an approved preliminary plat.

PLANNING AND ZONING COMMISSION RECOMMENDATION: Approval.

STAFF RECOMMENDATION: Approval. These zoning regulations are consistent with the approved Concept Plan, the Development Agreement [DA] and the Subdivision regulations as amended by Exhibit E of the DA.

BACKGROUND INFORMATION: In October 2021 the City of McLendon-Chisholm entered into an development agreement with MC Trilogy Texas, LLC for the future development of a quality, master-planned, mixed-use community providing parkland, open space, and other public and private amenities that will benefit and serve the present and future citizens of the City. This agreement establishes Governing Regulations for the development of all the property located within the boundary of MC Trilogy Texas. The preliminary plat is consistent with the approved concept plan.

Approved Concept Plan

Exhibit C
Concept Plan

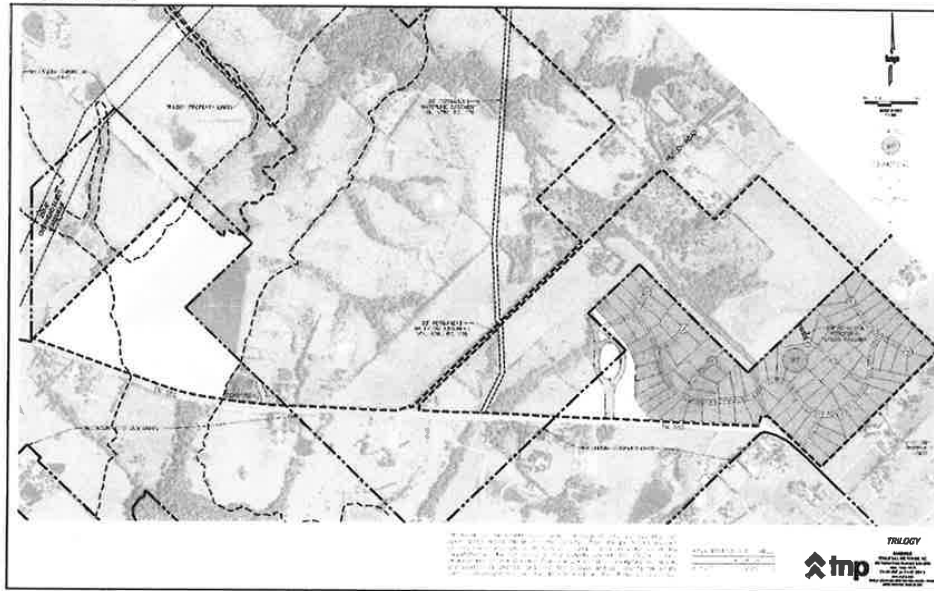


Exhibit C – Page 1

1580-039/97784.7

The Planned Development District and supporting documents are available for review at McLendon-Chisholm City Hall.

The PDD ordinance is included as a separate document.

MOTION: APPROVE THE APPLICATION OF MC TRILOGY TEXAS, LLC, REQUESTING INITIAL ZONING OF “PD” PLANNED DEVELOPMENT DISTRICT AND UPDATING THE COMPREHENSIVE PLAN AND ZONING MAP FOR TWO TRACTS OF LAND ANNEXED INTO THE CITY OF MCLENDON-CHISHOLM: AN APPROXIMATELY 441.818-ACRE TRACT OF LAND AND AN APPROXIMATELY 133.325-ACRE TRACT OF LAND GENERALLY LOCATED NORTH OF FM 550 AND EAST AND WEST OF PULLEN ROAD AND SITUATED IN THE J. SIMONS SURVEY, ABSTRACT NO. 202, THE W.W. FORD SURVEY, ABSTRACT NO. 80, AND THE A. RODRIGUEZ SURVEY, ABSTRACT NO. 231, IN ROCKWALL COUNTY, TEXAS, IDENTIFIED BY COUNTY ID NUMBERS 11534 AND 11535, AND ALSO BEING A PORTION OF THE PROPERTY DESCRIBED IN A DEED TO HODGES RANCH PARTNERS, LTD., AS RECORDED IN VOLUME 3828, PAGE 322 AS DOCUMENT NUMBER 00319510 IN THE OFFICIAL PUBLIC RECORDS OF ROCKWALL COUNTY, TEXAS.

MADE BY: Council Member Balkum
SECONDED BY: Council Member
APPROVAL: Unanimous

- 7.4. Discuss and consider a resolution approving a transfer agreement between the City of McLendon-Chisholm and RCH Water Supply Corporation, Inc., where RCH will transfer all assets, both inside the City limits and the extraterritorial jurisdiction of the City, to the City of McLendon-Chisholm, authorizing the Mayor to execute said Agreement and calling upon the board of Directors for RCH to authorize and approve said Agreement.

RESOLUTION NO. 2023-06
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS, APPROVING THE TERMS AND CONDITIONS IN GENERAL OF A WATER SYSTEM ASSET TRANSFER AGREEMENT FROM RCH WATER SUPPLY CORPORATION AND AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE TERMS BENEFICIAL TO THE CITY FOR SAID AGREEMENT AND AUTHORIZING THE MAYOR TO EXECUTE SAID AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, RCH Water Supply Corporation (“RCH”) is a retail public utility and currently provides water service under Certificate of Convenience and Necessity No. 10087 (“CCN No. 10087”) to certain areas within Rockwall County, Texas, including McLendon-Chisholm; and

WHEREAS, RCH’s customers are located in the city limits and extraterritorial jurisdiction of the City of McLendon-Chisholm, Texas (“McLendon-Chisholm”); and

WHEREAS, RCH obtains treated water from Rockwall pursuant to a Wholesale Water Contract, (the original contract, as amended, being hereinafter collectively referred to as the “Wholesale Contract”); and

WHEREAS, RCH no longer has any administrative employee, officer or agent to carry out its day-to-day operations and business affairs, including, but not limited to: repair and maintenance of its system, water meter reading, or water billing, and this has negatively impacted its ability to provide water service to the area and customers currently served by RCH; and

WHEREAS, McLendon-Chisholm desires the right to provide water service to the city limits and extraterritorial jurisdiction of McLendon-Chisholm (“Transfer Area”, which boundaries are attached as Exhibit “A”, and incorporated herein for all purposes); and

WHEREAS, until McLendon-Chisholm is ready, willing and able to design and construct facilities to extend and connect McLendon-Chisholm’s water system to RCH’s water system, McLendon-Chisholm will need to transport treated water from the North Texas Municipal Water District; and

WHEREAS, before the transfer of the RCH water system to McLendon-Chisholm may occur, the board members of RCH must vote to approve the transfer asset agreement and the Public Utility Commission of Texas (“PUC”) must approve the transfer of the system and customers to McLendon-Chisholm; and

WHEREAS, McLendon-Chisholm and RCH desire to define the expectations and responsibilities of both McLendon-Chisholm and RCH related to: (i) the acquisition by McLendon-Chisholm of the RCH water system and customers; and (ii) the division of the RCH water system; and

WHEREAS, the City Council for the City of McLendon-Chisholm believes this asset transfer agreement (“Agreement”, attached hereto as Exhibit “B”, and incorporated herein for all purposes by reference) is in the best interests of the citizens of the City and the extraterritorial jurisdiction of the City who are customers of RCH and approves the Agreement and authorizes the Mayor to execute said Agreement; and

WHEREAS, upon full review and consideration of the Agreement and all matters attendant and related thereto, the City Council finds that the acquisition by McLendon-Chisholm of the RCH water system and customers and the Agreement will accomplish a public purpose and is in the best interest of McLendon-Chisholm and its citizens; and

WHEREAS, RCH, in accordance with this Agreement desires to convey Assets, as hereafter defined, to McLendon-Chisholm, and McLendon-Chisholm desires to acquire the Assets and assume the Liabilities (as hereafter defined in the Agreement) of RCH; and

WHEREAS, McLendon-Chisholm is capable of providing continuous and adequate service to consumers under applicable codes and regulations without unreasonable or unduly burdensome financial impact on McLendon-Chisholm or McLendon-Chisholm’s current and future customers; and

WHEREAS, RCH and McLendon-Chisholm acknowledge that, upon the Closing (herein defined), the customers of RCH will become the customers of McLendon-Chisholm; and

WHEREAS, RCH and McLendon-Chisholm acknowledge their intention to fully comply with the provisions of Chapter 13 of the Texas Water Code, as applicable, and the corresponding Texas Public Utility Commission (“PUC”) regulations concerning the subject matter of this Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS:

SECTION 1. The City Council approves in general and adopts the attached Exhibit “B”, and further authorizes the Mayor to execute same and City Administrator to continue to negotiate terms of the attached Agreement for the betterment of the City and its citizens.

SECTION 2. The Recitals to this Resolution are incorporated herein by reference as if fully recited

SECTION 3. This resolution shall become effective immediately from and after its passage, and it is accordingly so resolved.

SECTION 4. The City Council hereby approves the acquisition by McLendon-Chisholm of the RCH water system and customers, and authorizes the City Administrator to: (i) execute and file with the PUC a Sale, Transfer or Merger Application relating to the acquisition and transfer of the RCH water system and customers to McLendon-Chisholm; and (ii) take all other actions and execute all other documents necessary or requested to complete the acquisition and transfer of the RCH water system and customers to McLendon-Chisholm including, but not limited to, an Interim Management Agreement and Water System Asset Transfer Agreement with RCH and any other petition which may be filed as authorized by Chapter 13 of the Texas Water Code.

MOTION: APPROVE A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS, APPROVING THE TERMS AND CONDITIONS IN GENERAL OF A WATER SYSTEM ASSET TRANSFER AGREEMENT FROM RCH WATER SUPPLY CORPORATION AND AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE TERMS BENEFICIAL TO THE CITY FOR SAID AGREEMENT AND AUTHORIZING THE MAYOR TO EXECUTE SAID AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

MADE BY: Council Member Balkum
SECONDED BY: Council Member Hoffman
APPROVAL: Unanimous

- 7.5. Discuss and consider authorizing the City Administrator to enter into negotiations with authorized service providers to provide interim operation, maintenance and bill services for water services between the City and RCH.

MOTION: AUTHORIZE THE CITY ADMINISTRATOR AND MAYOR PRO TEM BALKUM TO ENTER INTO NEGOTIATIONS WITH AUTHORIZED SERVICE PROVIDERS TO PROVIDE INTERIM OPERATION, MAINTENANCE, AND BILL SERVICES FOR WATER SERVICES BETWEEN THE CITY AND RCH.

MADE BY: Mayor Pro Tem Balkum
SECONDED BY: Council Member Hoffman
APPROVAL: Unanimous

8. REPORTS

- 8.1. Financial report – April 2023
- 8.2. Building Official Report – April 2023
- 8.3. CWD Report – April 2023
- 8.4. Sheriff's Report – April 2023
- 8.5. Code Compliance Report – April 2023
- 8.6. Animal Control Report – April 2023

9. UPDATES, DISCUSSION AND DIRECTION TO STAFF

None

10. COUNCIL MEMBER REPORTS AND ANNOUNCEMENTS

- 10.1. Mayor - None
- 10.2. Mayor Pro Tem Balkum – None
- 10.3. Council Member Hoffman – None
- 10.4. Council Member McLendon – Reminded everyone of the Memorial Day event
- 10.5. Council Member Tucker – None
- 10.6. Council Member McNeal – Reported he would be participating in the Carry the Load event.

9. ADJOURN

There being no further business to discuss, Mayor Short adjourned the meeting at 7:28 p.m.

APPROVED:

Mayor Short

ATTEST:

Rochelle Green, City Secretary



CITY COUNCIL MEETING
City of McLendon-Chisholm, Texas
Workshop Minutes
June 3, 2023

The City Council of the City of McLendon-Chisholm convened in Workshop Session on Saturday, June 3, 2023, at City Hall, 1371 West FM 550, McLendon-Chisholm, Texas, with the following members present:

ATTENDING:	Adrienne Balkum	Mayor Pro Tem
	Jennifer Hoffman	Council Member
	Daniel Tucker	Council Member
	Floyd McLendon	Council Member
	Bryan McNeal	Council Member

ABSENT:	Keith Short	Mayor
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Staff Present:	Konrad Hildebrandt	City Administrator
	Shelly Green	City Secretary
	Jim Simmons	Fire Chief

1. INTRODUCTION/WELCOME

Mayor Pro Tem Balkum called the workshop to order at 8:30 a.m. Council Member McLendon offered the invocation and led the pledge of allegiance to the U.S. and Texas Flags.

2. MAYOR AND CITY COUNCIL VISIONS AND GOALS AS THEY RELATE TO FY 23 BUDGET AND BEYOND

Mayor Pro Tem Balkum, Council Member Tucker, Council Member McNeal, Council Member Hoffman, and Council Member McLendon each presented their visions and goals for the upcoming budget.

3. FIRE DEPARTMENT, CITY ATTORNEY, FINANCE DIRECTOR, IT-CYBER SECURITY, WEBSITE/SOCIAL MEDIA

Chief Simmons, City Attorney Hall, Finance Director Ray Smith, and IT-Cyber Security, My Computer Guy, Bill and Sheila Hair, presented their visions and goals.

4. CITY PLANNER, CITY ENGINEER, UTILITY BILLING/SEWER, BUILDING DEPARTMENT, CODE ENFORCEMENT/STREETS, HEALTH INSPECTOR/SEPTIC SYSTEMS

City Planner Mike Coker, Cameron Robinson with Inframark, and Kelly Stockburger, Health Inspector/Septic Systems were present to talk about their rolls with the City.

5. SUMMATION – OVERVIEW – BUDGET SCHEDULE

City Administrator Hildebrandt reviewed the discussions during the workshop and presented a tentative budget schedule.

6. ADJOURN

Mayor Pro Tem Balkum adjourned the meeting at 1:30 p.m.

APPROVED:

Mayor Pro Tem Balkum

ATTEST:

Rochelle Green, City Secretary



City of McLendon-Chisholm Staff Report

Date:

June 13, 2023

Agenda Item:

Discuss/Action – Plan Review and Building Inspection Services – Bid Selection

Fiscal Impact:

No added costs – utilize building inspection fees

Background:

The City of McLendon-Chisholm did not renew its long-term building inspector contract about 4 months ago. Multiple issues were the cause of this action.

The city immediately hired on an emergency need basis, Texas Compliance Solution (TCS) to step in and provide our building inspection needs. All staff interaction with this firm have been positive. TCS has done a positive job in providing this needed service to our building community. Two complaints that have been prevalent from the building community include TCS only working on Tuesdays and Fridays and wanting quicker and more frequent inspections. The other issue is that TCS does not have a Texas-certified plumbing inspector. The City has contracted out with Burgess Inspections to provide this service.

I have mentioned to the development community, TCS and potential other Building Inspection providers that the city council will evaluate this area and will make a longer-term decision in January 2023. We have been going through this process since the end of January 2023 and now have an apparent best qualitative and quantitative staff recommendation.

Options include the following:

1. **Stay status quo** and keep TCS and the current inspection services.
2. **Go out to bid** and evaluate additional building inspection companies – choose one.

3. **Bring the Building Inspection Process In-House.** Hire in house – A Chief Building Official – fully certified in all inspection areas. This would take an additional time period to hire and the cost of a truck and additional supplies. I also feel as development continues, an additional Building Inspector position needs to be added.
4. **Other – Hybrids** or other

Any of the four recommendations can be fully paid for in the building inspection fees. No additional costs.

The City Council met on March 28, 2023, and decided to **take option 2** – go out to full bid for the Building Inspection and Plan Review Services. Staff advertised the open bid and received six (6) bidders who submitted bid documents.

Through extensive review evaluating qualitative and quantitative factors, two members of staff and a former city council member completed this review and came up with the following recommendations:

1. Burgess BIS
2. Bureau Veritas
2. AOKA Engineering
2. Safebuilt
3. Texas Compliance Solution
3. Building Code Consulting

Proposed Motion:

I MOVE to have _____ as our next City Building Official and Plans Examiner and direct the City Administrator to finalize the working contract.

Staff Assigned: Konrad Hildebrandt, City Administrator



City of McLendon-Chisholm
Staff Report

Date: June 13, 2023

Agenda Item:

Review/Action - Setting the speed limit on Edwards Road to 35 MPH

Fiscal Impact: Cost of two (2) regulatory speed limit signs (in existing budget)

Background: The City of McLendon-Chisholm has recently discussed with Rockwall County Commissioner Dennis Bailey and Rockwall County Sheriff Terry Garrett on trying to enforce speeding on Edwards Road going SB/NB from League to FM 548/FM550 which is the portion of Edwards that is under our maintenance.

This action will reduce the pre-set 60 mph that is currently approved.

Proposed Motion: I MOVE to set the speed limit on NB Edwards Road from League to FM550 to 35 MPH.

Staff Assigned: Konrad Hildebrandt, City Administrator

RESOLUTION NO. 2023-06

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS, APPROVING THE TERMS AND CONDITIONS IN GENERAL OF A WATER SYSTEM ASSET TRANSFER AGREEMENT FROM RCH WATER SUPPLY CORPORATION AND AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE TERMS BENEFICIAL TO THE CITY FOR SAID AGREEMENT AND AUTHORIZING THE MAYOR TO EXECUTE SAID AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, RCH Water Supply Corporation (“RCH”) is a retail public utility and currently provides water service under Certificate of Convenience and Necessity No. 10087 (“CCN No. 10087”) to certain areas within Rockwall County, Texas, including McLendon-Chisholm; and

WHEREAS, RCH’s customers are located in the city limits and extraterritorial jurisdiction of the City of McLendon-Chisholm, Texas (“McLendon-Chisholm”); and

WHEREAS, RCH obtains treated water from Rockwall pursuant to a Wholesale Water Contract, (the original contract, as amended, being hereinafter collectively referred to as the “Wholesale Contract”); and

WHEREAS, RCH no longer has any administrative employee, officer or agent to carry out its day-to-day operations and business affairs, including, but not limited to: repair and maintenance of its system, water meter reading, or water billing, and this has negatively impacted its ability to provide water service to the area and customers currently served by RCH; and

WHEREAS, McLendon-Chisholm desires the right to provide water service to the city limits and extraterritorial jurisdiction of McLendon-Chisholm (“Transfer Area”, which boundaries are attached as Exhibit “A”, and incorporated herein for all purposes); and

WHEREAS, until McLendon-Chisholm is ready, willing and able to design and construct facilities to extend and connect McLendon-Chisholm’s water system to RCH’s water system, McLendon-Chisholm will need to transport treated water from the North Texas Municipal Water District; and

WHEREAS, before the transfer of the RCH water system to McLendon-Chisholm may occur, the board members of RCH must vote to approve the transfer asset agreement and the Public Utility Commission of Texas (“PUC”) must approve the transfer of the system and customers to McLendon-Chisholm; and

WHEREAS, McLendon-Chisholm and RCH desire to define the expectations and responsibilities of both McLendon-Chisholm and RCH related to: (i) the acquisition by McLendon-Chisholm of the RCH water system and customers; and (ii) the division of the RCH water system; and

WHEREAS, the City Council for the City of McLendon-Chisholm believes this asset transfer agreement ("Agreement", attached hereto as Exhibit "B", and incorporated herein for all purposes by reference) is in the best interests of the citizens of the City and the extraterritorial jurisdiction of the City who are customers of RCH and approves the Agreement and authorizes the Mayor to execute said Agreement; and

WHEREAS, upon full review and consideration of the Agreement and all matters attendant and related thereto, the City Council finds that the acquisition by McLendon-Chisholm of the RCH water system and customers and the Agreement will accomplish a public purpose and is in the best interest of McLendon-Chisholm and its citizens; and

WHEREAS, RCH, in accordance with this Agreement desires to convey Assets, as hereafter defined, to McLendon-Chisholm, and McLendon-Chisholm desires to acquire the Assets and assume the Liabilities (as hereafter defined in the Agreement) of RCH; and

WHEREAS, McLendon-Chisholm is capable of providing continuous and adequate service to consumers under applicable codes and regulations without unreasonable or unduly burdensome financial impact on McLendon-Chisholm or McLendon-Chisholm's current and future customers; and

WHEREAS, RCH and McLendon-Chisholm acknowledge that, upon the Closing (herein defined), the customers of RCH will become the customers of McLendon-Chisholm; and

WHEREAS, RCH and McLendon-Chisholm acknowledge their intention to fully comply with the provisions of Chapter 13 of the Texas Water Code, as applicable, and the corresponding Texas Public Utility Commission ("PUC") regulations concerning the subject matter of this Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS:

SECTION 1. The City Council approves in general and adopts the attached Exhibit "B", and further authorizes the Mayor to execute same and City Administrator to continue to negotiate terms of the attached Agreement for the betterment of the City and its citizens.

SECTION 2. The Recitals to this Resolution are incorporated herein by reference as if fully recited.

SECTION 3. This resolution shall become effective immediately from and after its passage, and it is accordingly so resolved.

SECTION 4. The City Council hereby approves the acquisition by McLendon-Chisholm of the RCH water system and customers, and authorizes the City Administrator to: (i) execute and file with the PUC a Sale, Transfer or Merger Application relating to the acquisition and transfer of the RCH water system and customers to McLendon-Chisholm; and (ii) take all other actions and execute all other documents necessary or requested to complete the acquisition and transfer of the RCH water system and customers to McLendon-Chisholm including, but not limited to, an Interim Management Agreement and Water System Asset Transfer Agreement with RCH and any other petition which may be filed as authorized by Chapter 13 of the Texas Water Code.

DULY PASSED by the City Council of the City of McLendon-Chisholm, Texas, on the 24th day of May 2023.

ATTEST:



Rochelle Green, City Secretary

APPROVED:



Keith Short, Mayor



EXHIBIT "B"

WATER SYSTEM ASSET TRANSFER AGREEMENT

THIS WATER SYSTEM ASSET TRANSFER AGREEMENT ("Agreement") is made and entered into by and between **RCH WATER SUPPLY CORPORATION**, a Texas non-profit water supply corporation ("RCH"), and **THE CITY OF MCLENDON-CHISHOLM**, a home rule municipality in the State of Texas ("McLendon-Chisholm").

RECITALS:

A. RCH is a retail public utility and currently provides water service under Certificate of Convenience and Necessity No. 10087 ("CCN No. 10087") to certain areas within Rockwall County, Texas, including McLendon-Chisholm;

B. RCH was incorporated in 1961 for the purposes of providing a reliable and safe source of drinking water to the rural community in Rockwall County;

C. Originally funded by loans from the Farmers Home Administration, RCH developed a water supply system that currently serves ___ customers, and operates and maintains that system as required by the Texas Commission on Environmental Quality ("TCEQ") and the Public Utility Commission of Texas ("PUC), fulfilling RCH's original purpose;

D. Rockwall County is currently experiencing substantial growth and development, including in McLendon-Chisholm and RCH's water service area, and this growth and development requires urban-type services, including water and wastewater services;

E. RCH and McLendon-Chisholm agree that having a single water and wastewater provider is in the best interest of the growing community, and that cities, like McLendon-Chisholm, are in a better position to meet the water and wastewater needs of the community;

F. On _____, RCH held an election of its members in accordance with the requirements of Texas Business Organizations Code Chapter 22 and Texas Water Code Chapter 67, and the members, by majority vote, approved the transfer of RCH's Assets to McLendon-Chisholm and the dissolution of RCH;

G. RCH, in accordance with this Agreement desires to convey Assets, as hereafter defined, to McLendon-Chisholm, and McLendon-Chisholm desires to acquire the Assets and assume the Liabilities (as hereafter defined) of RCH;

H. McLendon-Chisholm is capable of providing continuous and adequate service to consumers under applicable codes and regulations without unreasonable or unduly burdensome financial impact on McLendon-Chisholm or McLendon-Chisholm's current and future customers;

I. RCH and McLendon-Chisholm acknowledge that, upon the Closing (herein defined), the customers of RCH will become the customers of McLendon-Chisholm; and

J. RCH and McLendon-Chisholm acknowledge their intention to fully comply with the provisions of Chapter 13 of the Texas Water Code, as applicable, and the corresponding Texas Public Utility Commission ("PUC") regulations concerning the subject matter of this Agreement.

AGREEMENT:

NOW, THEREFORE, the foregoing recitals are incorporated herein and constitute material terms of this Agreement, and for good and valuable consideration and the mutual promises and covenants herein expressed, the receipt and sufficiency of which is hereby acknowledged, RCH and McLendon-Chisholm contract, covenant and agree as follows:

I **Assets to be Conveyed**

RCH, in accordance with this Agreement, shall convey and McLendon-Chisholm shall acquire the following assets, hereafter collectively referred to as the "Assets":

1.1 **Utility System.** The retail public utility and water system (the "Utility System") designated by the Texas Commission on Environmental Quality ("TCEQ") as Public Water System I.D. No. 1990012 and the certificated service area defined by CCN No. 10087.

1.2 **Land.** All right, title and interest to the real property listed in Exhibit "A" attached hereto, including RCH's interest in any and all security agreements or deeds of trust and leases, hereafter collectively referred to as the "Land".

1.3 **Improvements.** All right, title and interest of RCH in and to the improvements affixed to and located on the Land which are owned by RCH, including, without limitation, (i) any buildings and other improvements, located on the Land, water wells, storage tanks, pressure tanks, pumps and controls connected to the storage tanks, and service lines and pipes located on the Land, and (ii) all those items specifically listed on Exhibit "B" attached hereto and made a part hereof (collectively, the "Improvements").

1.4 **Property Rights.** All right, title and interest of RCH in and to any land lying in the bed or right of way of any alley, street, road or access way, opened or proposed, in front of, at a side of or adjoining the Land to the centerline thereof ("Adjacent Property Rights").

1.5 **Easements and Appurtenances.** All rights, privileges, and easements, including public utility and pipeline easements, which are owned by or benefit RCH, whether obtained by formal grant, dedication or prescription, and any interest and rights of RCH in other easements, rights-of-way or appurtenances arising or used in connection with the Utility System, whether appurtenant to the Land or in gross, including but not limited to, RCH's rights and/or access easements used to access the water lines and meters on land owned by customers

of RCH, and any other such access rights and sanitary control easements in favor of RCH (the “Appurtenances”).

1.6 **Groundwater.** All right, title and interest of RCH in and to all of the underground water, percolating water, artesian water, and any other water from any and all reservoirs, formations, depths, and horizons beneath the surface of the earth, excluding underflow or flow in a defined subterranean channel (collectively, the “Groundwater”), now or in the future located in, on, or under the Land, together with all associated rights related to the Groundwater, including, without limitation, the right to capture, explore for, drill for, develop, withdraw, produce, transport, and/or otherwise beneficially use such Groundwater, and the right to use the surface of the Land for the exercise of such rights, including the right to ingress and egress, and all permits, licenses, or other governmental authorizations relating to any of the foregoing, including rights under any permit issued by any applicable groundwater conservation district, together with any leases, reservations, or other legal entitlements of RCH that allow the holder to produce Groundwater in Rockwall County for the purpose of supplying a public water system.

1.7 **Tangible Personal Property.** All of RCH’s right, title, and interest in and to items of furniture, fixtures, equipment, machinery, supplies, and other items of tangible personal property owned or leased, used or held for use by RCH and affixed, attached to, placed, or located on the Land or used by RCH in connection with the ownership, operation, and/or maintenance of the Utility System, including, without limitation, all facilities, water lines, distribution lines, tanks, pumps, pipes, fittings, treatment equipment, meters, ground and elevated storage, water in all facilities and in storage, tools, vehicles, trailers, fuel tanks, fences, fill dirt and clay, copies of records (which shall include, without limitation, bills, employment and customer files, operational records, and insurance records), permits, materials and supplies, and inventories (which shall include, without limitation, those items identified on Exhibit “C” attached hereto and made a part hereof) (collectively, the “Tangible Personal Property”).

1.8 **Intangibles.** With the exception of the Intangibles to be excluded that are listed on Exhibit “C”, and to the extent assignable, all of RCH’s rights, title, and interest in and to (i) all plans, drawings, specifications, surveys, engineering reports, and other materials related to the Land and/or the Utility System, which are conveyed without representation or warranty as to the information or conclusions set out therein; (ii) warranties and guaranties related to the Improvements and the Tangible Personal Property; (iii) licenses, permits, franchises, approvals, and any other development rights and benefits relating to the Land, including, without limitation, all correspondence, permits, CCN, and reports to or from the PUC related to the Utility System; and (iv) all software and intellectual property rights, as well as rights under any insurance policies, including, without limitation, automobile, property, or liability insurance, and all of RCH’s rights and interest under any claims, causes of action, and judgments (collectively, the “Intangibles”) which shall include, without limitation, those Intangibles also listed on Exhibit “C”.

1.9 **Deposits and Monies.** All of RCH’s right, title and interest on the Closing Date in monies and customer security deposits, if any, with accrued statutory interest, excluding the Membership Fee (herein so called) listed on Schedule “1” attached hereto, held by RCH or in

RCH accounts held at a bank or other financial institution (collectively, the “Deposits”). RCH shall be responsible for returning the Membership Fees to the appropriate members and McLendon-Chisholm shall have no responsibility or liability with regard to the Membership Fees. This provision, as it relates to the Membership Fees, shall survive Closing, as that term is hereafter defined.

1.10 **Contractual Rights**. All rights, obligations, and interests in RCH’s contractual rights and liens, to the extent those rights and obligations are assigned to McLendon-Chisholm as provided by this Section 1.10.

1.10.1 RCH represents that Exhibit “D” contains a complete list of RCH’s contracts relating to the ownership, operation, maintenance, repair and billing related to the Utility System, provided this Section 1.10 does not include contracts with customers for retail water service. RCH further represents that Exhibit “D” is true and correct list of all written contracts that may be described by this Section 1.10.

1.10.2. RCH and McLendon-Chisholm shall cooperate during the Review Period to determine which contracts, if any, listed in Exhibit “D” will be assigned to McLendon-Chisholm. To the extent any contracts listed in Exhibit “D” that are related to the Utility System and are terminable at will, or otherwise terminable without causing a breach by RCH, RCH shall, at McLendon-Chisholm’s request, terminate any or all of such contracts simultaneously with the Closing. McLendon-Chisholm may, but is not obligated to, accept the assignment or partial assignment of any contracts listed in Exhibit “D” that are related to the Utility System not otherwise terminated (collectively, “Transferred Contracts”).

II. **Consideration**

2.1. As consideration for the acquisition of the Assets, McLendon-Chisholm will assume all of RCH’s liabilities and pay all debts of RCH (collectively, the “Liabilities”), perform all obligations of RCH, and will provide water service for the service area of RCH (collectively, the “Consideration”). The Liabilities are listed in Exhibit “E” of this Agreement. RCH hereby acknowledges and agrees the sufficiency of the Consideration and that the payment and assumption of Liabilities and assumption of service obligations for RCH’s customers is a fair and equitable benefit received. This Section II shall survive Closing, as that term is hereafter defined.

III. **Representations, Warranties, and Covenants**

RCH and McLendon-Chisholm represent and warrant to the following, which representations and warranties shall be true and accurate as of the Effective Date (as hereafter defined):

3.1 **RCH’s Representations and Warranties**. For purposes of inducing McLendon-Chisholm to enter into this Agreement and to accept conveyance of the Assets, and subject to all

other terms and conditions of this Agreement, RCH represents and warrants to McLendon-Chisholm the following, which representations and warranties shall be true and accurate as of the Effective Date through the Closing:

3.1.1 Except for the Transferred Contracts, RCH has not entered into any contract, license, or lease relating to the use or possession of the Utility System including the Assets, which will be binding on McLendon-Chisholm;

3.1.2 RCH has received no written notice of any pending or threatened litigation, condemnation or similar proceeding against RCH, or of any charge or special assessment affecting any of the Assets or any part thereof. RCH shall promptly advise McLendon-Chisholm of any litigation, condemnation or assessments affecting the Assets which is instituted or threatened after the Effective Date;

3.1.3 RCH has received no written notice from any insurance company which has issued a policy with respect to any portion of Land or any of the Assets, or from any Board of Fire Underwriters (or other body exercising similar functions) claiming any defects or deficiencies or requesting the performance of any repairs, replacements, alterations, or other work which have not been complied with. RCH shall promptly advise McLendon-Chisholm of any such notice received by RCH after the Effective Date;

3.1.4 RCH has received no written notices of any civil or criminal suits, or other judicial proceedings or judgments affecting the Assets and no civil or criminal suits, or other judicial proceedings or judgments affecting the Assets are pending. RCH has received no written notice of violations, or other administrative proceedings or judgments relating to the violation of any laws, ordinances, regulations, codes, orders or other requirements affecting the Assets, including but not limited to written notices from the TCEQ, the United States Environmental Protection Agency, or the PUC, for which the violations or other administrative proceedings remain unresolved. RCH shall promptly advise McLendon-Chisholm of any such notice, suits or other proceedings or judgments; or of any written notice from TCEQ, PUC, or any other third party that any violation, action, or proceeding is pending or threatened that questions the validity or enforceability of this Agreement or any action taken or to be taken pursuant hereto which come to RCH's knowledge after the Effective Date;

3.1.5 Except for any portions of the Utility System located in a public right-of-way and otherwise provided by this Section 3.1.5, RCH is the owner of, lessee, or licensee of all easements, rights-of-way, or appurtenances listed in Exhibit A of this Agreement;

3.1.6 RCH has all requisite power, authority, authorization and consents necessary to make, execute, deliver and perform this Agreement and all instruments and agreements contemplated hereby and obtain any and all required approvals to perform its obligations hereunder and to consummate the transactions contemplated hereby;

3.1.7 The execution, transaction, delivery and performance of this Agreement by RCH and the consummation by RCH of the transaction contemplated hereby has been duly authorized and approved by the governing board of directors of RCH and no other action on the

part of RCH is necessary to authorize the execution, delivery and performance of this Agreement by RCH or the consummation of this transaction contemplated hereby;

3.1.8 This Agreement has been duly executed and delivered by RCH and is a valid and binding obligation of RCH subject to applicable law;

3.1.9 The persons signing this Agreement on behalf of RCH are authorized to do so;

3.1.10 RCH has not knowingly stored, disposed of, or permitted the release or threatened release of any hazardous substances or hazardous wastes on, from, or under the Land in violation of law (for purposes of this Agreement, the terms "disposal," "release," "threatened release," "hazardous substances," and "hazardous wastes" shall have the definitions assigned thereto by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq., as amended);

3.1.11 RCH has received no notice of a condition existing with respect to the Assets that violates any restrictive covenant, or any city, county, state or federal regulation, ordinance or statute, including the violation of any zoning ordinance or use restriction;

3.1.12 RCH is not aware of any underground storage tanks located on the Land or of any underground storage tanks previously located on the Land and subsequently removed and filled;

3.1.13 RCH has not conveyed to any person or entity other than McLendon-Chisholm any rights in, or any rights to acquire any interest in any of the Assets;

3.1.14 RCH is not aware of any previous use of the Land as a dump site or landfill;

3.1.15 There are no leases relating to the Land and there are no contracts relating to the Assets, including but not limited to, service, maintenance, supply and/or employment contracts, other than the Transferred Contracts and those contracts that will be canceled on or before Closing, and all sums due pursuant to any such contracts will be paid by RCH on or before Closing;

3.1.16 RCH shall convey to McLendon-Chisholm at Closing the Assets subject to the terms of this Agreement;

3.1.17 RCH has not defaulted under any promissory note, deed of trust, loan or other type of indebtedness or under any contract or committed any act that with the passage of time or giving of notice would result in a default under any indebtedness or contract;

3.1.18 RCH represents that there are no liens on the Assets or revenues of the Utility System; and

3.1.19 As of the date of Closing, Utility System is fully operational, is in full compliance with all regulatory requirements, and that it has provided McLendon-Chisholm with copies of all documentation related to the history of regulatory compliance of the Utility System.

By executing and delivering the documents listed in this Agreement, RCH shall be deemed to have made all of the foregoing representations and warranties as of the Closing Date. Should any of the foregoing representations and warranties be found to be incorrect on or prior to Closing, RCH shall notify McLendon-Chisholm and use all reasonable efforts to cure same by Closing; provided, however, in no event shall RCH be required to incur any costs or expenses in connection with its cure of same. If RCH is unable to cure same by Closing, at McLendon-Chisholm's option, Closing shall be postponed until five (5) business days following McLendon-Chisholm's receipt of proof satisfactory to McLendon-Chisholm that such matters have been cured. Provided, however, if RCH is unable despite reasonable efforts to cure same within ten (10) business days after the originally scheduled Closing Date, McLendon-Chisholm shall have the right to either waive same and proceed to Closing, or terminate this Agreement upon written notice to RCH.

3.2 **RCH's Covenants.** RCH covenants and agrees with McLendon-Chisholm that from and after the Effective Date through the Closing Date:

3.2.1 Upon obtaining knowledge of the institution of any proceedings for the condemnation of the Land or Assets or any associated easements, or any portion thereof, or any other proceedings arising out of injury or damage to the Land or Assets, or both, or any portion thereof, RCH will notify McLendon-Chisholm of the pendency of such proceedings as soon as reasonably possible thereafter;

3.2.2 Upon obtaining knowledge of the institution of any litigation, arbitration or administrative hearing concerning or affecting the Assets, RCH will notify McLendon-Chisholm of the pendency of such proceedings as soon as reasonably possible thereafter;

3.2.3 RCH will not encumber the Assets or allow any encumbrance upon title to the Assets that will not be released at or prior to Closing;

3.2.4 RCH will maintain the Assets, including the Land, the Improvements and Tangible Personal Property, in its current conditions reasonable wear, tear and casualty loss or condemnation loss excepted;

3.2.5 RCH will continue to operate its Utility System business, generally, in the manner it has operated its Utility System business in the past;

3.2.6 RCH will obtain all necessary approvals for the authority, authorization and consents necessary to make, execute, deliver and perform this Agreement and all instruments and agreements contemplated hereby;

3.2.7 RCH will not enter into any contracts with respect to the Assets or the Utility System which will obligate McLendon-Chisholm after Closing;

3.2.8 RCH will not intentionally take or omit to take any action that would have the effect of violating any of the representations, warranties, covenants and agreements of RCH contained in this Agreement;

3.2.9 RCH will maintain all casualty and liability as well as fire and extended property insurance policies currently covering the Assets or any part thereof in full force and effect;

3.2.10 Effective as of the Closing Date, RCH will terminate all leases and contracts, except the Transferred Contracts, relating to the Assets unless RCH and McLendon-Chisholm otherwise mutually agree in writing prior to the Closing Date that certain of such leases or contracts, if any, will not be so terminated; and

3.2.11 If any liens are placed on the Assets or revenues, RCH shall work to remove any liens on the Assets or revenues. To the extent RCH is not able to remove liens, McLendon-Chisholm, at its sole election, may (1) waive this requirement and proceed to Closing, or (2) terminate this Agreement.

3.3 McLendon-Chisholm's Representations and Warranties. McLendon-Chisholm represents and warrants to RCH the following, which representations and warranties shall be true and accurate as of the Effective Date:

3.3.1 McLendon-Chisholm is a municipal corporation;

3.3.2 McLendon-Chisholm has full power and authority to make, execute, deliver and perform this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby;

3.3.3 The execution, delivery and performance of this Agreement by McLendon-Chisholm and the consummation by it of the transaction contemplated hereby, has been duly authorized and approved by all required action of McLendon-Chisholm and no other action on the part of McLendon-Chisholm is necessary to authorize the execution, delivery and performance of this Agreement by McLendon-Chisholm and the consummation of the transaction contemplated hereby;

3.3.4 To McLendon-Chisholm's knowledge, neither the execution, delivery or performance of this Agreement by McLendon-Chisholm, nor compliance with the terms and provisions hereof, will result in any breach of the terms, conditions or provisions of, or conflict with or constitute a default under the terms of any note, agreement or other instrument by which McLendon-Chisholm is bound;

3.3.5 To McLendon-Chisholm's knowledge, McLendon-Chisholm has received no written notice that any action or proceeding is pending or threatened that questions the validity of this Agreement or any action taken or to be taken pursuant hereto; and

3.3.6 This Agreement has been duly executed and delivered by McLendon-Chisholm and is a valid and binding obligation of McLendon-Chisholm subject to applicable law.

3.4. The representations, warranties, and covenants in Section 3.1 shall survive Closing for a period of two (2) years from the date of Closing.

IV.

Review Period and Right to Inspect

4.1 McLendon-Chisholm's Right to Inspect. Within fourteen (14) days after the Effective Date, RCH shall make available for reasonable inspection and copying by McLendon-Chisholm, at RCH's office during regular business hours, the following, to the extent in RCH's control or possession and to the extent not already delivered to McLendon-Chisholm:

4.1.1 All environmental reports, structural reports, engineering reports, soils tests results, evaluations, maps, traffic studies, flood control plans, drainage plans, and any and all other reports, studies or the like relating to the Assets;

4.1.2 All notices from any governmental agencies affecting the Utility System or the Land;

4.1.3 All current licenses, permits and other governmental licenses or approvals relating to the Utility System;

4.1.4 All surveys, title records, title documents (including any title insurance policies), debt instruments, liens, insurance policies, contracts, easement documents, and deeds;

4.1.5 Any engineering reports and plans and specifications relating to the Assets; provided, however, all such reports are delivered without representation or warranty as to the content;

4.1.6 True copies of any leases and contracts relating to the Assets, including but not limited to the contracts listed in Exhibit "D", and copies, if any, of any documents or records related to any beneficial interests, including but not limited to, security agreements, deeds of trusts, promissory notes or leases held by RCH;

4.1.7 A list of all customers of RCH, the current accounts receivable for such customers, and the amount of each customer's deposit, if any, with accrued statutory interest, together with copies of statements for all deposit accounts held by RCH;

4.1.8 Copies of all insurance policies and financial instruments related to the Utility System, Assets, or RCH; and

4.1.9 Copies of all warranties and guaranties related to the Assets.

4.2 Review Period. At any time from and after the Effective Date, McLendon-Chisholm its agents, employees, consultants, or invitees shall have the right, at its sole cost, to order title work to obtain title policies insuring the title to the Land, to order surveys or inspections,

and enter upon the Land during normal business hours and upon reasonable advance notice to RCH to inspect the Land or to conduct feasibility studies regarding the Assets, and shall have the further right to access those portions of the Utility System located on property other than the Land, if any, (but only to the extent authorized by that landowner) to conduct feasibility studies. McLendon-Chisholm, its agents, employees, consultants and invitees shall have such right of entry only during normal business hours and upon reasonable advance notice to RCH for purposes of conducting all such studies, inspections, tests and examinations deemed necessary by McLendon-Chisholm. All said studies, tests, inspections and examinations (collectively, the "Reports") shall be at McLendon-Chisholm's expense. McLendon-Chisholm shall provide RCH a copy of the Reports but failure to provide such copies to RCH shall not be considered a default under this Agreement. As used herein, the "Review Period" shall mean the period commencing on the Effective Date and ending on the date McLendon-Chisholm files the Application, as that term is defined in Section 7.1, with the PUC. During the Review Period, and subject to approval of both parties, RCH or McLendon-Chisholm may substitute any of the exhibits listed in this Agreement.

4.3 McLendon-Chisholm's Right to Review Books. During the Review Period, RCH shall make available for reasonable inspection and copying by McLendon-Chisholm and McLendon-Chisholm's accountants and other representatives, at RCH's office during regular business hours, the books and records of RCH with respect to the operation of the Assets. All such copying costs shall be borne by McLendon-Chisholm.

4.4 McLendon-Chisholm's Title Commitment and Review. McLendon-Chisholm, within its sole discretion and at McLendon-Chisholm's sole expense, may procure within sixty (60) days after the Effective Date, a commitment for title insurance on any of the Assets that McLendon-Chisholm desires. RCH shall not be required to provide an owner's policy for title insurance for any portions of the Assets, but RCH shall otherwise cooperate with McLendon-Chisholm in the review by McLendon-Chisholm of any title commitment applied for, or obtained by, McLendon-Chisholm. McLendon-Chisholm will have twenty (20) days after the receipt of the title commitment with respect to any particular portion of the Assets to review such title commitment and to deliver to RCH written notice by hand delivery or overnight delivery, receipt requested, of any objections to the matters set forth in such title commitment. Any items to which McLendon-Chisholm does not object with during this 20-day period will be deemed to be "Permitted Exceptions." As to items in the title commitment to which McLendon-Chisholm timely makes objections to in writing to RCH, RCH shall have a period of ten (10) days during which it may, but shall have no obligation to cooperate with McLendon-Chisholm to attempt to effectuate the cure of such objections such that RCH's covenants or representations in this Agreement are not false or misleading. At the end of the twenty (20) day period (if no objections are made by McLendon-Chisholm), or the ten (10) day period (if objections are made by McLendon-Chisholm), McLendon-Chisholm shall have the right, as its sole and exclusive remedies, to either terminate this Agreement, or waive such title objections and proceed to Closing.

4.5 Termination by McLendon-Chisholm. Except as otherwise provided in this Agreement, McLendon-Chisholm shall have the right to terminate this Agreement for any reason prior to date of a Determination Notice (herein defined) by providing written notice to RCH, and all rights and obligations hereunder shall terminate, except those expressly providing otherwise.

V.
Remedies

5.1 RCH's Remedies. In the event McLendon-Chisholm (i) fails or refuses to consummate the acquisition of the Assets pursuant to this Agreement at the Closing, (ii) fails to perform any of McLendon-Chisholm's other obligations hereunder either prior to or at the Closing for any reason other than the breach of any of RCH's representations, warranties or covenants, or other failure by RCH to perform its obligations hereunder, or (iii) otherwise breaches this Agreement, RCH shall be entitled as its sole and exclusive remedy to: (a) terminate this Agreement by giving McLendon-Chisholm timely written notice of such election prior to Closing or (b) waive the default and close the transfer of the Assets pursuant to the terms hereof.

5.2 McLendon-Chisholm's Remedies. In the event RCH (i) fails or refuses to consummate the conveyance of the Assets pursuant to this Agreement at Closing, (ii) fails to perform any of RCH's other obligations hereunder either prior to or at the Closing for any reason other than the breach of any of McLendon-Chisholm's representations, warranties or covenants or McLendon-Chisholm's failure to perform its obligations hereunder, or (iii) otherwise breaches the Agreement, McLendon-Chisholm shall be entitled as its sole remedy to either: (a) terminate this Agreement by giving RCH timely written notice of such election prior to Closing or (b) waive the default and close the transfer of the Assets pursuant to the terms hereof.

VI.
Closing

6.1 Closing Date. The Closing (herein so called) shall be held at a location that may be mutually agreed upon by RCH and McLendon-Chisholm on the date ("Closing Date") which shall be no later than sixty (60) days following receipt of a Determination Notice (hereafter defined). RCH and McLendon-Chisholm acknowledge that the Closing cannot occur before 120 days from the date the application is declared administratively complete by the PUC pursuant to Texas Water Code § 13.301, unless approved by the PUC to close earlier.

6.2 Closing Matters.

6.2.1 At Closing, RCH shall:

- (a) Deliver all keys to the Assets to McLendon-Chisholm;
- (b) Deliver control of the Assets to McLendon-Chisholm;
- (c) Deliver control of the equipment or other Tangible Personal Property, if any, listed as part of the Tangible and Intangible Personal Property on Exhibit "C" to McLendon-Chisholm;
- (d) Deliver an updated list of all customers of RCH, the service address for each customer, a final meter reading for, or a meter reading associated with the last bill sent by RCH to, each customer, the accounts receivable for such customers, and the amount of each

customer's deposit, with accrued statutory interest, certified by RCH to be true and correct as of the day immediately preceding Closing;

(e) Deliver to McLendon-Chisholm evidence of payment of all bills by RCH;

(f) Grant to McLendon-Chisholm the authority to provide the necessary consents of RCH to PUC with respect to the proposed maps, certificates, and the recommendation for approval and issuance or decertification of the CCN, and authorize the PUC to effectuate the transfer of the Utility System upon receipt of McLendon-Chisholm's signed consent form without the further involvement of RCH, including without limitation executing all necessary consent documents on behalf of RCH; and

(g) Deliver consents to assignment and assignment of any Transferred Contract listed in Exhibit "D" to which McLendon-Chisholm has agreed to accept assignment.

6.2.2 At Closing, RCH shall execute, deliver, and acknowledge the following documents:

(a) A copy of an Affidavit of Closing, in substantially the form attached hereto as Exhibit "F", and any and all documents which McLendon-Chisholm may reasonably request after the Closing to evidence the consent and agreement of RCH for decertification of its service area and certification of the service area to McLendon-Chisholm. The agreement set forth in the preceding sentence shall survive the Closing. RCH shall file the Affidavit of Closing with the PUC in accordance with Section 7.1 of this Agreement;

(b) A Contract Closing Certification, in substantially the form attached hereto as Exhibit "G", which shall include the certification of records and the certification of correspondence, as well as the Engineering Certificate, attached hereto as Exhibit "F-1".

(c) A Special Warranty Deed and Assignment of Easements, conveying the Land, Appurtenances, easements, Adjacent Property Rights, and any Improvements, in substantially the form attached hereto as Exhibit "H"; and

(d) A Bill of Sale and Assignment of Easements, conveying Tangible Personal Property, Intangibles, Deposits, and Contractual Rights, in substantially the form attached hereto as Exhibit "I".

6.2.3 At Closing, McLendon-Chisholm shall:

(a) Deliver reasonable evidence of McLendon-Chisholm's capacity and authority for the Closing of this transaction;

(b) Provide written acknowledgement and acceptance, without conditions, of RCH's assignment of the Transferred Contracts; and

- (c) Execute any and all documents reasonably necessary.

6.2.4 At Closing, RCH shall:

- (a) Pay all special taxes or assessments, if any, assessed prior to the Closing Date;
- (b) Transfer all revenues for water utility services and Deposits to McLendon-Chisholm; and
- (c) Provide all copies of the last billing statement paid for each utility meter, copies of tax assessments (if any), and statements of any other recurring expenses of RCH.

6.3 Winding Up and Termination of RCH. RCH shall comply with all applicable winding-up procedures as provided for by the Corporate Documents and the Texas Business Organizations Code (“Code”), including but not limited to Section 11.051 of the Code. McLendon-Chisholm shall assist RCH with the termination of RCH as an entity, including the preparation and filing of the Certificate of Termination and any other documents necessary to transfer the Assets and dissolve RCH as an entity and to pay reasonable and necessary professional fees and costs incurred therewith. RCH acknowledges that, in accordance with Section 11.356 of the Code, after the Certificate of Termination is filed, RCH will continue to exist for settling affairs of RCH not completed before Closing and that, in accordance with Section 11.357, the persons currently governing RCH will continue to have powers necessary to complete any winding up of RCH not finalized at Closing. RCH and McLendon-Chisholm covenant and agree to work with each other with regard to all matters related to the winding up of RCH. RCH hereby appoints the President of RCH, or his designee, as a representative of RCH, who can be contacted at the address and telephone number set forth in Section 8.4 below to be the contact person for all matters arising after Closing. RCH agrees to start the process to windup RCH within thirty (30) days after the Closing and to file the Certificate of Termination and any other documents necessary to transfer the Assets and dissolve RCH as an entity within six (6) months after the Closing. This deadline may be extended upon written consent by McLendon-Chisholm, which shall not be unreasonably withheld. Notwithstanding any provision in this Agreement or any closing document to the contrary, these provisions of this Section 6.3 shall survive Closing.

VII.
Conditions Precedent

7.1 PUC Determination.

7.1.1 Notwithstanding anything in this Agreement to the contrary, the obligations of RCH and McLendon-Chisholm to consummate the transaction contemplated by this Agreement shall be subject to and specifically conditioned upon receipt of the written determination (“Determination Notice”) by the PUC that authorizes the transaction contemplated herein to close in accordance with this Agreement. RCH and McLendon-Chisholm each acknowledge that this purchase and sale transaction must comply with the requirements of Texas Water Code § 13.301

and, therefore, cannot be completed prior to the Determination Notice. McLendon-Chisholm agrees, at McLendon-Chisholm's expense, to file with the PUC an Application for Sale, Transfer or Merger of a Retail Public Utility ("Application") as soon as reasonably possible after the Effective Date of this Agreement, and RCH and McLendon-Chisholm agree to cooperate in connection with completing the Application and further agree to support the PUC approval of the Application. The Parties hereby acknowledge that McLendon-Chisholm will not file the Application with the PUC unless and until McLendon-Chisholm ____ [secured NTMWD's approval of an assignment of water supply contract] _____. In this regard, RCH acknowledges that after receipt of the Determination Notice and within 30 days after the Closing Date, McLendon-Chisholm must file with PUC documents evidencing that the purchase and sale transaction contemplated by this Agreement is final and that support the disposition of customer security deposits, if any. Following receipt by PUC of these documents evidencing completion of the transaction contemplated by this Agreement and disposition of customer security deposits, PUC will prepare a proposed map, certificate, and recommendation for both RCH and McLendon-Chisholm to review and consent to before submitting the map, certificate, and recommendation to the PUC for approval and issuance of the CCN. The consent must be received by PUC in order for the PUC to approve the CCN transfer. If the Parties have not received the Determination Notice within eighteen (18) months of the Effective Date, if the Application is contested, or if the PUC denies the Application and such decision is final and non-appealable, either RCH or McLendon-Chisholm may at any time terminate this Agreement upon ten (10) days' written notice of the other party and neither party shall thereafter have any further rights, liabilities, or obligations hereunder. If PUC requires a hearing and neither RCH nor McLendon-Chisholm terminate this Agreement, this condition precedent provided for herein shall not be satisfied until after PUC enters final, appealable order(s) necessary for the transaction contemplated herein.

VIII.

Miscellaneous

8.1 Entire Agreement. The Agreement together with the Contract Closing Certification constitute the entire agreement of the parties hereto as to the subject matter hereof and shall supersede any and all prior agreements and understandings of the parties hereto, whether oral or written. If there is any conflict between this Agreement and the Contract Closing Certification, this Agreement shall control. This Agreement can be amended or modified only by written agreement executed by RCH and McLendon-Chisholm.

8.2 Binding. This Agreement, and the terms, covenants, and conditions herein contained, shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of each of the parties hereto. Neither RCH nor McLendon-Chisholm may assign its respective rights under this Agreement without the other party's prior written consent.

8.3 Effective Date. The term "Effective Date" as used in this Agreement shall be the date on which this Agreement is executed by the last to sign of RCH and McLendon-Chisholm.

8.4 Notice. Any notice required or permitted hereunder shall be in writing and shall be deemed to be delivered on the date received if delivered by hand to the address shown below for RCH or McLendon-Chisholm, as appropriate, or such notice shall, if deposited in the mail, be

deemed to be delivered, whether actually received or not, on the third business day after having been deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to RCH or McLendon-Chisholm, as appropriate, at the address shown below. The addresses for RCH and McLendon-Chisholm for all purposes under this Agreement shall be the following:

If to RCH:

RCH Water Supply Corporation
Attn: President

Mail Delivery

Hand Delivery

Phone:
FAX:

With simultaneous copy to:

If to McLendon-Chisholm:

City of McLendon-Chisholm, Texas
Attn: City Administrator

Phone:

And

City of McLendon-Chisholm, Texas
Attn: City Attorney
Phone:

With a simultaneous copy to: Bickerstaff Heath Delgado Acosta LLP

Attn: Emily W. Rogers
3711 S. MoPac Expressway
Building One, Suite 300
Austin, TX 78746
Phone: 512-472-8021
FAX: 512-320-5638

The parties hereto shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by at least five (5) days' written notice to the other party.

8.5 Time. Time is of the essence in all things pertaining to the performance of this Agreement.

8.6 Applicable Law; Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas. Any action in law or equity brought to enforce or interpret any provision of this Agreement shall be brought in a court of competent jurisdiction with venue in Rockwall County, Texas.

8.7 Counterparts, Faxes and PDFs. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. A telecopied facsimile or portable document format copy of an executed counterpart of this Agreement shall be sufficient to evidence the binding agreement of each party to the terms hereof. However, each party agrees to promptly deliver to the other party an original, duly executed counterpart of this Agreement.

8.8 Section Headings. The section headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several sections hereof.

8.9 Business Days. In the event that any date or any period provided for in this Agreement shall end on a Saturday, Sunday or legal holiday, the applicable period shall be extended to the first business day following such Saturday, Sunday or legal holiday. As used herein, the term "legal holiday" means any state or federal holiday for which financial institutions or post offices are generally closed in the State of Texas.

8.10 Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, administrative rule, regulation or finding, rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

8.11 Exhibits. All references to exhibits contained herein are references to exhibits attached hereto, all of which are made a part hereof. It is expressly understood that if any exhibit attached hereto which is to be executed and delivered at Closing contains blanks, the same shall be completed correctly and in accordance with the terms and provisions contained herein and as contemplated hereby prior to or at the time of execution and delivery thereof.

8.12 Negotiation by Counsel. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement, and agree that the normal rule of construction, to the effect that any ambiguities are to be resolved against the drafting party, shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

8.13 Modification; Assignment; and Benefit. This Agreement shall be subject to change or modification at any time, but only with the mutual, written consent of all of the Parties hereto. This Agreement shall not be assignable by either party hereto without the prior written consent of the other party hereto, such consent to not be unreasonably withheld, conditioned or delayed. This Agreement shall be for the sole and exclusive benefit of the Parties and third-party beneficiaries, if any, are hereby expressly disclaimed.

8.14 No Waiver. No waiver or waivers of any breach or default (or any breaches or defaults) by either party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind.

8.15 Further Assurances. Each signatory party agrees to execute and deliver any additional documents and instruments and to perform any additional acts necessary or appropriate to perform the terms, provisions, and conditions of this Agreement and all transactions contemplated by this Agreement, including but not limited to, acquiring easements or rights-of-way necessary to operate the Utility System, and to complete the contemplated transaction.

8.16 Legal Construction. Whenever context requires, the singular will include the plural and neuter include the masculine or feminine gender, and vice versa. Article and section headings in this Agreement are for reference only and are not intended to restrict or define the text of any section. This Agreement will not be construed more or less favorably between the parties by reason of authorship or origin of language.

IN WITNESS WHEREOF, this Agreement has been duly executed in multiple counterparts (each of which is to be deemed original for all purposes) by the parties hereto on the date appearing opposite each party's signature.

[Signatures on next pages]

RCH WATER SUPPLY CORPORATION

Date: _____, 2023

By: _____
_____, President

STATE OF TEXAS §
 §
COUNTY OF ROCKWALL §

BEFORE ME, the undersigned authority, on this day personally appeared _____, President of RCH Water Supply Corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the RCH WATER SUPPLY CORPORATION, and that he executed the same as the President of the RCH WATER SUPPLY CORPORATION for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, 2023.

Notary Public
The State of Texas

CITY OF MCLENDON-CHISHOLM, TEXAS

Date: _____, 2023

By: _____
Keith Short, Mayor

APPROVED AS TO FORM:

Michael Halla, City Attorney
City of McLendon-Chisholm, Texas

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Keith Short, City Manager of the City of McLendon-Chisholm, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the CITY OF MCLENDON-CHISHOLM, and that he executed the same as the act of the CITY OF MCLENDON-CHISHOLM for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the ____ day of _____, 2023.

Notary Public
The State of Texas

EXHIBIT "A"

LAND

EXHIBIT "B"
IMPROVEMENTS

EXHIBIT "C"

TANGIBLE PROPERTY AND INTANGIBLES

Tangible Property

[list vehicles and equipment][

Contents of _____ located at _____;
including all hand tools, pipes, fittings, clamps, dressers, shelving, cabinets, benches, etc.

Contents of Office located at _____;
including furniture, filing cabinets, shelving, tables, chairs, folding machine, printers, computers, server, office supplies, kitchen contents, etc. Customer files containing service agreements will also be included.

Contents of _____ located at _____;
including the chemical room and meter room, pipes, tools, etc. The LAS and Chlorine chemical bottles are rented from _____.

System Maps: All maps including as-builts and full system maps.

All documents and papers including corporate minute books, official records, and public information of any kind, whether in written or other form, member/customer lists, tariff, deeds and easements, usage reports, field operator reports, backflow reports, project files, purchase and sales records, personnel and independent contractor records, invoices, environmental control records, maintenance records, operating and management manuals, computer systems and software documentation, and forms.

Tangible property located on the three parcels of real estate owned by RCH Water Supply Corporation including all buildings, water storage tanks, generators, piping, equipment, etc. located in or on the property:

Entire water distribution system including water lines, pipes, clamps, fittings, meters, flush and fire hydrants, valves, and appurtenances.

All Deposits.

Intangible Property

Certificate of Convenience and Necessity (CCN) #10087 issued by the Public Utility Commission.

All right, title, and interest in and to all of the following assets owned by RCH Water Supply Corporation including the name "RCH Water Supply Corporation" and any variant of the name as well as all promotional designs, concepts, literature, advertising lay-outs, designs, and concepts.

All permits, licenses, franchises, consents, authorities, special authorities, and other similar acts of any government body (federal, state, local, or foreign) held by RCH Water Supply Corporation that may be lawfully assigned or transferred, subject to any action by such body that may be required in connection with such assignment or transfer.

Any all causes of action, uncollected receivables, refunds, customer security deposits, tax credits, franchise tax receipts, general intangibles and easements owned by RCH Water Supply Corporation.

SCADA Software
Software Serial #

Website:
Provider:
Domain name expires
Hosting contract expires

Federal Communications Commission (FCC) Registration #:

EXHIBIT "D"
CONTRACTUAL RIGHTS

EXHIBIT "E"

LIABILITIES

None

EXHIBIT "F"

AFFIDAVIT OF CLOSING

**TEXAS PUBLIC UTILITY COMMISSION
DOCKET NO. _____**

STATE OF TEXAS

COUNTY OF ROCKWALL

AFFIDAVIT OF CLOSING

BEFORE ME, the undersigned authority, on this day personally appeared _____, President of RCH Water Supply Corporation, a non-profit water supply corporation ("Seller"), personally known to me to be the person whose name is subscribed hereto and upon his/her oath depose and stated that:

"I am a citizen of the United States, of legal age, and have never been known by any other name than set out below; I am _____, President of RCH Water Supply Corporation, authorized agent of Seller, and am authorized to make this affidavit on its behalf.

Seller and City of McLendon-Chisholm ("Buyer") entered into that certain Water System Asset Transfer Agreement dated effective as of _____ ("Contract"), which provided for the sale and transfer to Buyer of Seller's water supply system, consisting of real property rights, easements, pipelines and related infrastructure and personal property as more fully described in the Contract (collectively the "Assets"), located within or to serve the area designated by the Commission under Water CCN No. 10087 ("Transfer Area").

Pursuant to the terms of the Contract the Seller has agreed that upon closing it will decertify and transfer the Transfer Area within its CCN No. 10087 to Buyer so that the area may be certificated to the Buyer in accordance with Chapter 13 of the Texas Water Code.

The sale and transfer to the Buyer of Seller's water supply system, the decertification of Seller's CCN No. 10087, and the transfer of the Transfer Area to Buyer shall be collectively referred to as the "Transfer."

In addition, after the receipt by the Public Utility Commission ("PUC") of the applicable closing documents, Seller understands that PUC staff will prepare proposed maps, certificates, and recommendations for both the Seller and the Buyer to review and approve before their submittal to the PUC for approval of the Transfer; provided, however, that Seller understands that it has the right to grant the Buyer the right to consent to the proposed maps, certificates and recommendations on behalf of the Seller.

The Seller hereby certifies that (i) as of the date hereof all of the water supply system and the Assets have been sold to Buyer in accordance with the terms of the Contract, (ii) Seller concurs with the Transfer under the applicable provisions of Chapter 13 of the Texas Water Code, (iii) Seller agrees that the PUC may take action to decertify the Transfer Area from Seller and certificate the Transfer Area to the Purchaser; and (iv) Seller has granted Buyer the authority to provide the necessary Seller's consent to PUC with respect to the proposed maps, certificates and the recommendation for decertification, and approval and issuance of any CCN necessary to effectuate the Transfer, and hereby authorizes the PUC to effectuate the Transfer upon receipt of Buyer's signed consent form without the further involvement of Seller, including, but not limited to, executing all necessary consent documents on behalf of the Seller.

Executed this _____ day of _____, 20__."

Brian, Andrews, Affiant

SUBSCRIBED AND SWORN TO before me on _____, 20__ by
_____, President of RCH Water Supply Corporation, on behalf of said corporation.

SEAL

Print name: _____

Notary Public for the State of Texas
Commission expires: _____

EXHIBIT "G"

CONTRACT CLOSING CERTIFICATION

Date: _____, 20____ (the
"Closing Date")

BEFORE ME, the undersigned authority, on this day personally appeared _____, President of RCH Water Supply Corporation, a Texas non-profit corporation ("Seller"), personally known to me to be the person whose name is subscribed hereto and upon his/her oath depose and state that:

I am of legal age, and have never been known by any other name than set out below; I am _____, President of Seller, and am authorized to make this affidavit on its behalf.

1. Seller and the City of McLendon-Chisholm ("Buyer") entered into that certain Water System Asset Transfer Agreement dated effective as of _____ 2023 ("Agreement"), which provided for the sale and transfer of Seller's water supply system, consisting of real property rights, easements, pipelines and related infrastructure and personal property as more fully described in the Agreement (collectively the "Assets"), located within or for the purpose of serving the area designated by the Public Utility Commission of Texas under Water CCN No. 10087.
2. Seller has performed its disclosure obligations under the Agreement by providing the Buyer records and other documents as set out in Article 4 of the Agreement.
3. Seller is the owner of the Assets and has not granted any rights or interests in Assets during the pendency of the Agreement, and there are no leases, contracts of sale, parties in possession, or other contracts for the use or purchase of Assets.
4. Seller has no improvements to the Assets that have not been fully paid for or that could give rise to any mechanic's and materialman's liens or adverse claims.
5. There are no unpaid debts, judgments, taxes, liens, or obligations affecting the Assets.
6. Except as listed on Exhibit "A" hereto, to Seller's knowledge, Seller has not received notice of any condemnation proceeding, proceeding arising out of injury or damage to the Assets, litigation, arbitration, or administrative hearing, adverse claim, violation of applicable law, notice of default, or other proceeding that could adversely affect the Assets.
7. Seller has complied with Seller's Covenants in Section 3.2 of the Agreement.
8. Seller acknowledges that this affidavit is made to induce Buyer to purchase the Assets.

9. To Seller's knowledge, as of the Closing Date, the representations and warranties set out in the Agreement are still true and correct and have not been breached.

10. Seller's engineer has provided an Engineering Certificate, attached hereto as Exhibit "B" to this affidavit.

11. Seller's representations, warranties, covenants, and other agreements set forth in this Contract Closing Certification shall merge on the closing of the transactions contemplated by the Agreement and shall have no further force and effect thereafter.

_____, President
RCH Water Supply Corporation

STATE OF TEXAS §
 §
COUNTY OF ROCKWALL §

SWORN AND SUBSCRIBED TO under oath by _____, President of RCH Water Supply Corporation, before the undersigned notary public in witness of which I place my hand and seal on this ____ day of _____, 20__.

SEAL

Print name: _____
Notary Public for the State of Texas

Commission expires: _____

Exhibit “A” to Contract Closing Certification

Notice of Claims and Proceedings

Exhibit “B” to Contract Closing Certification

Engineer’s Certificate

EXHIBIT “F-1”

FORM OF ENGINEER’S CERTIFICATE

Engineer’s Certificate

THE STATE OF TEXAS §
 §
COUNTY OF ROCKWALL §

I, the undersigned (“Engineer”), of the firm of _____, do hereby certify the following:

1. Engineer is familiar with the RCH Water Supply Corporation water utility system, including transmission pipelines, the distributions lines, the storage tanks, pressure tanks, and related appurtenances.

2. In the course of performing engineering services for the RCH Water Supply Corporation, Engineer is not aware of any information regarding the engineering design of such water utility system affecting the current condition and future needs of the water utility system that is not contained in the records of the RCH Water Supply Corporation, except for the following:

3. The word “certify” as used herein is an expression of professional opinion only and shall not be construed or understood to be a statement of fact, a warranty, or a guarantee of any kind, expressed or implied.

NAME OF ENGINEERING FIRM

By: _____

STATE OF TEXAS

§

§

COUNTY OF ROCKWALL

§

SWORN AND SUBSCRIBED TO under oath by _____ before the
undersigned notary public in witness of which I place my hand and seal on this ____ day of
_____, 20____.

SEAL

Print name: _____

Notary Public for the State of Texas

Commission expires: _____

EXHIBIT "H"

FORM OF SPECIAL WARRANTY DEED AND ASSIGNMENT OF EASEMENTS

THE STATE OF TEXAS	§	
	§	KNOW ALL BY THESE PRESENTS:
COUNTY OF ROCKWALL	§	

That RCH Water Supply Corporation (hereinafter called "Grantor"), for and in consideration of the sum of TEN and NO/100 DOLLARS (\$10.00) and other good and valuable consideration paid to Grantor by the City of McLendon-Chisholm (hereinafter called "Grantee"), the receipt and sufficiency of which are hereby acknowledged and for the payment of which no lien, express or implied, is retained, has GRANTED, SOLD AND CONVEYED, and by these presents does GRANT, SELL AND CONVEY to Grantee the real property situated in Rockwall County, Texas described in Exhibit "A" attached hereto and made a part hereof (the "Land"), together with (i) any and all improvements located thereon; (ii) all right, title and interest of Grantor, if any, in and to any land lying in the bed of any alley, street, road or access way, open or proposed, in front of, at a side of, or adjoining the Land to the centerline thereof; (iii) to the extent assignable, all rights, privileges, and easements whether appurtenant to the Land or in gross, which are owned by Grantor, including without limitation, those easements more particularly described in Exhibit "B" hereto, and, to the extent such are used by Grantor in connection with Grantor's water treatment and retail water system operated on the Land, the right to access the water lines and other appurtenances on lands owned by customers of the retail water system operated on the Land, all development rights relating to the Land and any other easements, rights-of-way, or appurtenances arising or used in connection with the beneficial use and enjoyment of the Land; and (iv) any and all reversionary interests of the Grantor in and to the Land (the Land and all of the related improvements, appurtenances, rights and interests referenced in items (i) through (iv) above are collectively referred to herein as the "Property"). This conveyance is made and accepted subject and subordinate to (i) any and all matters affecting the state of title to the Property and recorded in the appropriate public records or that would be apparent on a Land survey and (ii) all zoning, building and other laws, regulations and ordinances of any and all municipal, governmental and quasi-governmental bodies and agencies having jurisdiction over the Property or any part thereof (collectively, the "Permitted Exceptions").

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging, unto Grantee, and Grantee's successors and assigns forever; and Grantor does hereby bind Grantor and Grantor's successors to warrant and forever defend all and singular the Property unto Grantee, and Grantee's successors and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof by, through or under Grantor, but not otherwise.

IN WITNESS WHEREOF, this Special Warranty Deed is executed by Grantor on the _____ day of _____, 2023.

_____, President
RCH Water Supply Corporation

THE STATE OF TEXAS §
 §
COUNTY OF ROCKWALL §

This instrument was acknowledged before me on this _____ day of _____, _____,
by _____, President of RCH Water Supply Corporation.

Notary Public, State of _____

EXHIBIT "A" TO DEED

LAND

**EXHIBIT “B” TO THE DEED
EASEMENTS**

EXHIBIT "I"

FORM OF CONVEYANCE, BILL OF SALE, AND ASSIGNMENT

This Conveyance, Bill of Sale and Assignment ("Assignment") is entered into by and between RCH Water Supply Corporation ("Grantor"), a Texas corporation, and the City of McLendon-Chisholm ("Grantee"), a municipal corporation of Texas.

RECITALS

A. Concurrently with the execution and delivery of this instrument, the Grantor is conveying to Grantee by Special Warranty Deed all of that certain parcel of real property, together with improvements thereon ("Improvements"), in Rockwall County, Texas (the "Property"), more particularly described in Exhibit "A" attached hereto and made a part hereof for all purposes.

B. It is the desire of the Grantor to bargain, sell, convey, transfer, set over and assign unto Grantee the following:

- (i) All of the Grantor's right, title and interest in items of furniture, fixtures, equipment, machinery, supplies and other items of tangible personal property presently owned, used or held for use by the Grantor and affixed, attached to, placed or located on the Property or used by the Grantor exclusively in connection with the ownership, operation and/or maintenance of the retail water system operated on the Property ("Utility System"), including without limitation, all facilities, wells, water lines, distribution lines, tanks, pumps, pipes, fittings, treatment equipment, meters, copies of records, permits, materials and supplies, inventories, and those items listed in Exhibit "B" attached hereto and made a part hereof (collectively, the "Tangible Personal Property");
- (ii) All of the Grantor's right, title and interest in Deposits, on the Closing Date;
- (iii) To the extent assignable, all of the Grantor's right, title and interest in and to (a) all plans, drawings, specifications, surveys, engineering reports, and other materials related to the Land and the Utility System, which are conveyed without representation or warranty as to the information or conclusions set out therein; (b) all warranties and guaranties related to the Improvements and the Tangible Personal Property; (c) all licenses, permits, franchises, approvals and any other development rights and benefits relating to the Property; and (d) all insurance policies, software and intellectual property rights, all contract rights, interest in any claims, causes of action or judgments (collectively, the "Intangible Property"); and
- (iv) All of the Grantor's rights under the agreements listed in Exhibit "C" attached hereto and made a part hereof.

C. The Tangible Personal Property, Deposits, and Intangible Property are hereinafter collectively referred to as the "Transferred Properties."

CONVEYANCE, ASSIGNMENT AND AGREEMENT

For and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor does hereby BARGAIN, SELL, CONVEY, TRANSFER, SET-OVER AND ASSIGN unto Grantee, its successors and assigns, the Transferred Properties.

TO HAVE AND TO HOLD the Transferred Properties, together with all and singular the rights and appurtenances thereto in anywise belonging, unto Grantee and Grantee's successors and assigns forever, and the Grantor does hereby bind the Grantor and the Grantor's successors to warrant and forever defend all and singular the Transferred Properties unto Grantee, and Grantee's successors and assigns against any person whomsoever lawfully claiming, or to claim the same, or any part thereof, by, through or under the Grantor, but not otherwise.

This Assignment is given pursuant to that certain Closing Agreement dated effective _____ (the "Agreement") by and between the Grantor and Grantee concerning the Property and the Transferred Properties.

This Assignment shall be construed under and in accordance with the laws of the State of Texas and shall be performable in Rockwall County, Texas. This Assignment and the covenants, conditions and agreements herein shall inure to the benefit of and be binding upon the Grantor and Grantee, and their respective heirs, executors, administrators, successors and assigns.

EXECUTED the ____ day of _____, 2023.

RCH WATER SUPPLY CORPORATION:

By: _____
Name: _____
Title: President

THE STATE OF TEXAS §
 §
COUNTY OF ROCKWALL §

This instrument was acknowledged before me on the ____ day of _____, 2023 by
_____, President of RCH Water Supply Corporation.

Notary Public, State of Texas

CITY OF MCLENDON-CHISHOLM

By: _____
Name: Keith Short
Title: Mayor

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the ____ day of _____, 2023 by
Keith Short, Mayor of the City of McLendon-Chisholm.

Notary Public, State of Texas

EXHIBIT "A" TO CONVEYANCE
IMPROVEMENT ON PROPERTY

EXHIBIT "B" TO CONVEYANCE

TANGIBLE PERSONAL PROPERTY AND INTANGIBLES

Tangible Property

[list vehicles and equipment][

Contents of _____ located at _____;
including all hand tools, pipes, fittings, clamps, dressers, shelving, cabinets, benches, etc.

Contents of Office located at _____;
including furniture, filing cabinets, shelving, tables, chairs, folding machine, printers, computers, server, office supplies, kitchen contents, etc. Customer files containing service agreements will also be included.

Contents of _____ located at _____;
including the chemical room and meter room, pipes, tools, etc. The LAS and Chlorine chemical bottles are rented from _____.

System Maps: All maps including as-builts and full system maps.

All documents and papers including corporate minute books, official records, and public information of any kind, whether in written or other form, member/customer lists, tariff, deeds and easements, usage reports, field operator reports, backflow reports, project files, purchase and sales records, personnel and independent contractor records, invoices, environmental control records, maintenance records, operating and management manuals, computer systems and software documentation, and forms.

Tangible property located on the three parcels of real estate owned by RCH Water Supply Corporation including all buildings, water storage tanks, generators, piping, equipment, etc. located in or on the property:

Entire water distribution system including water lines, pipes, clamps, fittings, meters, flush and fire hydrants, valves, and appurtenances.

All Deposits.

Intangible Property

Certificate of Convenience and Necessity (CCN) #10087 issued by the Public Utility Commission.

All right, title, and interest in and to all of the following assets owned by RCH Water Supply Corporation including the name "RCH Water Supply Corporation" and any variant of the name as well as all promotional designs, concepts, literature, advertising lay-outs, designs, and concepts.

All permits, licenses, franchises, consents, authorities, special authorities, and other similar acts of any government body (federal, state, local, or foreign) held by RCH Water Supply Corporation that may be lawfully assigned or transferred, subject to any action by such body that may be required in connection with such assignment or transfer.

Any all causes of action, uncollected receivables, refunds, customer security deposits, tax credits, franchise tax receipts, general intangibles and easements owned by RCH Water Supply Corporation.

SCADA Software
Software Serial #

Website:
Provider:
Domain name expires
Hosting contract expires

Federal Communications Commission (FCC) Registration #:

EXHIBIT "C" TO CONVEYANCE

ASSIGNED AGREEMENTS

Schedule 1
Membership Fees Schedule