Work Session Room at City Hall
Monday, August 4, 2025
6:00 PM

William E. Dollar Municipal Building
200 N. Fifth St.
Garland, Texas

GARLAND

Mission
We serve to grow public trust and a thriving Garland community, today and for the future.

CITY OF GARLAND
WORK SESSION OF THE CITY COUNCIL

Vision
Garland will be an engaged and vibrant community that residents proudly call home.

The Garland City Council extends to all visitors a sincere welcome. We value your interest in our community and your participation in the meetings of this governing body. Visit GarlandTX.gov/Council for a full list of meeting dates.

The Council Chambers at Garland City Hall is wheelchair accessible, and ADA parking is available on the street as well as in the public parking garage. Persons with disabilities who may need auxiliary aids or services must contact the City Secretary's Office at 972-205-2404 at least two working days prior to the meeting so that appropriate arrangements can be made. Braille is not available.

NOTICE: Pursuant to Section 551.127 of the Texas Government Code, one or more members of the City Council may attend this meeting by internet/video remote means. A quorum of the City Council, as well as the presiding officer, will be physically present at the above-identified location. Members of the public that desire to make a public comment must attend the meeting in person.

PUBLIC COMMENTS ON WORK SESSION ITEMS

Members of the audience may address the City Council on any Work Session item at the beginning of the meeting. Speakers are allowed three minutes each, grouped by agenda item and called in the order of the agenda. Anyone wishing to speak must fill out a speaker card (located at the entrance to the Council Chambers and on the visitor's side of the Work Session Room) and give it to the City Secretary before the Mayor calls the meeting to order. Speakers are limited to addressing items on the Work Session agenda only. Items on a Regular Meeting agenda should be addressed at the respective Regular Meeting. Items not currently on an agenda may be addressed during the citizen comments portion of any Regular Meeting.

CONSIDER THE CONSENT AGENDA

Council may ask for discussion or further information on any item posted in the consent agenda of the next Regular Meeting. Council may also ask that an item on the consent agenda be pulled and considered for a vote separate from the consent agenda at the next Regular Meeting. All discussions or deliberations are limited to posted agenda items and may not include new or unposted subject matter.

WRITTEN BRIEFINGS

Council may ask for discussion, further information, or give direction to staff on an item posted as a written briefing.

1. **Approve a Resolution Supporting the Foreign-Trade Zone Designation for Nobilia North**

America Inc.

Council is requested to approve a Resolution supporting the Foreign-Trade Zone (FTZ) designation for Nobilia North America Inc. within the city limits, as authorized under Texas Business & Commerce Code Chapter 681. Council was briefed on this item at the July 21, 2025 Work Session. Unless otherwise directed by Council, this item will be considered for formal consideration at the August 19, 2025 Regular Meeting.

2. Amendment to the Note Purchase Agreement

Council is requested to consider an amendment to the Note Purchase Agreement to extend it for five (5) additional years. Unless otherwise directed by Council, this item will be considered for formal consideration at the August 19, 2025 Regular Meeting.

3. Grant Disbursement Agreement - Garland Housing Finance Corporation

Council is requested to consider the grant disbursement agreement from Garland Housing Finance Corporation. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the August 19, 2025 Regular Meeting

4. Workers' Compensation Cash Flow Plan Claim Reimbursement

Council is requested to consider the approval of the June 2025 workers' compensation cash flow claims reimbursement payment to TPS in the amount of $358,336.92, in accordance with the Interlocal Agreement. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the August 5, 2025 Regular Meeting.

VERBAL BRIEFINGS

Council may ask for discussion, further information, or give direction to staff on an item posted as a verbal briefing.

5. Garland Housing Finance Corporation (GHFC) Annual Report

Council is requested to receive the Garland Housing Finance Corporation Annual Report, which provides an overview of the Corporation's financial position, housing initiatives, program impact, and strategic priorities for the preceding fiscal year.

Presenter: David Gibbons, Executive Director

6. Presentation of the FY 2025-26 Proposed Annual Operating Budget

The City Manager will present the FY 2025-26 Proposed Budget document to City Council. Following, staff will provide a brief overview of the City Manager's Proposed Budget.

Presenter: Judson Rex, City Manager, Matthew Watson, Managing Director-Financial Services, Allyson Bell Steadman, Director of Budget & Research

7. Request for Development Assistance from Lockwood Distilling Company

Council is requested to consider approving a Development Agreement for Lockwood Distilling Company, which proposes to lease and renovate a 5,000 sf space at 532 Main Street. The project aims to recruit a destination restaurant and contribute to Garland's economic growth. Unless otherwise directed by the Council, this item will be scheduled for formal consideration at the August 19, 2025 Regular Meeting.

Presenter: Ayako Schuster, Economic Development Director

8. **Communications Master Plan Overview**

Staff will present Council with an executive summary of the Communications Master Plan that has been developed over the past year. The plan outlines actionable steps to refine and enhance communication channels, establish a more defined city brand identity, and deliver targeted information to the appropriate audiences with key performance indicators for measuring success.
Presenter: Tiffany Veno, Chief Communications Officer

9. **Update on MD Health Pathways Program**

Staff will brief City Council on the MD Health Pathways program, provide an update on contract negotiations, and seek direction on next steps for the program. This item was requested by Deputy Mayor Pro Tem Ott and seconded by Mayor Hedrick at the March 3, 2025 Work Session.
Presenter: Phillip Urrutia, Assistant City Manager

10. **Public Safety Committee Report**

Councilmember Ott, Chair of the Public Safety Committee, and staff will provide a committee report on the following item: Update on Operational Readiness of the Gang and SWAT Units from the Police Department. This item was referred to committee by Councilmember Dutton, with a second from Mayor Pro Tem Lucht, at the May 19, 2025, Work Session. The item was discussed at the June 25, 2025, Public Safety Committee meeting.
Presenter: Christopher Ott, Deputy Mayor Pro Tem, Mitch Bates, Deputy City Manager

CONSIDER APPOINTMENTS TO BOARDS AND COMMISSIONS
Terms are usually staggered whereby at least half of the membership has previous experience. Members are appointed based on qualifications.

11. **Citywide Appointment**

- **Christie Fuentes, Animal Services Advisory Committee**

ANNOUNCE FUTURE AGENDA ITEMS

A Councilmember, with a second by another member or the Mayor alone, may ask that an item be placed on a future agenda of the City Council or of a committee of the City Council. No substantive discussion of that item will take place at this time.

EXECUTIVE SESSION

The City Council will adjourn into executive session pursuant to sections 551.071, 551.072, 551.074, and 551.087 of the Texas Government Code to deliberate and discuss the following:

12. **A potential offer by the City of financial and other incentives to a business prospect and the receipt of commercial or financial information that the City has received from that same business prospect, which the City seeks to have locate within the city in the area of South Garland Avenue and Wilson Street, and with which the City is conducting economic development negotiations (551.087); and attorney/client communications related to the same. (551.071).**

13. **A potential offer by the City of financial and other incentives to a business prospect and the receipt of commercial or financial information that the City has received from that same business prospect which the City seeks to have locate within downtown district of the City, and with which the City is conducting economic development negotiations (551.087), including the possibility of the sale of real property (551.072), and attorney/client communications related to the same. (551.071).**

14. **A potential offer by the City of financial and other incentives to a business prospect and the receipt of commercial or financial information that the City has received from that same business prospect which the City seeks to have locate within downtown district, and with which the City is conducting economic development negotiations (551.087), including the possibility of the lease of real property (551.072), and attorney/client communications related to the same. (551.071).**

15. **Attorney/client matters concerning privileged and unprivileged client information related to regulation of short-term rentals. (551.071).**

16. **Personnel matters related to the employment, evaluation, or duties of the City Manager. (551.074).**

ADJOURN
All Work Sessions of the Garland City Council are broadcast live on CGTV, Time Warner Cable Channel 16 and Frontier FIOS TV 44. Meetings are rebroadcast at 9 a.m. and 7 p.m. Tuesdays - Sundays. Live streaming and on-demand videos of the meetings are also available online at GarlandTX.tv. Copies of the meetings can be purchased through the City Secretary's Office (audio CDs are $1 each and DVDs are $3 each).

NOTICE: The City Council may recess from the open session and convene in a closed executive session if the discussion of any of the listed agenda items concerns one or more of the following matters:

1. Pending/contemplated litigation, settlement offer(s), and matters concerning privileged and unprivileged client information deemed confidential by Rule 1.05 of the Texas Disciplinary Rules of Professional Conduct. Sec. 551.071, Tex. Gov't Code.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.072, Tex. Gov't Code.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.073, Tex. Gov't Code.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Sec. 551.074, Tex. Gov't Code.
5. The deployment, or specific occasions for implementation of security personnel or devices. Sec. 551.076,Tex. Gov't Code.
6. Discussions or deliberations regarding commercial or financial information that the City has received from a business prospect hat the City seeks to have to locate, stay, or expand in or near the territory of the City and with which the City is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect of the sort described in this provision. Sec. 551.087, Tex. Gov't Code.
7. Discussions, deliberations, votes, or other final action on matters related to the City's competitive activity, including information that would, if disclosed, give advantage to competitors or prospective competitors and is reasonably related to one or more of the following categories of information:

- generation unit specific and portfolio fixed and variable costs, including forecasts of those costs, capital improvement plans for generation units, and generation unit operating characteristics and outage scheduling;
- bidding and pricing information for purchased power, generation, and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies;
- effective fuel and purchased power agreements and fuel transportation arrangements and contracts;
- risk management information, contracts, and strategies, including fuel hedging and storage;
- plans, studies, proposals, and analyses for system improvements, additions, or sales, other than transmission and distribution system improvements inside the service area for which the public power utility is the sole certificated retail provider; and
- customer billing, contract, and usage information, electric power pricing information, system load characteristics, and electric power marketing analyses and strategies. Sec. 551.086; Tex. Gov't Code; Sec. 552.133, Tex. Gov't Code]

Each year, the City Council reviews and updates its goals for the Garland community and City operations. City management uses the goals to guide operational priorities, decision-making and resource allocation.


GARLAND
STRATEGIC FOCUS AREAS
Safe Community
Well-Maintained City Infrastructure
Reliable, Cost-Efficient Utility Services
Sound Governance and Finances
Vibrant Neighborhoods and Commercial Centers
Customer-Focused City Services
Growing Economic Base
Future-Focused City Organization
Enhanced Quality of Life through Amenities, Arts and Events
Commercially Thriving Downtown

GARLAND

CITY COUNCIL STAFF REPORT

1

Meeting Date: August 4, 2025

Title: Approve a Resolution Supporting the Foreign-Trade Zone Designation for Nobilia North America Inc.

Submitted by: Ayako Schuster, Economic Development Director

Strategic Focus Area: Growing Economic Base

Issue / Summary

Council is requested to consider a Resolution supporting the Foreign-Trade Zone (FTZ) designation for Nobilia North America Inc. within the city limits, as authorized under Texas Business & Commerce Code Chapter 681. The ordinance will authorize the city to cooperate with FTZ #39 - Dallas/Fort Worth International Airport Board to enable FTZ designation for eligible properties and businesses within the city.

Background

Foreign-Trade Zones (FTZs) are federally designated sites where domestic and foreign merchandise is considered outside of US Customs territory for tariff purposes. Companies operating in FTZs may benefit from duty deferral, reduction, or elimination of imports and exports, which supports local economic development, job creation, and industrial investment. This reduction in duties does not apply to local taxable values or local sales tax generation. Under Chapter 681 of the Texas Business & Commerce Code, municipalities may adopt ordinances to facilitate FTZ activities and designate a liaison or coordinating body for FTZ-related activities.

The city recently received a request for a letter of support from Nobilia North America Inc. regarding their potential participation in an FTZ. This resolution would enable the Mayor to issue such a letter for this company to participate. This resolution does not create an FTZ directly but expresses the City's formal support and intent to participate in the FTZ program through an authorized grantee.

Consideration / Recommendation

Staff recommends approval of the resolution.

Attachments

A. Reso No ________ Reso in Support of Nobilia North America FTZ

RESOLUTION NO. __________

A RESOLUTION SUPPORTING THE APPLICATION OF NOBILIA NORTH AMERICA INC. FOR A FOREIGN TRADE ZONE FOR THE PROPERTY LOCATED AT 3101 MARQUIS DRIVE, SUITE 300, GARLAND, TEXAS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Chapter 681 of the Texas Business and Commerce Code authorizes certain corporations and governmental entities to apply for and accept a grant of authority to establish, operate, and maintain a foreign trade zone ("FTZ") and subzones;

WHEREAS, Nobilia North America Inc. ("Nobilia") has submitted an application to the Dallas Fort Worth International Airport U.S. Foreign Trade Zone No. 39 to establish a FTZ at 3101 Marquis Drive, Suite 300, Garland, Texas 75042 ("Property");

WHEREAS, as part of the application process for a FTZ, Nobilia has requested the City of Garland ("City") to provide documentation of support of its application since the FTZ would be wholly located within the municipal limits of the City; and

WHEREAS, the City Council of the City of Garland finds it is in the public interest to support Nobilia's application for a FTZ at the Property;

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

Section 1

The City of Garland, Texas, supports and does not oppose the establishment of a Foreign Trade Zone by Nobilia North America Inc. for the property located at 3101 Marquis Drive, Suite 300, Garland, Texas 75042, and the Mayor is authorized to execute a letter indicating such support.

Section 2

That this Resolution shall be and become effective immediately upon and after its adoption and approval.

PASSED AND APPROVED this ______ day of _____________, 2025.

CITY OF GARLAND, TEXAS

____
Mayor

ATTEST:

____
City Secretary

GARLAND

CITY COUNCIL STAFF REPORT

2

Meeting Date:	August 4, 2025
Title:	Amendment to the Note Purchase Agreement
Submitted by:	Darrell Cline, General Manager & CEO
Strategic Focus Area:	Reliable / Cost-Efficient Utility Services Sound Governance and Finances

Issue / Summary

The Electric Utility Commercial Paper Program is a short-term interim financing tool used to fund the construction of various capital improvement projects for Garland Power & Light (GP&L). The current short-term financing facility with Wells Fargo is set to expire on August 29, 2025. GP&L is proposing to amend this facility and extend it for five (5) additional years.

Background

For debt-financed capital improvements, GP&L utilizes its Electric Utility Commercial Paper Program (CP Program), which is a short-term interim financing facility with a borrowing capacity of $150 million. The current facility is a note purchase agreement with Wells Fargo that expires on August 29, 2025.

GP&L received six (6) bids from large national banks for the continuation of the CP Program. Wells Fargo's bid provided the lowest cost facility for GP&L. Given that the existing note purchase agreement with Wells Fargo allows the parties to amend the agreement and that the most substantive change is the new pricing, the parties agreed that amending the existing agreement was the most time and cost-effective option.

Consideration / Recommendation

Staff seeks the Council's concurrence to amend and extend the Note Purchase Agreement between the City and Wells Fargo as provided in the Ordinance Approving an Extension to Note Purchase Agreement. If Council concurs, this item will be presented for approval at the August 19th Regular Council meeting.

Attachments

A. Ordinance - 2025 GPL CP NPA Extension
B. First Amendment to Note Purchase Agreement

ORDINANCE NO. ____

AN ORDINANCE APPROVING AN EXTENSION TO NOTE PURCHASE AGREEMENT RELATING TO THE "CITY OF GARLAND, TEXAS, ELECTRIC UTILITY SYSTEM COMMERCIAL PAPER NOTES, SERIES A"; AND RESOLVING OTHER MATTERS INCIDENT AND RELATED THERETO.

WHEREAS, the City Council of the City of Garland, Texas (the "City"), on August 3, 2021 adopted Ordinance No. 7243 (the "Note Ordinance") authorizing the "City of Garland, Texas, Electric Utility System Commercial Paper Notes, Series A", in the aggregate principal amount of not to exceed $150,000,000 (collectively, the "Notes") and in connection therewith executed a Note Purchase Agreement dated August 31, 2021 (the "Note Purchase Agreement") by and between the City and Wells Fargo Bank, National Association ("Wells Fargo");

WHEREAS, the City has requested that Wells Fargo extend the Commitment Expiration Date of the Note Purchase Agreement to August 28, 2030;

WHEREAS, pursuant to Section 8.2(a) of the Note Purchase Agreement, Wells Fargo has designated Wells Fargo Municipal Capital Strategies, LLC ("WFMCS"), a wholly owned subsidiary of Wells Fargo, to serve as the "Bank" under the Note Purchase Agreement as successor to Wells Fargo pursuant to the terms of the Note Purchase Agreement: and

WHEREAS, Wells Fargo and the City have agreed to extend the Commitment Expiration Date of the Note Purchase Agreement to August 28, 2030, and to enter into that certain First Amendment to Note Purchase Agreement, a substantial copy of which is attached hereto as **Exhibit A** (the "First Amendment to Note Purchase Agreement") by and between the City and WFMCS as the Bank to amend certain terms of the Note Purchase Agreement and to replace Wells Fargo with WFMCS as the Bank;

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

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GARLAND, TEXAS:

SECTION 1. The recitals set forth in the preambles hereof are incorporated herein and shall have the same force and effect as if set forth in this Section.

SECTION 2. The City Council hereby consents to the replacement of Wells Fargo with WFMCS as Bank under the Note Purchase Agreement and approves the extension of the Commitment Expiration Date of the Note Purchase Agreement to August 28, 2030, and further approves the First Amendment to Note Purchase Agreement in substantially the form attached hereto as Exhibit A, with such changes or additions thereto as may be approved by the Mayor, the City Manager or the Chief Financial Officer of the City (upon advice of bond counsel to the City), as evidenced by their execution and delivery thereof, and the Mayor, the City Manager or the Chief Financial Officer of the City are each hereby authorized and directed, for and on behalf of the City, to execute the First Amendment to Note Purchase Agreement, and such officers are hereby authorized to deliver the First Amendment to Note Purchase Agreement to the Bank. Upon execution by the parties thereto and delivery thereof, the First Amendment to Note Purchase Agreement shall be binding upon the City in accordance with the terms and provisions thereof.

SECTION 3. The Mayor, City Secretary, City Manager, Chief Financial Officer and all other officers of the City are each hereby authorized to take or cause to be taken such other actions and to execute and deliver such documents and certificates as necessary or appropriate to consummate the transactions authorized by this Ordinance, including without limitation, to obtain approval of the Attorney General of Texas, if required, to retain legal counsel in connection with the matters addressed herein, to obtain a rating or rating confirmation from bond rating agencies, payment of related fees, to provide such notices as may be required by the proceedings that authorized the issuance of the Notes, to execute and deliver any necessary amendments to the Issuing and Paying Agent Agreement for the Notes, and prepare, approve and distribute disclosure documents related to such transactions.

SECTION 4. It is officially found, determined and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 5. This Ordinance shall be in force and effect from and after its passage on the date shown below.

[Remainder of page intentionally left blank]

PASSED AND ADOPTED, this August 19, 2025.

CITY OF GARLAND, TEXAS

____

Mayor, Dylan Hedrick

ATTEST:

____

City Secretary, Jennifer Stubbs

EXHIBIT A

FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT

FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT

This FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT (this *"Amendment"*) dated August 29, 2025 (the *"Amendment Date"*), is between CITY OF GARLAND TEXAS, a political subdivision and home rule municipal corporation of the State of Texas (the *"City"*) and WELLS FARGO MUNICIPAL CAPITAL STRATEGIES, LLC (as successor to Wells Fargo Bank, National Association) (in such capacity, together with its successors and assigns, the *"Bank"*). All capitalized terms used herein and not defined herein shall have the meanings set forth in the hereinafter defined Agreement.

WITNESSETH

Whereas, the City and Wells Fargo Bank, National Association have previously entered into that certain Note Purchase Agreement dated as of August 31, 2021 (as amended, restated, supplemented or otherwise modified to date, the *"Agreement"*);

WHEREAS, pursuant to Section 8.3 of the Agreement, the Agreement may be amended by a written amendment thereto, executed by the City and the Bank; and

WHEREAS, the City has requested that certain amendments be made to the Agreement, and the Bank has agreed to make such amendments to the Agreement subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

SECTION 1. AMENDMENTS.

Upon satisfaction of the conditions precedent set forth in Section 2 hereof, the Agreement shall be amended as follows:

1.01. Wells Fargo Bank, National Association, has designated Wells Fargo Municipal Capital Strategies, LLC, a wholly owned subsidiary, as successor to it as the "Bank", and the City has consented to such succession, all in accordance with Section 8.2(a) of the Agreement. All references in the Agreement and each other Related Document to "Wells Fargo Bank, National Association" are hereby deleted in their entirety and shall hereinafter be deemed to refer to "Wells Fargo Municipal Capital Strategies, LLC."

1.02. The following defined terms set forth in Section 1.1 of the Agreement are hereby amended in their entireties and as so amended shall be restated to read as follows:

> *"Commitment Expiration Date"* means August 28, 2030, unless extended as provided herein.

"Sanction(s)" means any international economic sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, His Majesty's Treasury or other relevant sanctions authority.

"Tax-Exempt Applicable Margin" means, the applicable rate per annum in the applicable pricing matrix below, which rate is subject to maintenance of the current City Rating and subject to adjustment based on the number of basis points set forth in the Level associated with the lowest City Rating as set forth in the applicable matrix below:

(i) for the period commencing on the Closing Date to but not including the First Amendment Date, a rate per annum set forth in the schedule below:

	City Rating			
	Moody's	S&P	Fitch	Tax-Exempt Applicable Margin basis points (%)
Level I	A2 or higher	A or higher	A or higher	0.45%
Level II	A3	A-	A-	0.60%
Level III	Baa1	BBB+	BBB+	0.75%

(ii) for the period commencing on the First Amendment Date, and at all times thereafter, a rate per annum set forth in the pricing matrix below:

	City Rating			
	Moody's	S&P	Fitch	Tax-Exempt Applicable Margin basis points (%)
Level I	A2 or higher	A or higher	A or higher	0.64%
Level II	A3	A-	A-	0.79%
Level III	Baa1	BBB+	BBB+	1.04%

The following paragraph applies to each pricing matrix set forth above. In the event of a split City Rating (i.e., one of the Rating Agency's City Rating is at a different Level than the City Rating of either of the other Rating Agencies), the Tax-Exempt

Applicable Margin shall be based upon the Level in which the lowest City Rating appears (for the avoidance of doubt, Level III is the lowest Level, and Level I is the highest Level for purposes of the above pricing matrices). Any change in the Tax-Exempt Applicable Margin resulting from a change in the City Rating shall be and become effective as of and on the date of the public announcement of the change in the City Rating. References to the City Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the City Rating in connection with the adoption of a *"global"* rating scale, each City Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. In the event that a Downgrade Event occurs, or any City Rating is suspended, withdrawn, or otherwise unavailable for credit-related reasons from any Rating Agency, or upon the occurrence of and during the continuance of an Event of Default, in each such case, the interest rate on the Notes shall increase automatically to the Default Rate. The City acknowledges that as of the First Amendment Date the Tax-Exempt Applicable Margin is that specified above for Level I in the pricing matrix set forth in paragraph (ii) of this definition.

"Taxable Applicable Margin" means, the applicable rate per annum in the applicable pricing matrix below, which rate is subject to maintenance of the current City Rating and subject to adjustment based on the number of basis points set forth in the Level associated with the lowest City Rating as set forth in the applicable matrix below:

(i) for the period commencing on the Closing Date to but not including the First Amendment Date, a rate per annum set forth in the pricing matrix below:

	CITY RATING			
	MOODY'S	S&P	FITCH	APPLICABLE MARGIN BASIS POINTS (%)
Level I	A2 or higher	A or higher	A or higher	0.60%
Level II	A3	A-	A-	0.75%
Level III	Baa1	BBB+	BBB+	0.90%

(ii) for the period commencing on the First Amendment Date, and at all times thereafter, a rate per annum set forth in the pricing matrix below:

CITY RATING

	MOODY'S	S&P	FITCH	APPLICABLE MARGIN BASIS POINTS (%)
Level I	A2 or higher	A or higher	A or higher	1.00%
Level II	A3	A-	A-	1.15%
Level III	Baa1	BBB+	BBB+	1.40%

The following paragraph applies to each pricing matrix set forth above. In the event of a split City Rating (i.e., one of the Rating Agency's City Rating is at a different Level than the City Rating of either of the other Rating Agencies), the Taxable Applicable Margin shall be based upon the Level in which the lowest City Rating appears (for the avoidance of doubt, Level III is the lowest Level, and Level I is the highest Level for purposes of the above pricing matrices). Any change in the Taxable Applicable Margin resulting from a change in the City Rating shall be and become effective as of and on the date of the public announcement of the change in the City Rating. References to the City Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the City Rating in connection with the adoption of a *"global"* rating scale, each City Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. In the event that a Downgrade Event occurs, or any City Rating is suspended, withdrawn, or otherwise unavailable for credit-related reasons from any Rating Agency, or upon the occurrence of and during the continuance of an Event of Default, in each such case, the interest rate on the Notes shall increase automatically to the Default Rate. The City acknowledges that as of the First Amendment Date the Taxable Applicable Margin is that specified above for Level I in the pricing matrix set forth in paragraph (ii) of this definition.

1.03. Section 1.1 of the Agreement is hereby amended by the addition of the new defined term *"First Amendment Date"* to be inserted in the appropriate place in the alphabetical sequence and to read as follows:

"First Amendment Date" means August 29, 2025.

1.04. Section 2.1(c) of the Agreement is hereby amended in its entirety and as so amended shall be restated to read as follows:

(c) Each Note shall (i) be dated the date such Note is delivered to the Bank, (ii) be secured by the Net Revenues in the manner described in Section 2.1(a) hereof, (iii) mature not later than the earlier of (A) three hundred sixty-four (364) days following the related Purchase Date, and (B) the Commitment Expiration Date and (iv) be in a minimum principal amount of $1,000,000 or an integral multiple of $100,000 in excess thereof. Interest on the each Note shall be calculated on the basis of a year of a year of 360 days and actual days elapsed from the Purchase Date.

1.04. Section 2.6(a) of the Agreement is hereby amended in its entirety and as so amended shall be restated to read as follows:

(a) *Commitment Fees*. The City agrees to pay to the Bank a nonrefundable fee (the *"Commitment Fee"*), payable quarterly in arrears commencing on October 1, 2025 (for the period commencing on July 1, 2025 and ending on September 30, 2025), and on the first Business Day of each January, April, July and October thereafter, and on the Termination Date, at the applicable rate per annum set forth in the applicable matrix set forth below (the *"Commitment Fee Rate"*), multiplied by the daily Available Commitment, which rate is subject to the maintenance of the current City Rating and subject to adjustment based on the number of basis points set forth in the Level associated with the lowest City Rating as set forth in the applicable matrix below:

(i) for the period commencing on July 1, 2025 to but not including the First Amendment Date, the Commitment Fee Rate for such period shall be determined in accordance with the pricing matrix set forth below:

	City Rating			
Level	Moody's	S&P	Fitch	Commitment Fee Rate
Level I	A2 or higher	A or higher	A or higher	0.22%
Level II	A3	A-	A-	0.27%
Level III	Baa1	BBB+	BBB+	0.42%
Level IV	Below Baa1	Below BBB+	Below BBB+	1.42%

(ii) for the period commencing on the First Amendment Date, and at all times thereafter, the Commitment Fee Rate for such period shall be determined in accordance with the pricing matrix set forth below:

CITY RATING

LEVEL	MOODY'S	S&P	FITCH	COMMITMENT FEE RATE
Level I	A2 or higher	A or higher	A or higher	0.35%
Level II	A3	A-	A-	0.40%
Level III	Baa1	BBB+	BBB+	0.55%
Level IV	Below Baa1	Below BBB+	Below BBB+	1.55%

The following paragraph applies to each pricing matrix set forth above. If one of the Rating Agency's City Rating is at a different Level than the City Rating of either of the other Rating Agencies, the Commitment Fee Rate shall be based upon the Level in which the lowest City Rating appears (for the avoidance of doubt, Level IV is the lowest Level, and Level I is the highest Level for purposes of the above pricing matrices). Any change in the Commitment Fee resulting from a change in the City Rating shall be and become effective as of and on the date of the public announcement of the change in the City Rating. The Commitment Fee shall be computed on the basis of a 360-day year and the actual number of days elapsed and payable in immediately available funds. References to the City Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the City Rating in connection with the adoption of a *"global"* rating scale, each City Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. In the event that any City Rating is suspended, withdrawn, or otherwise unavailable for credit-related reasons from any Rating Agency, or upon the occurrence of and during the continuance of an Event of Default, in each such case the Commitment Fee Rate shall increase automatically to Level IV, without prior notice to the City. The City acknowledges that as of the First Amendment Date the Commitment Fee Rate is that specified above for Level I in the pricing matrix set forth in paragraph (a)(ii) above.

SECTION 2. CONDITIONS PRECEDENT.

This Amendment shall become effective on the Amendment Date subject to the satisfaction of or waiver by the Bank of all of the following conditions precedent (such satisfaction to be evidenced by the Bank's execution and delivery of this Amendment):

2.01. Delivery by the City to the Bank of an executed counterpart of this Amendment.

2.02. Delivery to the Bank of an opinion of counsel to the City, addressed to the Bank and in form and substance satisfactory to the Bank and Bank Counsel.

2.03. Receipt by the Bank of a certified copy of the authorizing ordinances of the City approving the execution and delivery and performance of its obligations under the Agreement, as amended hereby.

2.04. Receipt by the Bank of a customary certificate executed by appropriate officers of the City including the incumbency and signature of the officer of the City executing this Amendment.

2.05. Payment directly to Chapman and Cutler LLP, legal counsel to the Bank (*"Bank Counsel"*) within thirty (30) days of receipt of an invoice from Bank Counsel, of the reasonable legal fees and expenses of Bank Counsel.

2.06. All other legal matters pertaining to the execution and delivery of this Amendment shall be satisfactory to the Bank and Bank Counsel.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE CITY.

3.01. The City hereby represents and warrants that the following statements shall be true and correct as of the date hereof:

(a) the representations and warranties of the City contained in Article IV of the Agreement and in each of the Related Documents are true and correct on and as of the date hereof as though made on and as of such date (except to the extent the same expressly relate to an earlier date and except that the representations contained in Section 4.21 of the Agreement shall be deemed to refer to the most recent financial statements of the City delivered to the Bank pursuant to Section 6.2(a)(ii) of the Agreement); and

(b) no Default or Event of Default has occurred and is continuing or would result from the execution of this Amendment.

3.02. In addition to the representations given in Article IV of the Agreement, the City hereby represents and warrants as follows:

(a) The execution, delivery and performance by the City of this Amendment and the performance by the City of the Agreement, as amended hereby, are within its powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the City.

(b) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the City of this Amendment or the performance by the City of the Agreement, as amended hereby.

(c) This Amendment and the Agreement, as amended hereby, constitute legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms, except that (i) the enforcement thereof may be limited by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, as the same may be applied in the event of the bankruptcy, reorganization, insolvency, liquidation or similar situation of the City, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

SECTION 4. MISCELLANEOUS.

4.01. Except as specifically amended herein, the Agreement shall continue in full force and effect in accordance with its original terms. Reference to this specific Amendment need not be made in any note, document, agreement, letter, certificate, the Agreement or any communication issued or made subsequent to or with respect to the Agreement, it being hereby agreed that any reference to the Agreement shall be sufficient to refer to the Agreement, as hereby amended. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby. THIS AMENDMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AMENDMENT OR ANY OTHER RELATED DOCUMENT (EXCEPT, AS TO ANY OTHER RELATED DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF TEXAS.

4.02. This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Amendment may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

4.03. The parties agree that the electronic signature of a party to this Amendment shall be as valid as an original signature of such party and shall be effective to bind such party to this Amendment. The parties agree that any electronically signed document (including this Amendment) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

4.04. The Bank makes the following representation and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code (the *"Government Code"*), as heretofore amended, in entering into this Amendment. As used herein, "affiliate" means an entity that controls, is controlled by, or is under common control with the Bank within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of the Agreement shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the Agreement, notwithstanding anything in this Amendment or the Agreement to the contrary.

(a) *Not a Sanctioned Company*. The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153, Government Code, or Section 2270.0201, Government Code. The foregoing representation excludes the Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) *No Boycott of Israel*. The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(c) *No Discrimination Against Firearm Entities*. The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(d) *No Boycott of Energy Companies*. The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers hereunto duly authorized as of the Amendment Date.

CITY OF GARLAND TEXAS

By:____________________________________
Name: Matt Watson
Title: Chief Financial Officer

WELLS FARGO MUNICIPAL CAPITAL
STRATEGIES, LLC

By:______________________________________
Name: _______________________________
Title: _______________________________

GARLAND

CITY COUNCIL STAFF REPORT

3

Meeting Date: August 4, 2025

Title: Grant Disbursement Agreement - Garland Housing Finance Corporation

Submitted by: Jason Wilhite, Construction Manager

Strategic Focus Area: Vibrant Neighborhoods and Commercial Centers

Issue / Summary

Council is requested to consider accepting a $325,000 grant from the Garland Housing Finance Corporation (GHFC) for the Where The Heart Is program with the City of Garland and authorize the City Manager to sign and execute a disbursement agreement for deployment of these funds.

Background

The City of Garland has successfully partnered with Garland Housing Finance Corporation on previous and current home repair programs. The purpose of this disbursement agreement is to provide additional funding to the Where The Heart Is program administered by the Office of Neighborhood Vitality. The funding would be used within the bounded area of the Where The Heart Is project site of Freeman Heights, and would include home, fence, and sidewalk rebates, as well as neighborhood beautification projects. The GHFC disbursement would augment the City of Garland's existing Where The Heart Is program, which is funded by the 2019 bond program.

Consideration / Recommendation

Unless otherwise directed by Council, this item will be scheduled for formal consideration at the August 19th, 2025, Regular Meeting. Staff recommends acceptance of the GHFC disbursement agreement to enable the expansion of the Where The Heart Is program.

Attachments

A. GHFC - WTHI Grant Agreement 7-16-25 Updated - GHFC Signed

GARLAND HOUSING FINANCE CORPORATION
WHERE THE HEART IS (WTHI) PROGRAM
DISBURSEMENT AGREEMENT

This Grant Agreement ("Agreement") is entered into as of the ___ day of _________, 2025, by and between the Garland Housing Finance Corporation (the "GHFC"), a Texas public instrumentality and nonprofit corporation, and the City of Garland, Texas ("City"), a Texas home-rule municipality (collectively, the "Parties").

WITNESSETH:

WHEREAS, the Garland Housing Finance Corporation is a Texas public instrumentality and nonprofit corporation organized and operating pursuant to the Texas Housing Finance Corporations Act, Tex., Loc. Gov't Code §§ 394.001 et seq.; and

WHEREAS, the GHFC was created to provide quality affordable housing for the residents of Garland, Texas; and

WHEREAS, the GHFC's mission is to provide affordable housing in Garland through down payment and closing cost assistance, neighborhood awards, affordable senior & multifamily housing, issuance of bonds, and direct ownership opportunities; and

WHEREAS, the GHFC also administers grant programs designed to enhance the quality of life for residents of Garland; and

WHEREAS, the GHFC desires to partner with the City to fund the Where The Heart Is (WTHI) Program ("Program") located within the Freeman Heights Neighborhood of Garland, Texas; and

WHEREAS, the Program will help Presumed Eligible persons, including elderly, veteran, low income, or disabled homeowners, by providing funds for façade improvements and other repairs to homes within the Freeman Heights Neighborhood, established below; and

WHEREAS, GHFC, in partnership with the City, seeks to improve neighborhood aesthetics, safety, and resident participation through targeted improvement programs in the Freeman Heights neighborhood; and

WHEREAS, Recipient desires to participate in one or more of the following GHFC-funded initiatives and understands the obligations and requirements associated with receiving such funds; and

WHEREAS, the GHFC agrees to fund the Program; and

WHEREAS, the City agrees to administer the Program and perform certain activities in connection with the Program.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the Parties hereto, to be by them kept and performed as hereafter set forth, the Parties do agree as follows:

AGREEMENT

Article I. Definitions

Unless context clearly suggests a different meaning, the words and phrases set forth in this Article I shall have the following meanings:

1.01 Business Day: any day other than a Saturday, Sunday, or official City holiday in which Garland's City Hall offices are closed for business.

1.02 Disabled Homeowner: a homeowner who receives monthly disability insurance payments from the United States Social Security Administration and who owns their primary residence.

1.03 Elderly Homeowner: a homeowner who is at or above the age of 62 and owns their primary residence.

1.04 Freeman Heights Neighborhood: the single-family residential area within the limits shown on Exhibit A.

1.05 Participant: an eligible homeowner receiving funds administered by this Agreement for making repairs to the homeowner's primary residence.

1.06 Partnership Program: one of the four Partnership Programs funded by the GHFC and administered by the City pursuant to this Agreement.

1.07 Presumed Eligible. Any homeowner whose primary residence is located within the designated Freeman Heights Program area.

Article II. Where The Heart Is Programs

2.01 The Program governed by this Agreement provides four categories of assistance:

I. GAP FINANCING FOR SIDEWALK REPLACEMENT

Eligibility for GHFC sidewalk match funding shall be based on City of Garland calculations including minimum 50% City match plus applicable add-ons: 15% for CDBG Block Groups, 15% for Homestead exemptions, and 10% for Senior residents. The remaining unfunded balance shall be covered by GHFC as a grant for eligible recipients to cover gap funding.

II. LANDSCAPE CHALLENGE GRANT

Residents may receive up to $500 in landscaping grant per household, with no match required, if five (5) or more homes on the same block participate. Applicants must submit receipts and photographic evidence that materials have been installed.

III. FENCE REPLACEMENT ASSISTANCE

Fence replacements, including structural retaining walls, are eligible under the GHFC Façade/Exterior Grant Program. GHFC will fund:

- 100% of costs for fence replacements along boundary roads: Glenbrook, Walnut, and N. Garland Avenue; fences replaced at 100% must meet standardized guidelines for eligibility as set by the Office of Neighborhood Vitality for the City of Garland, administering the WTHI program.
- 75% of costs for interior fences; homeowners will be responsible for the remaining 25% within the bounded area up to $7500.00. The same standardized guidelines for eligibility as set by the Office of Neighborhood Vitality for the City of Garland, administering the WTHI program must be met for eligibility.

All projects must comply with City codes and be within Freeman Heights Neighborhood.

IV. FAÇADE / EXTERIOR IMPROVEMENT REBATE: 75/25 PROGRAM

Eligible exterior improvements include but are not limited to:

- Driveways and approaches
- Dead / Dying Tree and / or stump removal
- Roof replacement (if not covered by insurance)
- Exterior painting, siding, trim, repairs or replacement.
- Soffit / fascia repairs or replacement with installation of gutters
- Window and door replacement (visible from street)
- Installation, repairs, or replacement of shutters
- Front Porch addition and repairs including affiliated, stair, ramp, or railing repair
- Garage construction or upgrades
- Removal of obsolete outdoor storage structures
- Retaining wall repairs

75/25 PROGRAM - Owners will be responsible for 25% of the repair costs, a rebate for 75% with a maximum reimbursement of $7,500 will be set per homeowner. Owners will be required to submit receipts / invoices and photographic evidence of the completed work prior to any rebate reimbursement.

Article III. City's Duties

3.01 The City shall administer the Program. The City's duties shall include:

(a) Client application intake and processing;

(b) Approval and payment of grants and rebates for approved projects;

(c) Case file management; and

(d) Quarterly reporting the grant status to the GHFC.

(e) To the greatest extent possible, available funds will be allocated or expended within 18 months of the execution of the agreement.

3.02 The City shall maintain all records pertinent to the projects to be funded under this Agreement. City shall establish, maintain, and submit to the GHFC records acceptable to the GHFC showing the use of Program expenditures to benefit Participants. These records shall include, but are not limited to

(a) Documents providing a description of each project funded;

(b) Documents necessary to determine a project's eligibility for Program funds;

(c) Address necessary to establish a Participant's eligibility for Program funds;

(d) Documents necessary to establish homeownership within the Program;

3.03 The City shall retain all records pertinent to expenditures incurred pursuant to this Agreement for five (5) years after the termination of all activities funded under this Agreement, or after the resolution of all audit findings, whichever is later. Records relating to any Participant must be kept for five (5) years after he or she has received final payment. Notwithstanding the above, if there is litigation, claims, audits, negotiations, or other actions that involve any of the records, the City must retain the records until all issues and actions are resolved, or the expiration of the five-year period, whichever occurs later.

3.04 Audit.

(a) All City records with respect to any matters covered by this Agreement shall, upon reasonable written notice to the City, be made available to the GHFC, their designees, or the United States government, at any time during normal business hours, as often as the GHFC reasonably deems necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in the audit reports must be fully cleared by the City within 30 days after receipt by the City. Failure to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments or termination.

(b) The agency or entity requesting the audit shall bear the costs of any audit activities.

3.05 Confidentiality of Participant Data. Notwithstanding any other provision of this Agreement to the contrary, the Parties acknowledge that the City is required to comply with the Texas Public Information Act ("TPIA") when responding to records requests made under TPIA. Pursuant to the requirements of TPIA, if the City receives a request for a copy of this Agreement, or documents related to this Agreement, City will respond to the request in accordance with the procedures set forth in the TPIA. Specifically, City will notify GHFC of its receipt of the request. The Parties acknowledge that TPIA requires a brief to be submitted to the attorney general explaining why the claimed exceptions apply to the information in issue. City shall not be obligated to submit the brief supporting those claimed exceptions. GHFC shall be solely responsible for submitting the brief and the documents in issue to the attorney general. Nothing in this agreement shall require the City to institute or participate in any litigation relating to an open records request for information that GHFC considers to be confidential.

3.06 Progress Reports. The City shall submit written quarterly progress reports to the GHFC which shall include the following information:

(a) A spreadsheet identifying the homeowners assisted in the preceding quarter that includes name; address; and the amount of Program funds awarded; and

(b) A spreadsheet identifying all administrative expenses.

3.07 Equal Opportunity and Affirmative Action. City agrees that in performing under this Agreement, it shall not discriminate against any worker, employee, or applicant for employment on the basis of race, color, creed, religion, age, sex, national origin, disability status, nor otherwise commit an unfair employment practice.

3.08 Nondiscrimination Clause. The City shall administer the Program without regard to an applicant's race, color, creed, religion, age, sex, national origin, or disability status.

Article IV The GHFC's Duties

4.01 In consideration for the City's obligations, the GHFC agrees to disburse up to $325,000.00 during the Term of this Agreement for the Program.

4.02 The GHFC shall disburse funds for the Program as follows:

a. The GHFC shall disburse $125,000.00 to the City within ten (10) days of final execution of this Agreement.

b. The GHFC shall distribute the remaining $200,000.00 in two additional installments of $100,000.00, payable on October 1, 2025, and January 2, 2026. These disbursements shall take place regardless of whether the Program projects have exhausted previously disbursed funds.

4.03 The GHFC shall cooperate with the City in providing any information the City requires to obtain additional funding from any other source to help Program Participants.

Article V Partnership Program budgets

5.01 The Program's initial budget is as follows:

$325,000.00.

5.02 The City may use funds allocated to the Program on any eligible repairs at the City's discretion, within the limits set forth herein above.

5.03 Any Program funds allocated by the GHFC pursuant to this Agreement which the City has not awarded by the end of the Term shall revert back to the GHFC.

5.04 Upon the termination or expiration of this Agreement, City shall transfer to the GHFC any Program funds then on hand, less any monies necessary to fund any Project approved but not yet funded, and any accounts receivable attributable to the use of the Program funds.

5.05 The sole source of funds for this Agreement is the Program. This Agreement shall not obligate or encumber any other funds of the GHFC or the City.

5.06 Any Program funds the City has not awarded by the end of a given quarter shall be carried over to the next quarter.

Article VI Term; Quarter

6.01 The Term of Agreement shall begin upon execution by both parties and shall run until the 31st day of December, 2027.

6.02 A Quarter begins on the first day of January, April, July, and October.

Article VII Nonperformance, Suspension, and Termination

7.01 Termination for nonperformance. This Agreement may be terminated by either party if it determines the other party has not met the obligations imposed by this Agreement. The party seeking termination must provide written notice of termination stating what obligations have not been met. The nonperforming party shall have thirty (30) days to perform the duties described in the notice. If it fails to do so, this Agreement is terminated.

7.02 Termination for convenience. Either party may terminate this contract at any time by giving written notice to the other party of such termination and specifying the effective date thereof at least 30 days before the effective date of such termination. In the event of any termination for convenience, all finished or unfinished documents, data, reports or other material prepared by the City under this Agreement shall, at the option of the GHFC, become the property of the GHFC, and the City shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents or materials prior to the termination.

Article VIII Miscellaneous Provisions

8.01 No Assignment. Neither party shall have the right to assign that party's interest in this Agreement without the prior written consent of the other party.

8.02 Severability. If any term or provision of this Agreement is held to be illegal, invalid, or unenforceable, the legality, validity, or enforceability of the remaining terms or provisions of this Agreement shall not be affected thereby, and in lieu of each such illegal, invalid, or unenforceable term or provision, there shall be added automatically to this Agreement a legal, valid, or enforceable term or provision as similar as possible to the term or provision declared illegal, invalid, or unenforceable.

8.03 Waiver. Either the GHFC or City shall have the right to waive any requirement contained in this Agreement, which is intended for the waiving party's benefit, but, except as otherwise provided herein, such waiver shall be effective only if in writing executed by the party for whose benefit such requirement is intended.

8.04 Governing Law. This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. Exclusive venue for any action arising out of this Agreement shall be in a state or federal court of competent jurisdiction located in Dallas County, Texas.

8.05 Paragraph Headings. The paragraph 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 paragraphs hereof.

8.06 Binding Effect. Except as limited herein, the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, personal and legal representatives, successors, and assigns.

8.07 Interpretation of terms. Within this Agreement, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

8.08 Counterparts. This Agreement has been executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

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

8.10 Entire Agreement. It is understood and agreed that this Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, arrangements or understandings between the parties relating to the subject matter. No oral understandings, statements, promises, or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed or terminated orally.

8.11 Amendments. The Parties may amend this Agreement at any time provided the amendment is made in writing and signed by both Parties.

8.12 Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between the parties, it being expressly understood and agreed that no provision contained in this Agreement nor any act or acts of the parties hereto shall be deemed to create any relationship between the parties other than the relationship of independent parties contracting with each other solely for the purpose of effecting the provisions of this Agreement.

8.13 Notices. Communications and details concerning this contract shall be directed to the following contact representatives:

City of Garland:

Ms. Becky King
City of Garland
Office of Neighborhood Vitality
800 Main Street
Garland, TX 75040

Garland Housing Finance Corporation:

Mr. David W. Gibbons
Garland Housing Finance Corporation
1675 West Campbell Rd.
Garland, TX 75044

EXECUTED this ____ day of ____________________, 2025.

CITY OF GARLAND, TEXAS

By:

____
Judson Rex
City Manager

EXECUTED this 16 day of July, 2025.

GARLAND HOUSING
FINANCE CORPORATION

By:

____
David W. Gibbons
Executive Director

Exhibit A

Freeman Heights Boundary Area

Freeman Heights Boundary Area: All owner occupied homes located between North Glenbrook Drive on the eastern border, to North Garland Avenue on the western border, and from West Walnut Street as the southern border to homes on both sides of Travis Street as the northern border.

GARLAND

CITY COUNCIL STAFF REPORT

4

Meeting Date: August 4, 2025

Title: Workers' Compensation Cash Flow Plan Claim Reimbursement

Submitted by: Julia Whiteman, Risk Management Director

Strategic Focus Area: Sound Governance and Finances

Issue / Summary

Workers' Compensation Cash Flow Plan Claim Reimbursement

Background

The City partners with Texas Political Subdivisions (TPS), the third-party administrator for the Workers' Compensation Joint Self-Insurance Fund (the Fund), to manage employees' workers' compensation claims. Under Section 4 of the Fund's Interlocal Agreement Cash Flow Plan, the City must remit a monthly payment equal to the actual Claims Administration Fees and other applicable charges paid by the Fund in the preceding month. Payments are transmitted via wire transfer.

For June 2025, TPS reported total claims payments of $358,336.92. While monthly payments of this type typically fall within the approval authority delegated to the Managing Director and City Manager, approximately 44% of the June amount relates to a single complex claim. Risk Management staff reviewed the reimbursement billing to confirm accuracy and to monitor for any potential duplicate billing.

Consideration / Recommendation

Approve the June 2025 workers' compensation cash flow claims reimbursement payment to TPS in the amount of $358,336.92, in accordance with the Interlocal Agreement.

Attachments

A. Invoice 3800_wccf_Garland_June 2025 Claims Reimb_

Texas Political Subdivisions

PO Box 803356
Dallas, Texas 75380
Attn: Kathleen Pucci, CFO
kathleen.pucci@tpspool.org

Invoice

Invoice #	Billed Date	Due Date
3800	7/9/2025	7/30/2025

Bill To
City of Garland Risk Management PO Box 469002 Garland, TX 75046

Description	Coverage Type	Amount
Claim Payments Made On Your Behalf for June 2025 (see attached check register)	WCCF	362,382.90

WCCF EFT Instructions - Wells Fargo Wire Rtg #121000248 or ACH Rtg #111900659 for Acct # 8304454179

Total	$362,382.90
Payments/Credits	-$4,045.98
Balance Due	$358,336.92

GARLAND

CITY COUNCIL STAFF REPORT

5

Meeting Date:	August 4, 2025
Title:	Garland Housing Finance Corporation (GHFC) Annual Report
Submitted by:	Jennifer Stubbs, City Secretary
Strategic Focus Area:	Future-Focused City Organization

Issue / Summary

The Garland Housing Finance Corporation (GHFC) will present its Annual Report for the most recent fiscal year. This report outlines the Corporation's financial performance, ongoing and completed housing initiatives, and strategic efforts to support the development and preservation of affordable housing within the City of Garland. The Annual Report also highlights GHFC's role in facilitating public-private partnerships, issuing housing bonds, and leveraging resources to address local housing needs.

Background

GHFC operates independently but works in coordination with City staff and developers to support housing development. It plays a critical role in the City's broader housing strategy by facilitating investment in both new construction and rehabilitation projects.

The Annual Report provides an overview of GHFC's financial statements, a summary of its program activities, portfolio performance, and upcoming initiatives. It ensures transparency and accountability in the Corporation's operations and aligns with the City's commitment to housing accessibility and affordability.

Consideration / Recommendation

Discussion only.

Attachments

None

GARLAND

CITY COUNCIL STAFF REPORT

6

Meeting Date: August 4, 2025

Title: Presentation of the FY 2025-26 Proposed Annual Operating Budget

Submitted by: Allyson Bell Steadman, Director of Budget & Research

Strategic Focus Area: Sound Governance and Finances

Issue / Summary

The City Manager will present the FY 2025-26 Proposed Budget document to City Council. Following, staff will provide a brief overview of the City Manager's Proposed Budget.

Background

In accordance with the City Charter and state law, the City Manager shall submit to the City Council a Proposed Budget for the coming fiscal year. The City Manager will formally present his Proposed Budget for FY 2025-26. Following the presentation to Council, copies of the Proposed Budget will be placed in each City Library, in the Office
of the City Secretary, and on the City's website for public review and inspection.

Consideration / Recommendation

Overview only. Discussions will occur at future Budget Work Sessions.

- A Special Budget Work Session is scheduled for Saturday, August 16, 2025, beginning at 8:30 A.M. to discuss the FY 2025-26 Proposed Operating Budget.
- A Work Session with continued budget discussions on the agenda is scheduled for Monday, August 18, 2025, beginning at 6:00 P.M.
- A Public Hearing on the Proposed Operating Budget and Proposed Tax Rate will be held on Tuesday, August 19, 2025, beginning at 7:00 P.M.
- A Work Session with continued budget discussions on the agenda is scheduled for Tuesday, September 2, 2025, beginning at 6:00 P.M.
- A Public Hearing on the Proposed Operating Budget and Proposed Tax Rate will be held on Tuesday, September 2, 2025, beginning at 7:00 P.M.
- The City Council is scheduled to adopt the FY 2025-26 Proposed Annual Operating Budget and Tax Rate on September 2, 2025.

Attachments

None

GARLAND

CITY COUNCIL STAFF REPORT

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Meeting Date: August 4, 2025

Title: Request for Development Assistance from Lockwood Distilling Company

Submitted by: Ayako Schuster, Economic Development Director

Strategic Focus Area: Vibrant Neighborhoods and Commercial Centers
Growing Economic Base
Commercially Thriving Downtown

Issue / Summary

The City Council is requested to consider a Development Agreement for Lockwood Distilling Company, which proposes to lease and renovate a 5,000 sf space at 532 Main Street. The project aims to establish an additional vibrant restaurant in Garland. The proposed project involves significant private investment, is expected to generate additional sales tax revenue, and will contribute to Garland's economic growth.

Background

Lockwood Distilling Company is a community-focused distillery and restaurant founded in Richardson, TX by Evan and Sally Batt in 2019. Since then, it has expanded to include two additional locations: Fort Worth in 2021 and downtown McKinney in 2024. In 2025, it further expanded operations with a standalone distilling facility in Richardson. Each location features full-service dining and house-made cocktails. Lockwood Distilling Company is now proposing to open its fourth location within the downtown square.

The company plans to invest over $1 million and proposes to lease a 5,000 sf space at 532 Main Street, renovating it into an inviting restaurant with a full-service kitchen and event space.

Consideration / Recommendation

Approval of the incentive agreement with Lockwood Distilling Company.

Attachments

A. Lockwood Distilling Company-Economic Development Incentive Agreement DRAFT-Sent_7.21.25
B. Lockwood Distillery 8.4

<u>ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT</u>
<u>BETWEEN THE CITY OF GARLAND AND</u>
<u>LOCKWOOD DISTILLING COMPANY</u>

This **ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT** ("Agreement") is made by and between the **City of Garland**, a Texas home-rule municipality ("City"), and **Lockwood Distilling Company Ivan, LLC,** a Texas limited liability company ("Developer"), acting by and through their respective authorized officers.

RECITALS:

Developer and the City each acknowledge and agree that the following recitals are true and correct and that the same is a material part of this Agreement:

WHEREAS, the City desires to further the public interest and welfare and to induce the investment of private resources in productive business enterprises located within the City that will increase tax revenue and promote or develop new business enterprises through Economic Development Agreements as authorized by Chapter 380 of the Texas Local Government Code;

WHEREAS, the Developer is a party to a lease, entitled __________________ (the "Lease"), relating to 5,000 square feet of space located at 532 Main Street in Garland Texas, at the Southeast corner of Main Street and North 6th Street on the Downtown Square (the "Property");

WHEREAS, the Lease assigns to the Developer the costs of renovations and the Developer proposes to renovate the Property into a restaurant with a full service kitchen, event space, and tasting room;

WHEREAS, the Developer has obtained a Special Use Provision which provides for a Breweries/Wineries/Distilleries use at the Property;

WHEREAS, the Developer proposes to renovate the Property into a restaurant with a full service kitchen, event space, and tasting room;

WHEREAS, the Developer agrees to make an initial capital investment of approximately $300,000.00 in site demolition and renovations and an additional $730,000.00 in the acquisition and installation of furniture, fixtures and equipment to be incorporated in the Property;

WHEREAS, the Development will have a direct and positive economic benefit to the City;

WHEREAS, the Developer has advised the City that a contributing factor of inducing the Developer to further improve the Property is an agreement by the City to provide an Economic Development rebate to the Developer as set forth herein;

WHEREAS, the City is authorized by Article III, Section 52-a of the Texas Constitution and Chapter 380 of the Texas Local Government Code to provide an economic development program, which may include certain grants of public funds, to stimulate business and commercial activity within the City;

WHEREAS, City hereby finds that this Agreement promotes economic development in the City and, as such, meets the requisites under Article III, Section 52-a of the Texas Constitution and Chapter 380 of the Texas Local Government Code and qualifies for an Economic Development Program, and further, is in the best interests of the City;

WHEREAS, the City wishes to provide an Economic Development incentive to the Developer to assist in the economic development of the City by reimbursing the Developer up to $150,000.00 of the actual expenses incurred in the renovation process and an additional $200,000.00 in reimbursement for state sales taxes paid to the Texas Comptroller based on the sale of food and beverages, for a maximum incentive amount of three hundred fifty thousand dollars; and

WHEREAS, the City has determined, based on information presented to it by the Developer, that making an Economic Development grant to the Developer as set forth in this Agreement is matching the City's Economic Development goals and will: (i) help accomplish the objectives of the City; (ii) benefit the City and the City's inhabitants; and (iii) promote local economic development and stimulate business and commercial activity in the City;

NOW, THEREFORE, the Developer and the City make and enter into this Agreement in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged by both the Developer and the City, and agree as follows:

Section 1. Definitions:

"CO" means a Certificate of Occupancy issued by the City to the Developer upon the completion of construction of each building..

"Development" has meaning described within the Recitals of this Agreement.

"Incentive" means the City's reimbursement, upon certain conditions, up to $350,000.

"Operational Date" means the first day the business contemplated by Developer is open to serve the public.

"Party" means either the City or the Developer, and "Parties" means, collectively, the City and the Developer.

"Program" means the Economic Development Program for this Development as established by the City according to Texas Local Government Code Chapter 380 and this Agreement to promote local economic development and stimulate business and commercial activity within the City.

"Property" has the meaning described within the Recitals of this Agreement.

Section 2. Term. This Agreement shall, unless extended or terminated in writing by a mutual agreement executed by both parties, or as otherwise provided in this Agreement of the Parties, terminate either upon the complete performance by the Parties of all obligations and conditions within this Agreement or [insert the last day of the tenth anniversary of the Lease] whichever is first.

This Agreement shall be effective ("Effective Date") as of the date of the last Party to execute this Agreement.

Section 3. Developer's Obligations.

(A) Developer shall, at its sole cost and expense, complete the renovation and buildout of the Development in substantial conformance with the scope and description provided to the City and attached hereto as Exhibit "A". Thereafter, the Developer shall obtain a Certificate of Occupancy and commence operations no later than March 31, 2026.

(B) Developer shall submit to the Economic Development Director of the City the following documentation, as a condition precedent to qualify for the reimbursement portions of the Incentive related to the completed building:

1. A copy of the executed Lease, containing at a minimum, the following terms:
    i. an initial term of not less than ten (10) years;
    ii. a renewal option of equivalent duration;
2. Copies of all bids, scopes of work, invoices, receipts, and other documentation evidencing reasonable expenses incurred and paid by the Developer for build-out and/or renovation of the Property;
3. A copy of the receipt for payment or other evidence suitable to the City establishing the amount the Developer remitted in sales tax to the Texas Comptroller for the respective tax year; and
4. A copy of the Certificate of Occupancy issued by the City.

(C) To qualify for the sales tax rebate portion of the Incentive in any given year of the first three (3) years of operation, Developer shall maintain gross taxable sales from the sale of food and/or beverages at or above the following thresholds:

1. Year 1: $700,000.00
2. Year 2: $800,000.00
3. Year 3: $900,000.00; and

Developer must have paid and remitted the amount of sales tax due on such gross taxable sales to the Texas Comptroller.

(D) Developer shall execute all required authorizations to permit the City to obtain sales tax reports directly from the Texas Comptroller's Office for the duration of this Agreement. Developer shall also provide annual sales tax documentation and related financial information as requested by the City.

(E) Developer shall maintain the structure and exterior of the building in compliance with all applicable historic preservation standards, including, but not limited to, the National Historic Register's guidelines, so that the building maintains its historical designation.

(F) For a period of five (5) years following the Operational Date, Developer shall annually provide five thousand dollars ($5,000.00) of in-kind food and beverage contributions for volunteer and special event staff during civic event(s) selected by the City held at the City's Downtown Square.

(G) Developer shall provide the City with a Waiver of Sales Tax Confidentially in a form approved by the Texas Comptroller's office ("**Waiver Form**"). The Waiver Form will be utilized by the City to obtain reports filed by Developer to verify the amount of sales and use tax revenues generated from the Project for the previous calendar quarter. Such reports shall be based upon reports filed by Developer with the Texas Comptroller's office. The City agrees to maintain the confidentiality of the information proved in such reports and to not disclose any of such information unless otherwise required by applicable law.

(H) Within thirty (30) days following the end of each calendar quarter, Developer shall submit to the City a schedule detailing the Sales and Use Tax Revenues for each month in that quarter year. As backup for the schedule, Developer shall submit the following: (a) A copy of all Sales and Use Tax reports or returns for the Project, including amended reports, filed by Developer for that quarter year showing the sales and use tax collected and paid; and (b) Such other data as the parties mutually determine reasonably appropriate to evidence the sales and use tax collected and paid.

Section 4. City's Obligations.

(A) Upon Developer's full compliance with the requirements set forth in Section 3(A), the City shall provide a one-time reimbursement of reasonable costs, incurred and verified, associated with the Development, not to exceed one hundred fifty thousand dollars ($150,000.00) (the "**Renovation Rebate**"). The Renovation Rebate shall be disbursed by the City within sixty (60) days of submission of all documentation and issuance of the Certificate of Occupancy.

(B) For the first three (3) years following the Operational Date, if Developer meets the annual sales requirements as specified in Section 3(C) above, the City shall rebate the state sales tax actually paid and remitted by Developer to the Texas Comptroller for the applicable year, up to a maximum rebate of two hundred thousand dollars ($200,000.00) for all three years regardless of the actual amount paid in any given year (the "**Sales Tax Rebate**"). If Developer does not meet the annual sales requirements as specified in Section 3(C), it shall not be entitled to a Sales Tax Rebate for the applicable year, but such failure will not affect Developer's eligibility for a Sales Tax Rebate in the other respective years.

(C) Should Developer cease operations, fail to provide the sale tax documentation contemplated by 3(B)(2) and 3(B)(3), or fail to provide the in-kind contributions contemplated by Section 3(F) within ten (10) years of the Operational Date, the City shall be entitled to a refund of a pro-rata share of the Sales Tax Rebate based on the following schedule:

<u>Year Following Operational Date</u>	<u>Amount of Refund</u>
4	$200,000.00

5	$175,000.00
6	$150,000.00
7	$125,000.00
8	$100,000.00
9	$75,000.00
10	$50,000.00

Section 5. Source of Funds. The monetary portion of the Incentive shall be paid only from the Tax Increment Finance ("TIF") district number one and sales tax revenue actually received in hand by the City from the Developer. Notwithstanding any other provision contained herein to the contrary, the City shall not owe Developer any amount or other thing of value in excess of three hundred fifty thousand dollars ($350,000.00). No other source of funds shall be provided for the payment of the Incentive.

Section 6. Valuation Assessment. Developer agrees that by submitting to the City a request for the payment of the Incentive under this Agreement, the Developer has (i) fully and finally agreed to the DCAD assessed tax values and the City's tax rate and procedures on which the assessed value of the Development is or will be based without protest or challenge; (ii) will not make any claim for a refund, repayment, or reduction of those taxes from any source, including the City; and (iii) will not claim or accept any exemption from business personal property and/or ad valorem taxes, prior to the date of termination of this Agreement.

Section 7. Rules of Construction. The capitalized terms listed in this Agreement shall have the meanings set forth herein whenever the terms appear in this Agreement, whether in the singular or the plural or in the present or past tense. Other terms used in this Agreement shall have meanings as commonly used in the English language. Words not otherwise defined herein that have well-known and generally accepted technical or trade meanings are used herein per such recognized meanings. In addition, the following rules of interpretation shall apply:

(A) References to "Articles," "Sections," or "Exhibits" shall be to articles, sections, or exhibits of this Agreement.

(B) The Exhibits attached hereto are incorporated in and are intended to be part of this Agreement; provided that in the event of a conflict between the terms of any Exhibit and the terms of this Agreement, the terms of this Agreement shall take precedence.

(C) This Agreement was negotiated and prepared by both Parties with the advice and participation of counsel. The Parties have agreed to the wording of this Agreement and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this Agreement or any part hereof.

(D) Unless expressly provided otherwise in this Agreement, (a) where the Agreement requires the consent, approval, or similar action by a Party, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, and (b) wherever the Agreement gives a Party a right to determine, require, specify, or take similar action concerning a matter, such determination, requirement, specification, or similar action shall be reasonable.

(F) Use of the words "include" or "including" or similar words shall be interpreted as "including but not limited to" or "including, without limitation."

(G) The recitals to this Agreement are incorporated herein.

Section 8. Dispute Resolution and Step Negotiations. The Parties shall attempt in good faith to resolve all disputes arising out of or relating to this Agreement or any of the transactions contemplated hereby promptly by negotiation, as follows:

(A) Either Party may give the other Party written notice of any such dispute not resolved in the normal course of business. Representatives of each of the Parties shall meet at a mutually acceptable time and place within ten days after delivery of such notice, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved within thirty days from the referral of the dispute to such representatives, or if no meeting of such representatives has taken place within fifteen days after such referral, either Party may initiate mediation as provided hereinafter. If a Party intends to be accompanied at a meeting by an attorney, the other Party shall be given at least three business days' notice of such intention and may also be accompanied by an attorney. All negotiations according to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and State Rules of Evidence. Each Party will bear its own costs for this dispute resolution phase.

(B) If any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby is not resolved by the procedures set forth in Section 8 (A), such dispute shall be submitted to non-binding mediation to a person mutually agreed by the Parties. The mediation may take place at a mutually agreed upon location. If the mediation process has not resolved the dispute within thirty days of the submission of the matter to mediation or within such a longer period as the Parties may agree to, either Party may exercise all remedies available at law or in equity under this Agreement, including the initiation of court proceedings. Each Party will bear its own costs, and share equally in the costs of mediators, for this dispute resolution phase.

(C) Nothing in this Section shall preclude, or be construed to preclude, the resort by either Party to a court of competent jurisdiction solely to secure a temporary or preliminary injunction or other relief to preserve the status quo or avoid irreparable harm.

Section 9. Jurisdiction and Venue. City and Developer, to the fullest extent permitted by applicable law, irrevocably (i) submit to the exclusive jurisdiction of the district courts located in Dallas County, Texas, and any appellate court thereof; (ii) waive any objection which either may have to the laying of the venue of any proceeding brought in any such court and (iii) waive any claim that such proceedings have been brought in an inconvenient forum. Nothing in this provision shall prohibit a Party from bringing an action to enforce a money judgment in any other jurisdiction where the courts of such jurisdiction have jurisdiction over the other Party.

Section 10. Accommodation of Financing Parties. To facilitate the Developer's obtaining of financing to construct and operate the Development, City shall make governmentally reasonable efforts to provide such consents to assignments, certifications, representations, information, estoppels, or other documents as may be reasonably requested by the Developer or the Developer's financing parties in connection with the financing of the Development; provided that in responding to any such request, the City shall have no obligation to provide any consent, certification, representation, information, estoppel, or other documents, or enter into any agreement, that materially adversely affects, or could reasonably be expected to have or result in a material adverse effect on, any of City's rights, benefits, risks, or obligations under this Agreement. Developer shall reimburse, or shall cause the financing parties to reimburse, the City for the incremental, direct, and documented out-of-pocket third party expenses (including, without limitation, the reasonable fees and expenses of outside counsel) incurred by the City in the preparation, negotiation, execution, or delivery of any documents requested by Developer or the financing parties.

Section 11. Entire Agreement. This Agreement, its Exhibits, and the PPA referenced above constitute the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the Party or Parties sought to be charged or bound by the alteration or amendment.

Section 12. Binding Effect; Successors and Assigns. The terms and conditions of this Agreement are binding upon the successors and assigns of the parties hereto. This Agreement, or the right to receive payments, pursuant to this Agreement, may not be assigned, in whole or in part, without the express written consent of the City.

Section 13. Amendments. No modifications or amendments to this Agreement shall be valid unless in writing and signed by a duly authorized signatory of each Party.

Section 14. Severability. In the event any provision of this Agreement shall be determined by any court of competent jurisdiction to be invalid or unenforceable, the Agreement shall, to the extent reasonably possible, remain in force as to the balance of its provisions as if such invalid provision were not a part hereof.

Section 15. Notices. All notices required to be given under this Agreement shall be in writing and shall be given by either Party or its counsel in person, via express mail service, courier, or receipted facsimile transmission (but only if duplicate notice is also given via express mail service, courier or certified mail) or certified mail, return receipt requested, to the respective parties at the below addresses (or at such other address as a party may hereafter designate for itself by notice to the other party as required hereby). All notices given according to this paragraph shall be deemed effective, as applicable, on the date such notice may be given in person or next business day following the date on which such communication is transferred via facsimile transmission, or as applicable, when deposited with the express mail service, courier, or in the United States mails. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address.

If to City:	If to Developer:
City of Garland 200 N. Fifth Street	Lockwood Distilling Company Evan Batt

P.O. Box 469002
Garland Texas 75046-9002
Attn: City Manager
Phone: (972) 205-2000
Fax: (972) 205-2504

506 Lockwood Dr Suite A
Richardson, TX 75080
469-995-6173

With a required copies to:

City Attorney
200 N. Fifth Street
P.O. Box 469002
Garland, Texas 75046-9002
Phone: (972) 205-2380
Fax: (972) 205-2389

Economic Development Director
P.O. Box 469002
Garland, Texas 75046-9002
Phone: (972) 205-3800
Fax: (972) 205-3801

Section 16. Employment of Undocumented Workers. During the Term of this Agreement, the Developer agrees not to knowingly employ any undocumented workers and if convicted of a violation under 8 U.S.C. Section 1324a (f), the Developer shall repay the amount of the Incentive paid to and received by Developer from and by the City as of the date of such violation within 120 business days after the date the Developer is notified by the City of such violation, plus interest at the rate of 6% compounded annually from the date of violation until paid. The Developer is not liable for a violation of this Section concerning any workers employed by a subsidiary, affiliate, or franchisee of the Developer or by a person with whom the Developer contracts.

Section 17. Non-Collusion. Developer represents and warrants that neither Developer nor any representative of Developer has given, made, promised, or paid, nor offered to give, make, promise, or pay any gift, bonus, commission, money, or other consideration to any employee, agent, representative, or official of the City as an inducement to or to obtain the benefits to be provided by the City under this Agreement.

Section 18. Time of the Essence. Time is of the essence in the performance of this Agreement. If any deadline contained herein ends on a Saturday, Sunday, or a legal holiday generally recognized by banks in the State of Texas, such deadline shall automatically be extended to the next day that is not a Saturday, Sunday, or legal holiday.

Section 19. Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall have the force and effect of any original, as of the Effective Date.

Section 20. No Recording. The Parties agree that neither this Agreement nor any memorandum of this Agreement will be recorded in the real property records of Dallas County, Texas.

EXECUTED and EFFECTIVE as of the ____ day of ______________, 2025.

DEVELOPER
Lockwood Distilling Company Ivan, LLC
a Texas Limited Liability Company

By: ______________________________

Name:_____________________________
Title:______________________________
Date Executed: ______________________

CITY
City of Garland, a Texas home-rule municipality

By:__________________________________
Judson Rex
City Manager
Date Executed: ___________________

EXHIBIT "A"
Property Legal Descriptions

[*Insert Property* Description]

GARLAND

Lockwood Distilling Company

532 Main Street

August 4th, 2025

GPS & ED Strategic Plan

- **Growing Garland's Economic Base**
  - Promote and Encourage Redevelopment of Underutilized and Low Value Parcels
  - Create Local and Regional Visitor Destinations
    - Recruitment Efforts Targeted to Retailers

- **Commercially Thriving Downtown**
  - Create Pedestrian Friendly Destinations that Attract Visitors and Inspire Residents to Shop, Dine, and Play

Lockwood Distilling Company

- Family-owned distillery
- Casual restaurant with craft spirits
- Opened in Richardson in 2019 and added two other locations:
  - Richardson
  - McKinney
  - Fort Worth
- No distilling in Garland
  - A tasting room and casual dining

Overview of Sites

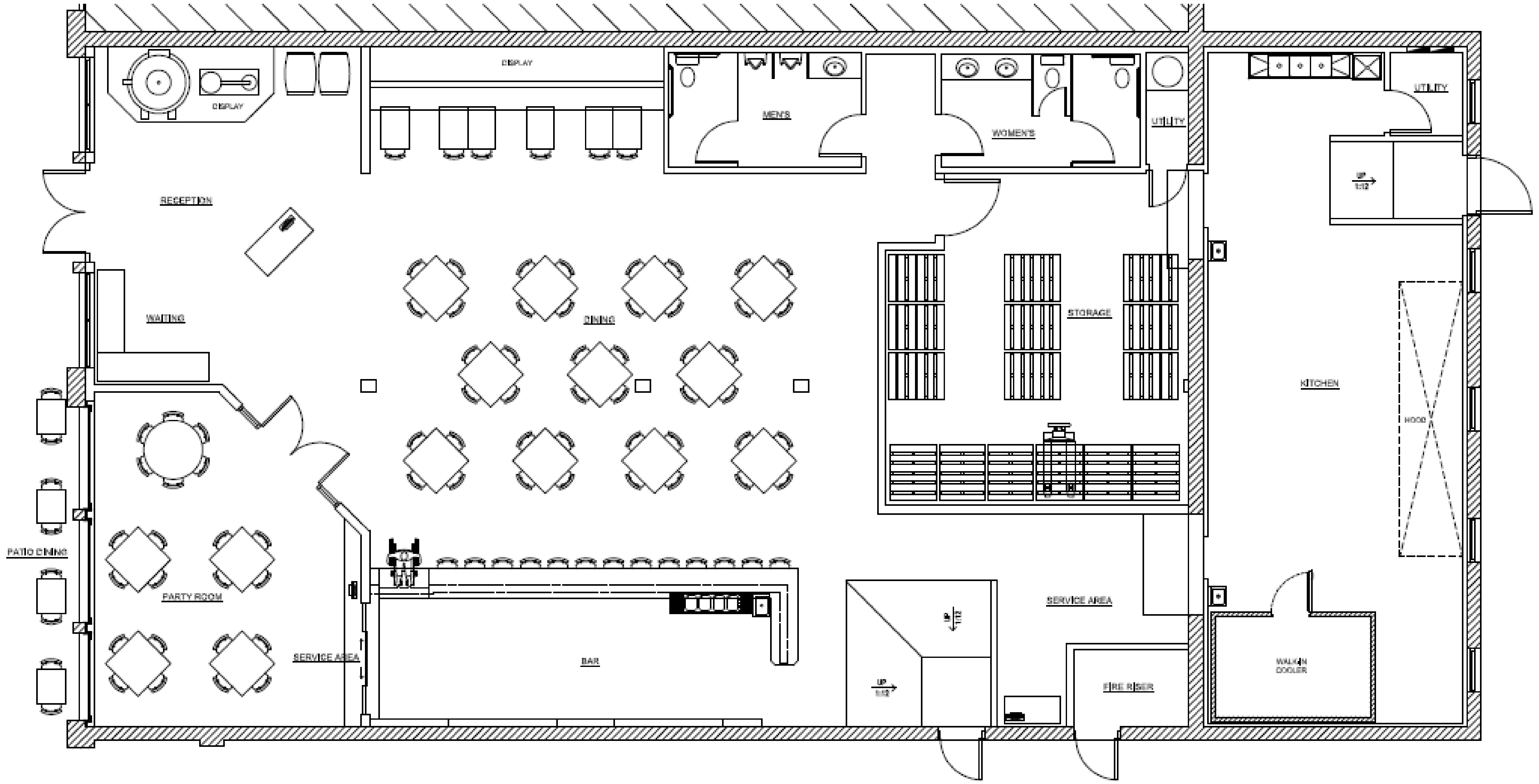
Overview of Sites

Project Vision

- Lease 5,000 sf at 532 Main Street (7,260 sf)
  - Property Owner: Carols and Jodie Porras since 2015
  - Tenants: Momentum Tattoo (2,260 sf)
  - Former Mill House and Infinity Arcade
- Renovate the space into an inviting restaurant with a full-service kitchen & event space
  - Reflect the branding of the other three locations through colors, décor and a welcoming environment

Project Scope and Developer Request

- Total investment: $1,022,885
  - Renovation: $292,427
  - FF&E & Other: $730,458
- Project Gap: $350,000
  - Eligibility challenges in utilizing the Downtown Revitalization Grant



Proposed Incentive Structure

- City provides $350,000 cash grant incentive
  - $150,000 cash incentive upon receipt of c/o to assist with construction cost: typically, property owner contribute
  - Up to $200,000 performance-based incentive over 3 years
- Required to operate for a certain period of time
- Required to maintain the building in a manner that supports its historic designation
- Required to maintain the existing wall mural
- Support Downtown Square events in various ways

Proposed Incentive Comparison

	SF	Incentive	$/SF
Fortunate Son	7,413	$500,000	$67.45
Owl Icehouse	13,000	$740,000	$53.85
Lockwood Distilling Co.	5,000	$350,000 (proposed)	$70.00

Potential Community Benefit

- Activate a vacant space by introducing a vibrant, long-term restaurant
- Additional dining experience in Garland
- New sales tax revenues after 4th year

	Sales (projection)	Incentive (100% sales tax paid)
1st Year	$700,000	$57,750
2nd Year	$800,000	$66,000
3rd Year	$900,000	$74,250
TOTAL	$2.4 million	$198,000

Thank You

Questions?

GARLAND

CITY COUNCIL STAFF REPORT

8

Meeting Date: August 4, 2025

Title: Communications Master Plan Overview

Submitted by: Tiffany Veno, Chief Communications Officer

Strategic Focus Area: Customer-Focused City Services
Future-Focused City Organization

Issue / Summary

Staff will present Council with an executive summary of the Communications Master Plan that has been developed over the past year. The plan outlines actionable steps to refine and enhance communication channels, establish a more defined city brand identity, and deliver targeted information to the appropriate audiences with key performance indicators for measuring success.

Background

The City partnered with Magid, a communications strategy and research firm, to develop a three to five-year plan. The development process included five phases: an audit, a co-creation workshop, focus groups, an online survey and the report.

Consideration / Recommendation

The Communications Master Plan overview is presented for Council's information.

Attachments

A. Communications Master Plan Overview_August 2025

GARLAND

Communications Master Plan

Work Session Briefing

GARLAND

STRATEGIC FOCUS AREAS

- Safe Community
- Well-Maintained City Infrastructure
- Reliable, Cost-Efficient Utility Services
- Sound Governance and Finances
- Vibrant Neighborhoods and Commercial Centers
- Customer-Focused City Services
- Growing Economic Base
- Future-Focused City Organization
- Enhanced Quality of Life through Amenities, Arts and Events
- Commercially Thriving Downtown

GARLAND

STRATEGIC FOCUS AREAS

Safe Community

Well-Maintained City Infrastructure

Reliable, Cost-Efficient Utility Services

Sound Governance and Finances

Vibrant Neighborhoods and Commercial Centers

Customer-Focused City Services

Growing Economic Base

Future-Focused City Organization

Enhanced Quality of Life through Amenities, Arts and Events

Commercially Thriving Downtown

GPS Alignment

Actions

- Branding and Awareness
  - Enhance Garland's regional image through branding.
  - Promote Downtown Garland as a recognized entertainment district.
  - Engage the community to increase participation.

- Customer Service
  - Provide multiple channels for service access and interactions.
  - Review and streamline processes to reduce hurdles when accessing city services.
  - Develop clear guides to help citizens navigate city processes easily.
  - Prioritize awareness of various communication styles and languages.
  - Create initiatives that encourage cooperation between departments for comprehensive solutions.

Actions

- Continuous Improvement
  - Define key performance indicators (KPIs) specific to each service area to measure and track service quality consistently.
  - Evaluate practices regularly, providing opportunities for internal and external feedback.
  - Use feedback to identify patterns and trends in service delivery and incorporate this data into regular service improvement strategies.

What is Communication?

- Awareness of and access to information
- Pride of place
- Residents, visitors and prospects
- Social media, websites, newsletters, and print and digital marketing

Master Plan Development

The City partnered with Magid, a communications strategy and research firm, to develop a 3-5 year plan.
The development process included 5 phases.

Ideate
Community Co-Creation Session

Validate
Online Quantitative Survey

Discover
Communications Audit

Identify
Qualitative Focus Groups

Deliver & Evolve
Reporting and Master Plan

Master Plan Development

The City partnered with Magid, a communications strategy and research firm, to develop a 3-5 year plan.
The development process included 5 phases.

Phase 1: Audit

- Reviewed over 1,000 files, owned platforms and social media pages
- Interviewed City leadership

Phase 2: Co-Creation

Conducted a one-day research session with 25 participants:

- 14 Garland, DFW residents
- 5 creative consumers
- 5 City employees

Phase 3: Focus Groups

Conducted 4 focus groups:

- Residents
- Regular visitors
- Occasional visitors
- Prospects

Master Plan Development

The City partnered with Magid, a communications strategy and research firm, to develop a 3-5 year plan. The development process included 5 phases.

Phase 4: Online Survey

1,606 respondents:

- 750 in Garland
- 632 in DFW
- 218 in Texas
- 6 outside of Texas

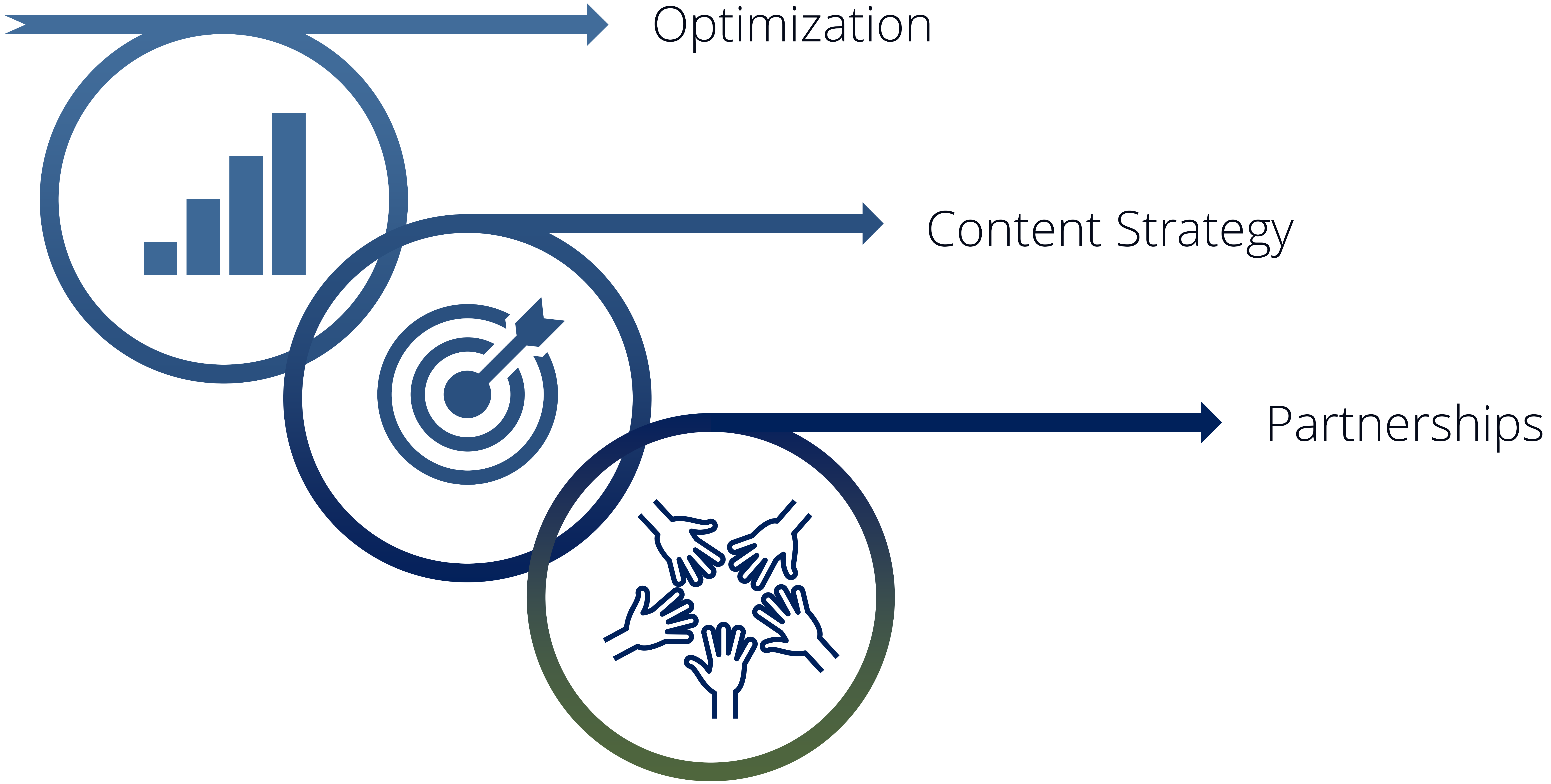
Phase 5: Report

30+ page plan that addresses:

- Consistency and quality
- Effective engagement
- Evolution of brand identity
- Streamlined internal workflows

Executive Summary

Key findings organized into three areas



Optimization

Finding: Existing communication channels appear fragmented, leading to user friction and a diluted brand presence. Optimization solutions improve the user experience and streamline information accessibility.

- Consolidate Communication Channels (where appropriate)
  - Inactive pages and profiles
  - Overlapping, low-engagement and/or niche content

- Improve Website Functionality
  - Address existing technical issues
  - Update design to align with consumer expectations and ideals
  - Simplify navigation and prioritize key content

- Adopt and Apply SEO Best Practices

Content Strategy

Finding: Crafting and delivering messages that resonate with Garland's diverse audiences are a critical gap identified in all phases of the research.

- Establish Brand and Content Guidelines
  - Develop brand message map and audience-specific profiles that are rooted in pillars identified as key differentiators for Garland (i.e. diversity, community, authenticity & transparency)
  - Regularly audit city messaging and implement training and accountability practices to ensure alignment

- Define Channel Strategy for Content Distribution
  - Develop a framework for determining optimal digital platform distribution
  - Build and implement cross-posting and paid targeted marketing plans
  - Simplify navigation and prioritize key content

Partnerships

Finding: Partnerships are an essential factor in the success of the Master Plan. Research identified key areas where city communications require support for effective execution.

- Evolve Internal Workflow for Content Distribution
  - Outline duties, responsibilities and expectations for city communicators
  - Initiate a monthly collaborative meeting for content planning

- Build Partnership Strategy with Community Ambassadors/Creators
  - Leverage trusted local voices to amplify City messaging and foster organic outreach

- Address Multilingual Support
  - Ensuring original, authentic translation services
  - Increase awareness of translation services

Thank You

Questions?

GARLAND

CITY COUNCIL STAFF REPORT

9

Meeting Date: August 4, 2025

Title: Update on MD Health Pathways Program

Submitted by: Phillip Urrutia, Assistant City Manager

Strategic Focus Area: Safe Community
Customer-Focused City Services

Issue / Summary

Staff will brief City Council on the MD Health Pathways program, provide an update on contract negotiations, and seek direction on next steps for the program.

Background

The MD Health Pathways program was introduced to City Council as a proposed community health initiative during the May 5, 2025 Work Session. It was previously discussed at the Community Services Committee meeting on March 27, 2025, and initially brought forward during the March 3, 2025 Work Session at the request of Deputy Mayor Pro Tem Ott, seconded by Mayor Hedrick. The program was also discussed at the June 16, 2025 Work Session.

Staff will brief City Council on the MD Health Pathways program, provide an update on contract negotiations, and seek direction on next steps for the program.

Consideration / Recommendation

Council to provide next steps for staff related to this program

Attachments

A. Draft-Master Telehealth Services Agreement - Updated 07142025
B. MD Health Pathways PPT

Master Telehealth Services Agreement

This Master Telehealth Services Agreement (the **"Agreement"**) is made and entered into as of **[Effective Date]**, by and between **Pathways Physicians Texas, PLLC**, a Texas professional limited liability company (hereinafter "**PPTX**"), and the **City of Garland, a Texas home-rule municipality** (hereinafter the "**City**"). PPTX and the City may each be referred to as a "**Party**" and collectively as the "**Parties**."

Recitals

- **Whereas,** the City desires to offer its residents access to telehealth medical services as a community benefit program, funded by voluntary contributions collected via residents' utility bills;
- **Whereas,** PPTX is a provider of telehealth services and has the expertise and resources to deliver such services to the City's residents; and
- **Whereas,** the Parties have negotiated this Agreement to set forth the terms under which PPTX will provide telehealth services and the City will facilitate funding and support for the program, with provisions intended to protect both Parties' legal, operational, and financial interests;

Now, therefore, for and in consideration of the mutual covenants and agreements herein, and other good and valuable consideration, the Parties agree as follows:

1. Definitions

For purposes of this Agreement, the following capitalized terms have the meanings set forth below. Other terms may be defined in context within this Agreement.

- **"Telehealth Services"** -- The remote healthcare services described in this Agreement that PPTX will provide to Participating Households, including virtual medical consultations by licensed physicians or other qualified healthcare professionals via telephone, video, text messaging, or other electronic communication methods.
- **"Household"** -- A residential utility account holder in the City (e.g., a single-family residence or individual residential unit that receives a City utility bill) that is eligible to participate in the telehealth program.

- **"Participating Household"** -- A Household that has not opted out of the telehealth program and is current on its monthly telehealth Contribution, and therefore is entitled to receive Telehealth Services under this Agreement.

- **“Participating City Employees”** – (i) City of Garland employees and (ii) retirees eligible for Texas Municipal Retirement System benefits and under the age of 65.

- **"Contribution"** -- The monthly fee assessed per Household to fund the telehealth program (rates as specified in Section 5.1, subject to CPI adjustments as set forth in Section 5.1).

- **"Introductory Term"** -- The period spanning the first 6 months from and after the Program Launch Date. It will include meetings between representatives of the Parties following every 3 months to review program effectiveness and recommended changes. Also, PPTX shall provide up to three temporary call center employees to manage increased call volume during the Introductory Term.

- **"Initial Term"** -- The initial duration of this Agreement as specified in Section 2.1.

- **"CPI"** -- The Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items (or, if such index is discontinued or not available, a comparable index mutually agreed by the Parties), used for calculating allowable annual price adjustments beginning in Year 3, as described in Section 5.1.

- **"Program Launch Date"** - The first date on which the City includes the Contribution charge on utility bills and Participating Households may begin using the Telehealth Services.

2. Term of Agreement

2.1 Initial Term: The term of this Agreement shall commence on the Program Launch Date and continue for an initial period of **seven years** thereafter, unless earlier terminated in accordance with this Agreement (the "**Initial Term**"). The Initial Term includes the Introductory Term. Following the execution of this Agreement, the Parties will agree in writing to a Program Launch Date based on the City’s determination that its customer service and billing systems will adequately support the program launch.

2.2 Renewal Terms: Upon expiration of the Initial Term, this Agreement may be renewed for additional terms (each a "**Renewal Term**") of a duration to be negotiated by the Parties upon the written agreement of both Parties. Unless a Party gives written notice of non-renewal at least 180 days before the end of the Initial Term or then-current Renewal Term, this Agreement shall renew on a month-to-month basis under the terms of the immediately preceding Term until either (i) the Parties execute a written agreement for a Renewal Period, or (ii) this Agreement is terminated by either Party pursuant to Section 6.

3. Scope of Services

3.1 Telehealth Services Provided. PPTX shall furnish comprehensive telehealth medical-consultation services (the "**Telehealth Services**") to all Participating Households and Participating City Employees in accordance with this Agreement.

- **Standard Service Window.** Telehealth Services will be routinely available **every day, including holidays, from 8:00 a.m. to 10:00 p.m. Central Time** (the "Standard Service Window").
- **24 / 7 Expansion Option.** Should the City later determine that around-the-clock availability is desirable, the Parties may amend this Agreement to extend coverage to a full 24 / 7 model at mutually agreed pricing and service-level terms. Until such amendment is executed, PPTX has no obligation to provide Telehealth Services outside the Standard Service Window.

During the Standard Service Window, residents may consult with qualified, Texas-licensed healthcare providers via secure text/SMS, telephone, video conference, or a designated telehealth platform/application. Telehealth Services include, without limitation:

- On-demand evaluation and advice for non-emergency medical conditions;
- Diagnosis and treatment recommendations for common illnesses and minor injuries (e.g., colds/flu, infections, minor sprains);
- Prescription services when clinically appropriate and lawful, including transmittal to local pharmacies;
- Triage guidance on whether in-person urgent care or emergency services are recommended;
- Answers to health-related questions and early-intervention coaching for chronic-condition management; and
- Referrals to specialists or community health resources when an issue is beyond the scope of telehealth or requires follow-up.

PPTX shall ensure that Telehealth Services are provided **without any per-visit charge** to the patient or the City beyond the monthly Contributions set forth in Section 5; Participating

Households and Participating City Employees therefore receive **unlimited** access---subject to reasonable controls---covered by the program.

3.2 Licensed Personnel and Standard of Care: PPTX shall ensure that all services are provided by individuals holding the necessary **professional licenses and certifications** in the State of Texas (e.g., medical doctors or osteopathic physicians licensed by the Texas Medical Board, nurse practitioners or physician assistants if utilized, etc.). PPTX will provide Telehealth Services in accordance with the **prevailing standard of care** for telemedicine and all applicable laws and regulations. This includes compliance with Texas telemedicine requirements (e.g., establishing a valid physician-patient relationship via telehealth as required by Tex. Occupations Code and Texas Medical Board rules), maintaining patient privacy and security in accordance with **HIPAA** and other applicable privacy laws, obtaining any necessary consents for treatment via telehealth, and maintaining thorough medical records of telehealth encounters. PPTX is solely responsible for the acts and omissions of its physicians and staff; however, nothing in this Agreement shall be construed to create an employer-employee relationship between the City and any PPTX personnel (see Section 11.4). PPTX will have physicians who are multi-lingual and, if needed, able to provide services in languages prevalent in the community (to the extent practicable, such as Spanish for Spanish-speaking residents), or through translation services if necessary.

3.3 Service-Level Standards. PPTX shall use commercially reasonable efforts to maintain the performance standards set forth in **Exhibit A (Service Level Agreement and Key Performance Indicators)**, which is incorporated herein. The primary objective metric is **Availability / Uptime**: the Telehealth Services are expected to remain continuously operational during the Standard Service Window (8 a.m.--10 p.m. CT, seven days a week), except for infrequent, short maintenance windows that PPTX will schedule during historically low-usage periods and, when practicable, announce to the City in advance.

PPTX will monitor platform performance and promptly correct material service degradations. The Parties acknowledge that isolated anomalies may arise (e.g., a brief carrier outage or unexpected surge), but sustained or repeated service interruptions, after notice and a reasonable cure period, may be treated as a breach under Section 6.2. No specific "time-to-patient" or response-interval targets are imposed under this Agreement unless the Parties later amend Exhibit A to include such metrics by mutual written consent.

3.4 Reporting and Monitoring: PPTX shall provide the City with regular reports to facilitate oversight of the program's success and compliance with service standards. At a minimum, PPTX will provide:

- **Monthly Reports:** By the 15th of each month, PPTX will deliver a report for the previous month detailing: the number of telehealth consultations provided to Garland residents under this program; the number of unique Households that utilized the service; average and maximum wait/response times; any downtime or service interruptions (with dates and duration); and a summary of any resident feedback or complaints received (with general nature of issue and resolution, but without any personal health details).

- **Annual Reports:** Within 30 days after each anniversary of the Program Launch Date (and within 30 days after termination or expiration, if applicable), PPTX will provide a comprehensive annual report summarizing the above metrics over the year, identifying trends (e.g., utilization rates, peak usage times, most common consultation types), and including any recommendations for program improvements or adjustments for the City's consideration.

These reports shall be provided in a format reasonably requested by the City (for example, a written csv or Excel report and an accompanying spreadsheet of key data). **Privacy Note:** The City acknowledges that medical consultations are private. PPTX will **not disclose any Protected Health Information (PHI)** or personally identifiable patient information to the City in these reports, beyond what is needed for program administration. All usage data will be aggregated and de-identified in compliance with HIPAA. The City may use the aggregated data for lawful purposes such as public reports to City Council on program effectiveness.

3.5 Program Limitations and Resident Guidance: PPTX's Telehealth Services are intended for **non-emergency** medical needs and general health guidance. The program is **not** health insurance and is not a replacement for primary care or emergency services as may be required by health insurance. PPTX shall ensure that all Participating Households are informed (via welcome materials, the utility bill insert in Exhibit C, or initial interactions) that **for any medical emergency or conditions requiring immediate hands-on care, residents should call 9-1-1 or go to the nearest emergency facility**. PPTX providers will use professional judgment to direct patients to emergency care or in-person evaluation if symptoms suggest a serious condition (e.g., chest pain, severe shortness of breath, signs of stroke, etc.). Furthermore, the Telehealth Services do not cover the cost of prescriptions or external medical services---those remain the patient's responsibility (though PPTX's services include helping locate low-cost options or referrals). Participating Households should maintain any regular health insurance or primary physician relationships they have; this program is a supplemental benefit to increase access to care. PPTX will not provide long-term management of chronic diseases beyond telehealth advice and directing patients to appropriate follow-up; nor will PPTX prescribe any medications that are not legally permissible via telehealth or without an in-person examination when required by law.

3.6 Changes in Scope of Services: If the City requests an expansion or significant change to the scope of Telehealth Services (for example, adding mental health tele-counseling or on-site services), or if PPTX proposes service enhancements (like a new telehealth platform feature), the Parties shall discuss such changes in good faith. No such change will be effective unless agreed in writing (e.g., as an amendment or added exhibit). Minor adjustments and improvements that do not materially alter the obligations of either Party (such as adding additional languages support or improving average response times) may be made by PPTX in the ordinary course, with notice to the City. Any change that could affect the pricing or costs must be mutually agreed.

3.7 PPTX-Funded Support Positions: To facilitate the successful launch and implementation of the telehealth program, PPTX agrees to fund the following temporary positions:

- **Utility Billing Agent:** PPTX will fund one Garland employee position for a period of 6 months from the Program Launch Date, at a rate equal to the current utility billing customer service representative rates established by the City. This employee will focus on addressing resident inquiries related to the telehealth program billing, assisting with opt-out requests, and supporting the initial implementation of the program within the City's utility billing system. The City shall hire or assign this individual according to its standard employment procedures. Such funds for the actual cost of this position (salary and benefits) shall be shown as a credit on the amounts owed to PPTX pursuant to Section 5 hereof.

- **Community Liaison:** PPTX will fund a community liaison position for a period of 9 months, beginning 3 months before the Program Launch Date and continuing 6 months after the Program Launch Date, to promote the program throughout the community. PPTX will request the City's assistance in identifying a suitable candidate for this role, preferably a former council member or other individual with strong community connections who is trusted by Garland residents. The hourly wage for this position will be negotiated directly between the selected individual and PPTX. The community liaison will report to PPTX but will coordinate activities with the City's marketing efforts described in Exhibit D. The community liaison's responsibilities shall include attending community events, meeting with neighborhood groups, and otherwise raising awareness of the telehealth program.

- **Temporary Call Center Employees:** As referenced above, PPTX will fund three Garland employee positions at the call center for the Introductory Term, at a rate equal to the current call center employee rates established by the City. The City shall hire or assign these individuals according to its standard employment procedures. Such funds for the actual cost of these positions (salary and benefits) shall be shown as a credit on the amounts owed to PPTX pursuant to Section 5 hereof.

PPTX shall provide the City with bi-weekly updates on the community liaison's activities. For clarity, the community liaison shall be an independent contractor of PPTX, not an employee of the City.

- **Process Consultant:** Following the Introductory Term, if determined by the City in its reasonable discretion that such an engagement would be beneficial, PPTX will engage, at its sole expense, a qualified process consultant to assist with business process mapping. The consultant’s scope of work shall be (i) optimizing customer communication workflows and (ii) designing and supporting data exchange between MD Pathways and the City.

3.8 PPTX-Funded Program Support: To facilitate the successful launch and implementation of the telehealth program, PPTX agrees to fund the following program support commitments:

- **Software Support:** PPTX shall provide the City with $~~15~~80,000, as a $~~12,500~~6,666.67 credit on the monthly remission of fees from the City to PPTX under Section 5.2 for the first year of the Program, for software support. These funds shall be used by City towards licensing and upgrading customer service software, bill printing system integration, and associated Information Technology professional services.

- **Program Escrow:** PPTX shall provide the City with $~~10~~50,000 annually, as a $~~8,333.33~~4,166.67 credit on the monthly remission of fees from the City to PPTX under Section 5.2, for a program escrow. The City shall deposit these funds into an escrow account designated by the City to offset staffing and program-related costs incurred by City.

- **Community Assistance:** PPTX shall provide the City with $~~50~~25,000 annually, as a $~~4,166.67~~2,083.33 credit on the monthly remission of fees from the City to PPTX under Section 5.2, for community utility assistance. These funds shall be deposited into the City's bill assistance program.

- **Billing Insert Support:** PPTX shall provide the City with $8,000 annually, as a $666.66 credit on the monthly remission of fees from the City to PPTX under Section 5.2, for billing inserts to accompany the utility bill and explain the service to customers, as contemplated in Section 4.1 below.

4. City's Obligations and Program Administration

4.1 Billing and Collection of Contributions: The City shall facilitate the funding of the telehealth program by acting as the billing and collection agent for the monthly **Contributions** from Participating Households. Beginning on the Program Launch Date (or the next practicable utility billing cycle) and continuing throughout the Term, the City will include on each eligible Household's utility bill a separate line item or charge labeled to indicate the telehealth services program Contribution (for example, "Telehealth Services Program -- [Month]" with the applicable amount). An explanatory addendum or insert will accompany or be incorporated into the bill, at least for the first billing cycle and periodically as needed, to explain the nature of this charge (substantially in the form attached as **Exhibit C**). The City's utility billing department shall handle the mechanics of billing this fee alongside normal Residential utility charges. Collected Contributions shall be accounted for separately (for clarity, the City will track these funds, which will be owed to PPTX, distinct from general utility revenue). The City will exercise diligent efforts in billing and collecting Contributions, applying similar practices as it does for other City charges (except no service disconnections will occur solely for non-payment of the telehealth fee, as described in 4.2). The City will not markup or add additional fees to the Contribution; the agreed amounts (as specified in Section 5.1) are what residents pay and what is owed to PPTX (minus any uncollected amounts as noted in Section 5.2). If the City's billing system requires any initial setup or programming to implement this charge, the City will complete such setup prior to the Program Launch Date (with PPTX to assist in providing any needed information).

4.2 Resident Opt-Out Mechanism: Participation in the telehealth program is **voluntary** for City residents. The City shall implement and manage an **opt-out** system whereby any Household may choose not to participate and not be billed the Contribution. Key aspects of the opt-out process include:

- **Initial Opt-Out Period:** On or before the Program Launch Date, the City will notify all eligible Households of the upcoming telehealth program and give them a clear opportunity to opt out **before** the first charge appears. This can be achieved via a mailed notice or insert (Exhibit C) and through City communication channels (website, social media, etc.). Residents might opt out by calling a designated City phone number, returning a form, or using an online website or portal -- the City will provide convenient methods and will log each opt-out request. Any Household that opts out in advance will not be billed the Contribution on the first or subsequent utility bills (unless they later opt back in).

- **Ongoing Opt-Out Rights:** After the Program Launch Date, a Household may opt out at any time by notifying the City through the established process. The City shall remove the telehealth charge from that Household's bill starting with the next billing cycle following the opt-out request (allowing for reasonable processing time).

- **Non-Payment Treated as Opt-Out:** If a Household does **not pay** the telehealth Contribution portion of its utility bill, the City will treat such non-payment as that Household's election to opt out of the program. In practice, the City may include a note on the bill or a courtesy reminder (e.g., "If you do not wish to participate in the telehealth program, you may opt out; non-payment of this charge will be interpreted as an opt-out."). The City is not required to undertake collection actions for unpaid Contributions beyond its standard utility bill collection processes. If a partial payment is made on a utility bill, the City's payment application protocols will first satisfy essential utility services and may leave the telehealth charge unpaid, indicating an opt-out. The City will not impose late fees, penalties, or service cut-offs solely for refusal to pay the telehealth Contribution; instead, the Household simply will be unenrolled (opted-out) for non-payment. The City will update its records to reflect that status and cease future billing to that account for the Contribution. (If that resident later wishes to rejoin, they could request to opt back in, in which case billing would resume in a future cycle.)

- **Data on Participation:** The City shall maintain accurate records of which Households are Participating Households (i.e., have not opted out and continue to pay) and which have opted out (or been deemed opted out for non-payment). The City will provide PPTX with an updated list (or accessible dataset) on at least a monthly basis identifying all Participating Households, or conversely all opted-out Households, so that PPTX knows whom it is obligated to serve. This list may be in the form of address/account numbers or another unique identifier; it need not include resident names (unless necessary for verification). The City shall also provide PPTX with an updated list of Participating City Employees, which PPTX shall also serve at no additional cost or contribution from the City. PPTX will use this information solely for verifying service eligibility and administration of the program.

In summary, **PPTX is only obligated to provide Telehealth Services to Participating Households**, and the City is only obligated to pay PPTX for Households that actually participate (pay the Contribution). Handling of opt-outs and the communication thereof is a critical City responsibility to ensure clarity on who is covered at any given time.

4.3 Remittance of Funds to PPTX: The City's payment obligations to PPTX are set forth in Section 5. In general, the City will act as a pass-through entity: collecting Contributions from residents and remitting those collected funds to PPTX on a regular basis (monthly, unless otherwise agreed). The City shall segregate or account for collected Contributions such that they are identifiable as funds due to PPTX. Collected amounts shall not be diverted to other City uses. The City will prepare a monthly summary of collections and promptly pay PPTX as described in Section 5.3. If the City anticipates any **administrative delays** or issues in remitting payment (for example, a software issue delaying calculation of amounts), it will inform PPTX and work to resolve it quickly. Both Parties acknowledge that timely and accurate flow of funds is essential to the success of the program.

4.4 Promotion and Marketing Support: The City will endeavor to actively promote the telehealth program. The City's specific marketing and outreach commitments are detailed in **Exhibit D (City Marketing Commitments)**. In general, the City will utilize its communication channels to raise awareness of the Telehealth Services among residents. This includes, at minimum: sending periodic informational mailers or bill inserts about the program, posting about the program on the City's official social media accounts several times per year, including program information in materials provided to new residents, and collaborating with PPTX to present the program at community events or health fairs. The City will designate a point of contact or coordinator to work with PPTX's team on marketing efforts, ensuring that messaging is accurate and consistent. All outreach will clearly convey that the program is an **"opt-out"** benefit (so people understand they are included unless they choose otherwise) and will highlight the service offered (unlimited telehealth access for a monthly fee). The City's name and logo may be used in program materials, and PPTX's name and service may be featured in City communications, in accordance with guidelines either Party may provide (and each Party will obtain approval from the other for any use of the other's logo or trademarks). Marketing expenses for the activities listed in Exhibit D (such as printing and mailing City utility inserts) shall be borne by the City, except that PPTX will bear any costs associated with its own optional marketing efforts or any premium promotional activities not outlined that PPTX elects to do.

4.5 Exclusivity of Program Services: During the Term of this Agreement, the City shall **not enter into any agreement with a third party to provide a similar telehealth subscription service to City residents** that is funded through City utility billing or a City-managed opt-out program. PPTX shall be the exclusive provider for any City-sponsored telehealth program of this nature while this Agreement is in effect. (This does not prevent the City from participating in or promoting unrelated health initiatives, such as county health programs or hospital partnerships, so long as they are not the same model of providing telehealth-for-all via a utility bill fee.) The City confirms that it currently has no contracts with other telehealth vendors for a citywide program.

4.6 Legal Compliance and Support: The City will use its governmental authority to support the lawful implementation and ongoing operation of the telehealth program. The City represents that it has or will obtain all necessary approvals (e.g., City Council resolutions or City Manager approvals) to lawfully add the telehealth Contribution to utility bills and enter into this Agreement. The City shall ensure the program structure (including the opt-out billing mechanism) complies with any applicable laws or regulations. If any resident, regulator, or other stakeholder challenges the legality of the billing mechanism or any aspect of the program, the City will promptly notify PPTX and, to the extent the challenge centers on City policy or action, the City will take primary responsibility in addressing or defending against such challenge (consistent with the City's indemnification obligations in Section 8.2). The City will also handle any **Texas Public Information Act** (TPIA) requests or other public records inquiries relating to this Agreement or the program in accordance with law and Section 11.3 (ensuring PPTX is consulted if any request encompasses PPTX's proprietary information). Nothing in this Agreement requires the City to violate any law, and any apparent conflict shall be addressed through the contract's modification or termination provisions (see Section 10, Regulatory Changes). The City will not knowingly pass any ordinance or policy that conflicts with the purpose of this Agreement or that materially increases PPTX's costs of performance without engaging in the renegotiation process contemplated in Section 10.

4.7 Founding Partner Program Obligations: As part of the Founding Partner Program and in exchange for the discounted pricing structure specified in Section 5.1, the City agrees to:

- **Joint Press Release:** Collaborate with PPTX on one joint press release announcing the telehealth program partnership. The City will provide input, review, and approval of the release content, as well as assist with distribution through appropriate City channels.

- **Case Study Authorization:** Allow PPTX to develop and publish a case study about the telehealth program implementation in Garland. PPTX may use anonymized program data (such as utilization statistics and health outcomes) and the City's logo in the case study. Any case study will be provided to the City for review prior to publication, and the City shall have the right to request reasonable modifications to protect resident privacy or City interests.

- **Timely Payment:** Pay PPTX on time as specified in Section 5.3 and 5.4 of this Agreement.

5. Compensation and Payment Terms

5.1 Contribution Rates and Pricing Structure: In consideration for PPTX's Telehealth Services, the City (on behalf of Participating Households) shall pay PPTX according to the following pricing structure:

- **Founding Partner Program:** The City of Garland will participate in PPTX's Founding Partner Program, which provides special discounted pricing over a five-year period. The standard monthly program price per Household/business is $9.00, but as a Founding Partner, the City will receive the following discounted rates:
    - **Year 1:** $6.00 per Household per month
    - **Year 2:** $6.00 per Household per month
    - **Year 3:** $7.00 per Household per month
    - **Year 4:** $8.00 per Household per month
    - **Year 5:** $9.00 per Household per month
    - **Year 6:** $9.00 per Household per month
    - **Year 7:** $9.00 per Household per month
- **Annual CPI Adjustment (Cap 5%):** Beginning with the sixth year of the program and for each year thereafter, PPTX may adjust the per-Household monthly rate based on inflation as measured by the Consumer Price Index (CPI). Specifically, **at the start of Year 6** (and at the start of each subsequent year on the anniversary of the Program Launch Date), the base rate for that year as specified above may be increased by a percentage equal to the percentage increase in the CPI over the most recent 12-month period for which official CPI data is available. However, **any such annual increase shall be capped at 5%** of the then-current rate. If the CPI indicates a larger increase, only a 5% increase will be applied for that year. If the CPI change is smaller, the smaller percentage (or no increase) may be applied. PPTX shall give the City at least **60 days' advance written notice** of any CPI-based rate increase, including documentation of the CPI calculation. The adjusted rate will remain in effect until the next annual adjustment or end of the Agreement. CPI adjustments are intended to account for increased costs of providing services due to inflation and regulatory changes; they are not automatic unless CPI has increased. If CPI is flat or negative, the rate would remain the same (no increase), absent mutual agreement for a downward adjustment.

All pricing above is per Household per month. If the City ever bills on a different periodic basis (e.g., bi-monthly utility billing), the charges can be prorated or structured so that it equates to the same monthly rate (for instance, $12 every two months in Year 1 instead of $6 monthly, if needed for billing software). The City shall not charge or withhold any administrative fees from these Contributions -- the full collected amount (except uncollected amounts, addressed in 5.2) is due to PPTX.

5.2 Payment Based on Collected Contributions (No Payment for Opt-Outs): PPTX's compensation under this Agreement is expressly limited to the **Contributions actually collected by the City** from Participating Households. The City shall **not** be required to pay

PPTX for any Household that has opted out or otherwise failed to pay the Contribution. In other words, PPTX bears the risk of non-collection from residents -- if a resident does not pay, PPTX will not receive that Contribution (and, correspondingly, PPTX will not be obligated to provide service to that resident as they are considered to have opted out). The City will only remit amounts that it has successfully collected. The City's obligation to pay is purely **contingent on collection**; there is no guarantee of any minimum number of participants or amount. However, the City will make commercially reasonable efforts in its billing and collection practices to maximize collection, as described in Section 4.1 and 4.2, treating the telehealth Contribution like an ordinary line item on the utility bill. If a previously non-paying Household later pays past due Contributions (perhaps in clearing up a utility bill), the City will include those recovered funds in the next remittance to PPTX, but the Household's eligibility for services will be determined by the opt-out rules (generally, non-payment means they were not covered during that period). PPTX acknowledges and agrees that the City has not made and is not making any promise of a particular participation level or revenue amount; the financial model is enrollment-driven.

5.3 Invoicing and Remittance Procedure: The following process shall apply to the billing and remittance of Contributions from the City to PPTX:

- **Monthly Remittance/Invoice Cycle:** On a monthly basis (aligned with the City's normal billing cycle), the City will calculate the total Contributions collected in the preceding period. The City will provide PPTX with a **Monthly Contribution Report** (as noted in Section 4.3) stating the number of Participating Households and total amount of Contributions collected for that month (or billing cycle), along with any necessary detail (e.g., identification of any partial payments or adjustments). PPTX will then issue an invoice to the City for that amount, referencing the City's report. Alternatively, if mutually agreed, the City's report itself can serve as the basis for payment without a separate PPTX invoice; in such case, the City will initiate payment of the reported amount within the timeframe below.

- **Payment Terms:** The City shall remit payment to PPTX for each invoice (or report) **within 30 days** of receipt of the invoice/report, less the credit for the Utility Billing Agent pursuant to Section 3.7 and the credits for program support in Section 3.8, above. Payment shall be made via a mutually agreed method, such as ACH electronic transfer to an account designated by PPTX. Timely payment is important to maintain service continuity. If the City identifies any discrepancy or has a good-faith dispute about the invoiced amount, it shall notify PPTX within 15 days after delivery of the invoice, and the Parties will work together to resolve the dispute promptly. The City will in any event pay the **undisputed portion** of an invoice within the 30-day period.

- **Records:** Each Party will maintain records of the amounts billed, collected, invoiced, and paid. The City's records of what was collected shall be controlling in determining the amount due, absent manifest error. PPTX may inspect relevant City records to verify the figures if needed (subject to audit provisions in Section 11.2). Likewise, the City can inspect PPTX's invoicing records. Both Parties agree to seek to resolve discrepancies in good faith.

- **Adjustment for CPI or Rate Changes:** If a CPI adjustment or other rate change occurs as described in 5.1, the City's billing and PPTX's invoicing will reflect the new rates as of the effective date. The City shall not be responsible for calculating PPTX's invoice; PPTX will ensure its invoice reflects the current approved rate and matches the City's reported number of participants and collected funds.

5.4 Late Payment and Suspension of Service: The City shall pay PPTX on time as described above. In the event any **undisputed** payment is not received by PPTX within 30 days after it is due, PPTX will provide written notice to the City's contract manager or finance department, alerting the City to the delinquency. If the City still has not paid within an additional ten days after receiving such notice (i.e., 60 days past the original due date), PPTX shall have the right to **suspend Telehealth Services** under this Agreement until payment is made, upon giving the City a second written notice (a "Notice of Suspension") at least ten days before the suspension is to take effect. If the City cures the payment default within that ten-day period, the suspension will not occur. If the City does not cure, PPTX may halt services starting on the specified suspension date. During any period of suspension for non-payment, PPTX will have no obligation to provide Telehealth Services to City residents, and the City will be responsible for informing residents (if inquiries arise) that the service is temporarily unavailable due to payment issues. PPTX shall resume services promptly after the City pays all outstanding undisputed amounts (including any applicable late charges).

Additionally, any late payment (beyond 30 days past due) shall accrue interest at the lesser of an annual rate of 1.5% per month or any part of a month, compounded annually, or the maximum rate allowed by Texas law for municipal contracts, calculated from the original due date until the date of payment. The Parties intend for this to comply with the Texas Prompt Payment Act (Tex. Gov't Code Ch. 2251) to the extent it applies, and not to exceed any lawful rate.

If payment delinquency continues beyond 90 days without satisfactory resolution, such failure to pay shall constitute a material breach by the City, and PPTX may terminate the Agreement for cause pursuant to Section 6.2(b). In such case, the City would be responsible for any applicable termination payments as set forth in Section 6.2(b) and 6.1.

5.5 Taxes: The Contributions are considered a fee for services provided to residents and passed through to PPTX; they are not a tax or a City fee for City revenue. Each Party is responsible for its own taxes as applicable. PPTX shall be responsible for any taxes based on its income or business operations (including payroll taxes for its employees). The City, as a Texas municipal entity, is generally tax-exempt for its purchases and not subject to sales tax; in this arrangement, the City is acting as a billing conduit. It is not anticipated that sales tax applies to medical services, but if any sales, use, excise, or similar taxes are determined by a competent authority to apply to the amounts paid to PPTX hereunder, PPTX shall be responsible for such taxes (as PPTX is the ultimate recipient of the payment for services). The

City shall not withhold any portion of the Contribution for taxes unless required by law, in which event the City shall notify PPTX and cooperate to minimize any such withholding or double-taxation. If any law provides an exemption or exception that can be claimed, the Parties will reasonably cooperate (for example, providing resale or exemption certificates). In no event will either Party be responsible for any taxes of the other Party that are not directly related to this Agreement.

5.6 Funding and Appropriations: The City reasonably believes that, as the program is structured, the amounts needed to pay PPTX will be fully covered by resident Contributions, and therefore the City is not expected to appropriate additional general funds for this Agreement. The City agrees to budget and appropriate the collected Contribution funds for payment to PPTX. In compliance with Texas law, the City's obligations hereunder are subject to the availability of funds and annual appropriation by the City Council, as applicable. The City has appropriated funds for the initial year of this Agreement by virtue of approving the program. If in any subsequent fiscal year the City Council fails to appropriate funds for the continuation of this Agreement (and if no collected Contributions are available to cover the costs), the City may terminate the Agreement by providing written notice to PPTX and complying with any applicable Texas law requirements (this scenario would be treated as a termination for non-appropriation, potentially without the penalty of Section 6.1, since the City cannot commit funds it does not appropriate). The City will make good faith efforts to avoid this outcome, and shall not use non-appropriation as a pretext to terminate for convenience in order to circumvent the termination fee.

6. Termination

6.1 Termination by City for Convenience (Without Cause).

- (a) **Right to Terminate Pre-Program Launch Date.** Either party may cancel this Agreement without penalty up to 30 days prior to the Program Launch Date.
- **(b) Right to Terminate Following Introductory Term.** At the end of the Introductory Term, the City may terminate this Agreement for its convenience by delivering at least 30 days' prior written notice to PPTX.
- (c) **Right to Terminate After Month 24.** Beginning on the first day of Month 25---and at any time thereafter---the City may terminate this Agreement for its convenience by delivering at least **90 days' prior written notice** to PPTX specifying the effective date of termination.
- (d) **No Fee.** If the City terminates this Agreement for convenience, no termination fee is owed. The City must still remit to PPTX all Contributions collected for services rendered through the termination date.

6.2 Termination for Cause: Either Party may terminate this Agreement for cause upon a material breach by the other Party, subject to the following provisions:

- **By the City (PPTX Breach):** If PPTX materially breaches any material obligation of this Agreement, the City shall provide written notice to PPTX describing the nature of the breach in detail. PPTX shall have 30 days from receipt of such notice to cure the breach to the City's reasonable satisfaction. If the breach is of a nature that cannot reasonably be cured within 30 days, PPTX may submit a reasonable plan for curing the breach as promptly as practicable, and seek the City's written consent for an extended cure period (which consent shall not be unreasonably withheld for non-monetary breaches). Failure to meet service level standards as required, significant downtime or unavailability of services, repeated justified complaints from residents about service quality, or any action by PPTX that jeopardizes residents' health or privacy could all constitute material breaches if not promptly remedied. If PPTX fails to cure the breach within the applicable cure period, the City may terminate this Agreement by delivering a written termination notice to PPTX, with a specified termination date at least 30 days from the date notice is sent by City. In a termination for PPTX's breach, the City is not required to pay any termination fee. The City shall pay PPTX for any validly collected Contributions attributable to services provided up to the termination date (to the extent not already paid), but the City may withhold or offset any amounts reasonably necessary to cover the City's damages caused by the breach (subject to the limitation of liability in Section 9). Termination for breach is without prejudice to any other rights or remedies the City may have under this Agreement or at law, except those remedies are subject to the limitations and waivers provided herein.

- **By PPTX (City Breach):** If the City materially breaches its obligations under this Agreement, PPTX shall provide written notice to the City describing the breach. Material breaches by the City include, for example: failure to pay PPTX amounts due (beyond applicable notice and cure periods in Section 5.4), failure to bill and collect Contributions as agreed (e.g., arbitrarily stopping billing without terminating the Agreement), or violation of exclusivity (bringing in another provider in breach of Section 4.5). The City shall have 30 days from receipt of notice to cure the breach. For payment breaches, cure would consist of full payment of all outstanding amounts; for other breaches, appropriate corrective action should be taken. If the City does not cure the breach within the cure period, PPTX may terminate this Agreement by written notice, effective as of a specified date at least 30 days from the date notice is sent by PPTX. In such event, the City shall remain liable to pay PPTX for all Contributions collected (or due to be collected) for services provided up to the termination date. PPTX may also pursue any other remedies available at law or in equity for the City's breach, subject to the limitation of liability in Section 9.

In all cases of alleged breach, the non-breaching Party has a duty to act reasonably and in good faith. If a breach is disputed, the Parties may engage in discussions or mediation to attempt to resolve the dispute prior to termination if time permits, but are not obligated to delay a justified termination beyond the cure period.

6.3 Termination for Change in Law or Regulatory Issues: In addition to termination for cause, either Party may terminate this Agreement upon written notice (with at least 60 days' notice, if feasible) if a **change in applicable law or regulation** or a government order makes the continuation of this Agreement impracticable, illegal, or would materially increase the cost of performing the Agreement without a mutually agreeable amendment. This right is further described in Section 10 (Regulatory Changes). In such a case, the Parties shall attempt to negotiate adjustments first. If termination is ultimately necessary under this Section 6.3, it shall be considered a no-fault termination. The City will pay PPTX for any services rendered up to the termination date from collected funds, and each Party will bear its own costs of termination (except any obligations to refund residents if needed, which the City would pay).

6.4 Effect of Termination: Upon any termination or expiration of this Agreement, the Parties shall take the following actions for an orderly wind-down:

- **Cessation of Services:** PPTX will cease providing Telehealth Services to Participating Households as of the effective date of termination/expiration (the "Termination Date"), unless otherwise agreed for a brief extension to ensure a smooth transition. PPTX will ensure that any person contacting the service after the Termination Date is informed that the program is no longer active. If appropriate, PPTX may advise patients to seek alternative care (e.g., refer them to their primary care physician or urgent care) since the Telehealth Services under the City program have ceased. The City agrees to promptly inform residents (through a notice on its website, a message on the final utility bill with the Contribution charge, or other reasonable means) that the Telehealth Services program is ending or has ended as of the Termination Date.

- **Final Billing and Payments:** The City shall remove the Contribution charge from all future utility bills after the Termination Date. The City will still collect any Contributions that were billed for periods prior to the Termination Date (for example, if the program ends on March 31 but the March bills were already issued with the telehealth charge, the City will collect those and include them in the final payment to PPTX). The City shall pay PPTX any remaining amounts due for services provided through the Termination Date. PPTX shall submit a final invoice or reconciliation statement within 30 days after termination, and the City shall pay that (subject to reconciliation of any last adjustments) in accordance with Section 5.3. The City will still be responsible to remit any late-arriving payments from residents for pre-termination service periods, or otherwise account to PPTX for all Contributions collected up to the Termination Date. Conversely, if the City collected Contributions for any period beyond the Termination Date (e.g., billing timing quirks), the City will refund those amounts to the residents or, if not feasible, remit them to PPTX only if PPTX actually provided any service during that period (which generally will not be the case if services ceased).

- **Return of Materials and Information:** Each Party shall promptly return or (with permission) destroy any confidential information, proprietary materials, or equipment of the other Party that is in its possession due to the Agreement. For example, PPTX will return or securely destroy any City-provided data lists, and the City will return or destroy any PPTX-provided training materials or marketing collateral that is not publicly available. An exception is made for any information that a Party is required by law to retain (e.g., PPTX's medical records of patient consultations, which by law must be retained for a certain period, and the City's record of this contract for record-keeping purposes). Any retained information remains subject to the confidentiality obligations of this Agreement (and the BAA for any PHI).

- **Transition Assistance:** Upon the City's request, PPTX will provide reasonable cooperation to transition residents to any new program or provider (if one is immediately available) or to simply close out the program. This might include providing the City with a brief summary of utilization or any lessons learned that could be passed to a successor (nothing containing PHI). If the City desires to start a similar program with a different vendor after termination, PPTX's obligations are limited to cooperation consistent with Section 11.1 (Right to Match and Transition) if applicable.

- **Survival of Terms:** Any provisions of this Agreement which by their nature or expressly are intended to survive termination or expiration (such as indemnification obligations, confidentiality, limitation of liability, and accrued payment obligations) shall survive. Specifically, Sections 5.4 (if payments are late at termination), 5.5, 6.4, 7.4, 8, 9, 11.3, 11.6, 11.8 through 11.12, and all relevant definitions, exhibits, and any other provision that contemplates performance or enforcement after termination, will remain in effect.

- **No Further Liability:** Provided that all amounts due to PPTX have been paid (including any required termination fee) and both Parties have fulfilled their obligations up to the Termination Date, neither Party shall have any further liability to the other under this Agreement following termination or expiration, except for liabilities that had already accrued or for obligations that survive by the terms of this Agreement. Neither Party shall be liable to the other for damages solely by reason of exercising a lawful termination right as provided in this Agreement.

ARTICLE 7 -- INSURANCE

7.1 Maintenance of Insurance. PPTX shall, at its own expense, maintain during the Term such categories and amounts of insurance as are customarily carried by prudent tele-healthcare providers operating in Texas, including (without limitation) commercial general liability, professional (medical-malpractice) liability, and---if PPTX has employees---statutory workers' compensation.

7.2 Evidence of Coverage Upon Request. No more than once in any twelve-month period, the City may request certificates (or other reasonable proof) showing that the coverages described in § 7.1 are in force on the date of the request. Provision of such proof shall not be construed as the City's approval of the adequacy of coverage.

7.3 Additional-Insured Endorsement (CGL only). If the City's risk manager determines in writing that additional-insured status is necessary on PPTX's commercial general liability policy, PPTX will use commercially reasonable efforts to obtain an endorsement naming the City (and its officers and employees) as additional insureds on a primary and non-contributory basis. No additional-insured endorsement is required on PPTX's professional-liability, cyber-liability, or workers'-compensation policies.

7.4 No Expansion of Liability. The existence, type, or amount of insurance carried by PPTX shall not enlarge or modify the limitations of liability contained in Article 9.

7.5 Notice of Cancellation. PPTX will make commercially reasonable efforts to see that its insurers endeavor to give the City at least 30 days' prior notice (ten days for non-payment of premium) of any cancellation or non-renewal of required coverage.

8. Indemnification

8.1 INDEMNIFICATION BY PPTX: TO THE FULLEST EXTENT PERMITTED BY LAW, PPTX SHALL INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY AND ITS OFFICERS, ELECTED OFFICIALS (MAYOR AND COUNCIL), AGENTS, AND EMPLOYEES (COLLECTIVELY, THE "CITY INDEMNITEES") FROM AND AGAINST ANY AND ALL THIRD-PARTY CLAIMS, ACTIONS, LIABILITIES, DAMAGES, JUDGMENTS, OR EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) ASSERTED AGAINST THE CITY INDEMNITEES THAT ARISE OUT OF OR RESULT FROM: (I) ANY NEGLIGENT ACT OR OMISSION OR WILLFUL MISCONDUCT OF PPTX OR ITS OFFICERS, EMPLOYEES, AGENTS, OR SUBCONTRACTORS IN THE PERFORMANCE OF THIS AGREEMENT (INCLUDING IN THE PROVISION OF TELEHEALTH SERVICES); (II) ANY BREACH OF THIS AGREEMENT BY PPTX, INCLUDING ANY BREACH OF ITS REPRESENTATIONS, WARRANTIES, OR COVENANTS (FOR EXAMPLE, A VIOLATION OF HIPAA OR A CONFIDENTIALITY OBLIGATION BY PPTX RESULTING IN A CLAIM); OR (III) ANY ACTUAL OR ALLEGED INFRINGEMENT OF ANY PATENT, COPYRIGHT, TRADEMARK, TRADE SECRET, OR OTHER INTELLECTUAL PROPERTY RIGHT CAUSED BY PPTX'S PROVISION OF SERVICES OR MATERIALS (SUCH AS IF PPTX'S TELEHEALTH PLATFORM SOFTWARE INFRINGES A THIRD PARTY'S IP). THIS INDEMNIFICATION OBLIGATION INCLUDES, BUT IS NOT LIMITED TO, CLAIMS FOR PERSONAL INJURY OR DEATH (INCLUDING MEDICAL MALPRACTICE CLAIMS BY PROGRAM PARTICIPANTS) AND PROPERTY DAMAGE TO THE EXTENT CAUSED BY PPTX'S NEGLIGENCE OR WRONGFUL ACTS. HOWEVER, PPTX'S OBLIGATIONS UNDER THIS SECTION 8.1 SHALL NOT APPLY TO THE EXTENT ANY CLAIM OR LIABILITY IS CAUSED BY THE NEGLIGENCE OR WILLFUL MISCONDUCT OF THE CITY OR ANY CITY

INDEMNITEE. IN ADDITION, WITH RESPECT TO MEDICAL MALPRACTICE OR PERSONAL INJURY CLAIMS BY RESIDENTS, THE PARTIES ACKNOWLEDGE THAT RESIDENTS RECEIVING TELEHEALTH SERVICES ARE NOT THIRD-PARTY BENEFICIARIES OF THIS AGREEMENT (SEE SECTION 11.11) AND THUS ARE NOT ENTITLED TO ENFORCE THIS CONTRACT; THEIR REMEDIES ARE THROUGH MEDICAL MALPRACTICE LAW AGAINST THE PROVIDER. THIS SECTION 8.1 IS FOR THE BENEFIT OF THE CITY AND CITY INDEMNITEES AND NOT ANY OTHER PERSON.

8.2 INDEMNIFICATION BY THE CITY: TO THE EXTENT ALLOWED BY THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS, THE CITY SHALL INDEMNIFY AND HOLD HARMLESS PPTX AND ITS OFFICERS, MEMBERS, MANAGERS, EMPLOYEES, AND AGENTS (COLLECTIVELY, THE "PPTX INDEMNITEES") FROM AND AGAINST ANY THIRD-PARTY CLAIMS, DEMANDS, SUITS, OR LIABILITIES (INCLUDING REASONABLE ATTORNEYS' FEES AND COSTS) THAT ARISE OUT OF OR RESULT FROM: (I) ANY CLAIM BY A RESIDENT, TAXPAYER, OR OTHER THIRD PARTY CHALLENGING THE LEGALITY OF THE TELEHEALTH CONTRIBUTION BILLING ARRANGEMENT OR ALLEGING THAT THE CITY LACKED AUTHORITY TO IMPLEMENT THE PROGRAM OR CHARGE THE FEE (FOR EXAMPLE, A CLAIM THAT THE CONTRIBUTION CONSTITUTES AN UNAUTHORIZED TAX OR THAT OPT-OUT BILLING IS UNLAWFUL); (II) ANY CLAIM ALLEGING THAT THE CITY'S ACTIONS OR OMISSIONS IN ADMINISTERING THE BILLING, COLLECTION, OR OPT-OUT PROCESS VIOLATED A LAW OR REGULATION (INCLUDING ANY CLAIM THAT THE CITY FAILED TO COMPLY WITH THE TEXAS PUBLIC INFORMATION ACT OR OTHER PUBLIC RECORDS LAWS IN RELATION TO PROGRAM RECORDS, OR ANY CLAIM RELATED TO THE HANDLING OF PROGRAM FUNDS); OR (III) THE CITY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN CARRYING OUT ITS OBLIGATIONS UNDER THIS AGREEMENT. THIS CITY INDEMNIFICATION IS INTENDED TO PROTECT PPTX FROM LEGAL RISKS THAT ARISE SPECIFICALLY FROM THE CITY'S ROLE AND DECISIONS (SUCH AS SETTING UP THE BILLING THROUGH UTILITY BILLS AND MANAGING OPT-OUTS, WHICH ARE CITY-CONTROLLED ASPECTS). LIMITATIONS: THE CITY'S OBLIGATIONS UNDER THIS SECTION 8.2 ARE LIMITED BY AND SUBJECT TO TEXAS LAW. THE CITY DOES NOT WAIVE ANY GOVERNMENTAL OR SOVEREIGN IMMUNITY BY ENTERING THIS AGREEMENT, AND NOTHING HEREIN SHALL BE CONSTRUED TO REQUIRE THE CITY TO INDEMNIFY BEYOND WHAT IS PERMITTED BY TEXAS LAW OR TO EXPEND FUNDS NOT APPROPRIATED FOR THIS PURPOSE. IN PRACTICE, IF SUCH A CLAIM ARISES, THE CITY (THROUGH ITS CITY ATTORNEY OR DESIGNATED COUNSEL, POSSIBLY PROVIDED BY THE CITY'S INSURER OR RISK POOL) WOULD LIKELY DEFEND THE LEGALITY OF ITS PROGRAM. THE CITY'S INDEMNITY HERE WOULD COVER PPTX'S COSTS AND DAMAGES ARISING FROM BEING NAMED OR INVOLVED IN SUCH A CLAIM, TO THE EXTENT OF THE CITY'S COMPARATIVE FAULT OR RESPONSIBILITY. THE CITY'S INDEMNIFICATION SHALL NOT APPLY TO THE EXTENT A CLAIM ARISES FROM PPTX'S OWN NEGLIGENCE, BREACH, OR MISCONDUCT (FOR INSTANCE, IF A CLAIM ALLEGES BOTH AN UNLAWFUL BILLING SCHEME AND MALPRACTICE BY PPTX, THE CITY MIGHT COVER THE FORMER ALLEGATIONS, WHILE PPTX COVERS

THE LATTER). ALL INDEMNIFICATION BY THE CITY IS FURTHER CONDITIONAL UPON APPROPRIATION OF FUNDS AND TO THE EXTENT ALLOWED BY LAW; THE CITY WILL ASSERT ALL LAWFUL DEFENSES INCLUDING IMMUNITY AS APPROPRIATE, BUT IN ANY CASE, WILL NOT LEAVE PPTX SOLELY RESPONSIBLE FOR A CLAIM THAT FUNDAMENTALLY CONCERNS CITY POLICIES OR ACTIONS.

No third party shall have the right to assert an indemnity claim under this Agreement, as these indemnification provisions are intended only to allocate risk between the contracting Parties. Both Parties shall promptly notify each other upon receiving notice of any claim potentially covered by this Section, and shall cooperate in the defense. (Nothing herein shall eliminate or reduce any other legal immunity or defense available to either Party under Texas law, such as liability limits under the Texas Tort Claims Act for governmental functions.)

9. Limitation of Liability

Except for the specific indemnity obligations set forth in Section 8.1 and except in the case of PPTX's willful misconduct or fraud, the Parties agree to limit PPTX's liability to the City under this Agreement as follows:

9.1 Cap on Liability: PPTX's total cumulative liability to the City for any and all claims, losses, or damages arising out of, relating to, or in connection with this Agreement, whether in contract, tort (including negligence or medical malpractice), or any other theory of liability, shall not exceed **$1,000,000** in the aggregate. This cap on liability includes liability for any City direct damages but not any amounts payable to third parties (for example, under indemnity claims) for which PPTX is responsible, but excludes the following items which are not counted toward the cap: (a) PPTX's liability for its own willful misconduct or intentional wrongdoing; and (b) any obligations to pay the City amounts due under the Agreement (for instance, if PPTX owed the City a refund or payment). The cap is intended primarily to align with PPTX's insurance coverage levels and to allocate risk of catastrophic losses.

9.2 No Indirect Damages: In addition, neither PPTX nor the City shall be liable to the other for any **consequential, indirect, special, exemplary, or punitive damages** or for any loss of profits, loss of revenue, or loss of goodwill, arising out of or related to this Agreement, regardless of whether such damages were foreseeable or a Party was advised of the possibility of such damages. This exclusion does not apply to amounts owed to third parties for which a Party is seeking indemnification under Section 8 (e.g., an indemnified third-party claim with consequential damages is treated as direct for the indemnitee) -- it mainly prevents either Party from suing the other for speculative losses like "reputation damage" or lost business opportunities.

9.3 Exceptions: Notwithstanding the above, nothing in this Section 9 shall limit or exclude PPTX's liability for any act or omission deemed by a court of competent jurisdiction to constitute **willful misconduct, fraud, or intentional violation of law**. In addition, to the extent any claims are covered by insurance, the limitations of liability shall not prejudice the City's right to recover under PPTX's insurance policies up to the policy limits (the intent being that PPTX will carry at least $1,000,000 in applicable insurance so the cap is effectively backed by insurance coverage). Likewise, nothing in this Section limits the City's ability to seek and obtain equitable remedies (such as injunctive relief) to the extent available at law, although the City cannot use an injunction to circumvent the cap on monetary damages.

9.4 City's Liability: The City's liability to PPTX is limited by the doctrines of sovereign and governmental immunity and by Texas law (see Section 11.12). The City does not waive any defenses or limits on liability provided by law. In no event shall the City be liable for consequential damages to PPTX, and any City obligation to pay damages (as opposed to the contractual payments to PPTX) would be subject to statutory limitations and appropriations. Notwithstanding any provision in this Agreement to the contrary, **City's total cumulative liability** to PPTX for any and all claims, losses, or damages arising out of, relating to, or in connection with this Agreement, whether in contract, tort (including negligence or medical malpractice), or any other theory of liability, shall not exceed **an amount equal to 90 days of contractual payments less the credits in Section 3** in the aggregate. This cap on liability includes liability for any PPTX direct damages but not any amounts payable to third parties (for example, under indemnity claims) for which the City is responsible, but excludes the following items which are not counted toward the cap: the City's liability for its own willful misconduct or intentional wrongdoing.

The provisions of this Section 9 shall survive the expiration or termination of this Agreement. The Parties acknowledge that this limitation of liability represents a fair allocation of risk and is a fundamental part of this Agreement.

10. Regulatory Changes

In the event that any federal, state, or local law, regulation, ordinance, or court order is enacted, amended, or interpreted after the Effective Date of this Agreement **(a "Regulatory Change")** which **materially affects** the ability of either Party to perform its obligations under this Agreement, or **materially increases the costs** or burdens of such performance, the affected Party shall promptly notify the other Party in writing of the specific Regulatory Change and its impact on the Agreement. Examples of Regulatory Changes could include: a new state law prohibiting or restricting municipalities from adding fees to utility bills for services like telehealth; a change in healthcare regulations that significantly raises PPTX's cost of providing telehealth (such as a requirement for enhanced technology, new licensing fees, or additional personnel); or a change in tax law that imposes taxes on the Contributions or payments that were not anticipated.

Upon such notice, the Parties shall engage in good faith negotiations to **amend or adjust** the Agreement as necessary to comply with the law or address the increased costs. Possible adjustments include, but are not limited to: modifying the program structure or procedures to comply with the law; adjusting the Contribution rate or payment terms to offset increased costs due to the Regulatory Change; or other changes to fairly re-balance the economic and operational terms in light of the new situation.

If the Parties are **unable to reach agreement within 60 days** of the initial notice of the need for amendment (or sooner if the law requires compliance by an earlier deadline), then either Party shall have the right to terminate this Agreement upon written notice to the other Party. Such termination for Regulatory Change shall be treated as a no-fault termination (neither Party will be deemed in breach, and no termination penalty will apply). However, the City shall pay PPTX for services rendered up to the termination date from the Contributions collected (or, if the law prohibits further collections, the Parties will negotiate in good faith a fair compensation for services already provided if some collected funds are still in the City's possession).

During the period between the Regulatory Change notice and the amendment or termination (not to exceed the compliance deadline imposed by law), the Parties shall make reasonable interim adjustments to continue the service in compliance with law. For example, if a law banned opt-out fees on utility bills effective in 90 days, the Parties might agree to switch to an opt-in model or pause new charges while negotiating, and if no solution, wind down before the law's effective date.

This Section 10 is intended to ensure that the Agreement can adapt to significant legal changes and to protect both Parties from being forced to violate the law or suffer undue hardship due to unforeseen regulatory developments. It is **not** intended to allow termination or price renegotiation for minor changes or normal fluctuations in business conditions (for instance, a small increase in administrative paperwork would not trigger this, nor would a general economic downturn---there must be a specific change in law or regulation). Both Parties will approach any such situation with mutual respect and an aim to continue the program if at all possible under revised terms.

11. Additional Covenants and Miscellaneous Provisions

11.1 Audit of Records ("Inspection on Cause"): PPTX shall maintain complete and accurate books, records, and documents relevant to its performance under this Agreement (including records of service delivery and financial records relating to the Contributions and costs) in accordance with generally accepted accounting principles and applicable law. The City (or its authorized representative, such as an auditor or accountant) may request access to and the right to examine these relevant records **if and only if** the City has a reasonable good-faith belief that it needs to verify a specific aspect of PPTX's performance or billing under this Agreement (for example, to investigate a suspected billing discrepancy or a compliance issue). In other words, the City's right to audit is based on **cause**, not free-ranging access.

If the City believes cause exists, it shall provide written notice to PPTX outlining the specific concern or area of inquiry and requesting an audit or inspection of records pertaining to that issue. Any such audit shall: (a) be conducted upon at least ten days' prior notice; (b) occur during PPTX's normal business hours; and (c) be conducted in a manner that does not unreasonably interfere with PPTX's business or operations. The scope of the audit will be limited to records that are material to the City's stated cause for the audit. For example, if the concern is whether all collected Contributions were accounted for, the City may review PPTX's records of invoices and payments received; if the concern is whether response times meet SLA, the City may review PPTX's internal logs or system reports on response times.

PPTX shall reasonably cooperate with any such audit request, providing the City or its auditor access to the pertinent records and appropriate staff to explain the records as needed. However, PPTX is **not required to expose proprietary or highly confidential information** not relevant to the audit, such as trade secrets, source code of software, or information about PPTX's other clients. The City will have no access to patient medical records (except de-identified aggregate data) to protect patient privacy, and the City cannot demand access to PPTX's systems except for pulling relevant data reports. If the audit requires PPTX to compile data in a certain format, PPTX will do so if reasonable, or the Parties will mutually agree on a method to extract the needed information.

Each Party shall bear its own costs of any audit. If an audit reveals an overpayment by the City (for instance, an error in which the City paid for non-participating households), PPTX shall refund the overpaid amount or credit it against future invoices. If an audit reveals an underpayment (e.g., some collected Contributions were inadvertently not reported), the City shall include that in the next payment. If an audit uncovers a material breach by PPTX, the City may exercise its remedies as provided in this Agreement. All information obtained in an audit shall be kept confidential by the City to the extent allowed by law, and used solely for purposes of contract oversight.

11.2 Confidentiality and Public Information: The Parties anticipate that in the course of performance, each may disclose to the other information that is sensitive or proprietary. **PPTX Confidential Information** may include, for example, trade secrets, technical information about PPTX's telehealth platform, business plans, provider lists, training materials, or pricing structure beyond this contract. **City Confidential Information** may include non-public personal data of residents (if any is shared) or internal City plans or reports. Each Party agrees to treat information marked or otherwise clearly identified as confidential as confidential, and to not disclose it to any third party except as necessary for performing this Agreement or as required by law. Each Party will use the same degree of care to protect the other's confidential information as it uses to protect its own confidential information of similar importance, but at a minimum shall use reasonable care.

The Parties acknowledge that the City, as a governmental entity, is subject to the **Texas Public Information Act** (TPIA), which may require disclosure of certain documents or records upon request by the public. If a TPIA request is made for information that involves PPTX's confidential or proprietary information, the City will promptly notify PPTX (to the extent allowed by law) and give PPTX an opportunity to assert exceptions to disclosure with the Texas Attorney General's Office as provided under the TPIA. PPTX must act promptly to provide legal justification for withholding the information (e.g., claiming it is a trade secret or confidential commercial information under Tex. Gov't Code §552.110 or other applicable exceptions). The City will reasonably cooperate with PPTX, at PPTX's expense, in seeking to protect such information, but the City will make the final decision on disclosure as required by law and any Attorney General opinions. Any information that is purely medical records of patients will be withheld under TPIA exceptions for medical privacy and under HIPAA, as applicable.

In addition, the Parties agree to comply with all applicable privacy laws. PPTX, as a healthcare provider, is a covered entity or a business associate under HIPAA. The City might be considered a sponsor or facilitator of the program and may be a **Business Associate** if it comes into contact with PHI. To address this, the Parties have included **Exhibit B**, a Business Associate Agreement (BAA) or placeholder for a BAA, which shall govern the use and protection of Protected Health Information. In case of any conflict between the BAA and this section regarding PHI, the BAA provisions shall control.

The confidentiality obligations in this Section 11.2 shall survive the termination of the Agreement for a period of at least **three years**, or indefinitely in the case of trade secrets for as long as they remain trade secrets under applicable law. Information that was previously known to a Party without obligation of confidentiality, independently developed, lawfully obtained from a third party, or that becomes public through no breach of this Agreement is not considered confidential. Furthermore, either Party may disclose the terms of this Agreement as needed to enforce its rights or as required by law or legal process (e.g., court order), but if so required, shall seek protective orders or confidential treatment to the extent available.

11.3 Independent Contractor: PPTX's relationship to the City in the performance of this Agreement is that of an **independent contractor**. Nothing herein shall be construed to create a partnership, joint venture, or agency relationship between PPTX and the City. Neither Party has the authority to bind the other to any contract or agreement or to incur any obligation or liability on behalf of the other Party, except as expressly provided in this Agreement. PPTX shall be solely responsible for the acts and omissions of its physicians, employees, contractors, and agents. All persons furnished by PPTX to perform work under this Agreement (including the telehealth doctors and staff) are **employees or subcontractors of PPTX**, and not of the City. PPTX is responsible for all compensation, benefits, and taxes (including withholding, social security, workers' compensation, and unemployment insurance) for its employees and subcontractors. PPTX shall ensure that all personnel performing services are properly trained and supervised. The City's interest is solely in the results of the services, i.e., that Telehealth Services are provided to residents as described; the manner and means of performing under this Agreement are under the control of PPTX, subject to the terms and standards herein. Should any regulatory body or court deem any personnel of PPTX to be an agent or employee of the City, PPTX shall indemnify and hold harmless the City from and against any claims, liabilities, or expenses incurred by the City as a result of any employment relationship (this is in addition to, not instead of, other indemnities).

11.4 Assignment and Subcontracting: Neither Party may assign or transfer this Agreement (or any of its rights or obligations hereunder) to any third party without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed. Any attempted assignment without such consent shall be null and void. Notwithstanding the foregoing: (a) PPTX may assign this Agreement, upon written notice to the City, in the event of a merger, acquisition, or sale of substantially all of PPTX's assets or membership interests to another entity, provided that the successor entity is capable of performing PPTX's obligations and agrees in writing to be bound by the terms of this Agreement (such consent by the City shall not be unreasonably withheld in such scenario); and (b) PPTX may freely engage subcontractors or independent contractors (such as a physician network or telehealth platform provider) to assist in delivering the services, **provided** that PPTX remains fully responsible for the performance of this Agreement and the compliance of any subcontractor with all applicable terms (including insurance and confidentiality obligations, etc.). PPTX shall notify the City of any major subcontractor performing key portions of the services (for transparency, e.g., if PPTX uses a third-party telehealth physician group to handle overnight calls). The City may require such subcontractors to sign a joinder agreeing to relevant contract provisions (like HIPAA BAA, if not covered by Exhibit B).

The City may assign its rights and obligations hereunder to a successor governmental entity in the event of a reorganization or consolidation of the City or its utility services, or to another agency or public instrumentality that takes over the program, upon notice to PPTX. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective permitted successors and assigns. There are no third-party beneficiaries to this Agreement, except as expressly provided (e.g., indemnitees).

11.5 Governing Law and Venue: This Agreement shall be governed by and construed in accordance with the **laws of the State of Texas**, without regard to its conflict of laws principles. The Parties agree that this Agreement is performable in Dallas County, Texas. Any legal action or proceeding arising out of or relating to this Agreement shall be brought exclusively in a state court of competent jurisdiction located in Dallas County, Texas (or, if federal jurisdiction is applicable, the United States District Court for the Northern District of Texas, Dallas Division). Each Party irrevocably submits to the exclusive jurisdiction of such courts and waives any objection based on forum non conveniens or any claim that such forum is improper. The Parties specifically exclude the application of the United Nations Convention on Contracts for the International Sale of Goods, which shall not apply to this Agreement.

11.6 Notices: All notices, demands, invoices, and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given: (a) when personally delivered; (b) on the date delivered by a reputable overnight courier service (e.g., FedEx, UPS) with tracking to the intended recipient's address; or (c) on the third Business Day after (a "Business Day" is any day that is not a Saturday, Sunday or day on which banks in Texas are closed for business) being sent by United States certified mail, return receipt requested, postage prepaid. Notices shall be sent to the following addresses (or such other address as a Party may designate by written notice to the other):

- **If to the City:

  ** [Name or Title of City Representative]

City of Garland, [Department]

[Address]

Garland, TX [ZIP]

With a copy to: City Attorney's Office, at the same address.

- **If to PPTX:

  ** [Name or Title]

  Pathways Physicians Texas, PLLC

  [Street Address]

  Dallas, TX [ZIP]

  Email: [optional, for courtesy copies or routine communications]

Either Party may change its notice address by giving notice of the new address in the manner set forth above. Routine operational communications (e.g., day-to-day emails, reports) may be sent via email or other means, but any formal notice of breach, termination, or legal dispute must be delivered in one of the manners described in this Section 11.7 to be effective.

11.7 Entire Agreement: This Agreement, including all Exhibits attached hereto and any documents incorporated by reference, constitutes the **entire agreement** between the Parties with respect to its subject matter and supersedes all prior or contemporaneous agreements, negotiations, representations, and proposals, whether written or oral, relating to the same subject. The Parties acknowledge that they have not relied on any statement, promise, or representation not expressly contained in this Agreement. Any amendments or modifications to this Agreement must be in writing and signed by authorized representatives of both the City and PPTX. **No verbal modifications** will be recognized. In the event of any conflict between the terms of the main body of this Agreement and any exhibit or attachment, the main body of this Agreement shall prevail unless the exhibit expressly states an intent to override the main body on a specific issue (e.g., the BAA with respect to PHI privacy obligations).

11.8 Severability: If any provision of this Agreement is held to be invalid, illegal, or unenforceable by a court of competent jurisdiction, that provision shall be deemed modified to the minimum extent necessary to make it enforceable (if possible) or, if modification is not possible, it shall be severed from this Agreement. In any event, the remaining provisions of this Agreement shall continue in full force and effect. The Parties will endeavor in good faith to replace any invalid or unenforceable provision with a valid and enforceable provision that, as closely as possible, achieves the original intent and economic effect of the invalid provision.

11.9 Waiver: The failure of either Party to enforce any right or remedy provided by this Agreement or by law, or to insist upon strict performance of any term or condition of this Agreement, shall not constitute a waiver of that term, condition, right, or remedy. No waiver shall be effective unless it is in writing and signed by the Party granting the waiver. One waiver shall not be interpreted as a continuing or future waiver of the same or a different provision. Any single or partial exercise of a right or remedy shall not preclude further exercise of that or any other right or remedy.

11.10 No Third-Party Beneficiaries: This Agreement is for the exclusive benefit of the City and PPTX, and not for the benefit of any third party (including, but not limited to, any resident or Household, or any subcontractor of PPTX, or any employee of the City). No third party shall have any rights under this Agreement, except as expressly provided (for example, the indemnified parties under Section 8 are intended beneficiaries of the indemnity promise to the extent of their indemnification rights). While the Telehealth Services obviously benefit participating residents, those residents do not become third-party beneficiaries with direct rights to enforce this contract; any issues or claims they have (medical malpractice, etc.) are outside the scope of this Agreement and shall be handled between the patient and provider under applicable law. The Parties may amend or terminate this Agreement without the consent of any third party.

11.11 Governmental Immunity: Nothing in this Agreement shall be deemed a waiver of the City's **governmental immunity or sovereign immunity** or any legal limitations on the City's liability, except to the extent specifically agreed (such as the indemnity to the extent permitted by law in Section 8.2). This Agreement shall not be construed to create any claim or cause of action against the City that is not recognized under Texas law. All privileges and immunities from liability, defenses, or laws limiting the City's liability (including Texas Tort Claims Act limitations) are fully retained by the City. Likewise, nothing herein waives any immunities or defenses of PPTX under applicable law (though PPTX generally does not have sovereign immunity, it may have statutory protections under Good Samaritan laws or telemedicine statutes, etc., which are not waived).

11.12 Counterparts and Electronic Signatures: This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The Parties agree that a signed copy of this Agreement transmitted by facsimile, email (as a scanned PDF), or other electronic means shall be as valid and binding as an original, and either Party may use such a copy as evidence of the execution and delivery of this Agreement. The Parties further consent to the use of electronic signatures, as governed by the Texas Uniform Electronic Transactions Act (Tex. Bus. & Com. Code Chapter 322), to the extent that each Party's laws and policies allow. If requested, the Parties will exchange original signed copies of the Agreement as well.

11.13 Force Majeure

(a) **Definition.** "**Force Majeure Event**" means any event or circumstance beyond the reasonable control of the affected Party that, despite the exercise of commercially reasonable diligence, prevents or materially delays that Party's performance of its obligations under this Agreement. Force Majeure Events include, without limitation, tornadoes, hurricanes, floods, fires and other natural disasters; epidemics, pandemics or public-health emergencies; war, terrorism or civil unrest; acts of governmental authority (including mandatory shutdowns or embargoes); widespread power-grid, telecommunications or Internet failure; labor strikes not directed solely at the affected Party; and externally caused cyber-attacks or ransomware incidents that render systems inoperable.

(b) **Notice and Suspension.** The Party whose performance is affected shall give the other Party written notice as soon as practicable, and in any event within five business days, after becoming aware of the Force Majeure Event. Upon such notice the affected obligations are suspended for the duration of the Force Majeure Event, and any deadlines are extended for a period equal to the time lost because of the event.

(c) **Mitigation.** Each Party shall use commercially reasonable efforts to mitigate the impact of the Force Majeure Event and to resume full performance as soon as feasible.

(d) **Extended Force Majeure --- Right to Terminate.** If a Force Majeure Event continues for 45 consecutive days and still materially prevents either Party's performance, either Party may terminate this Agreement without further liability---except for payment of Contributions for Telehealth Services actually rendered and for amounts that accrued before the Force Majeure Event---by providing ten days' written notice to the other Party.

(e) **Exclusions.** A Force Majeure Event does **not** excuse:

(i) the City's obligation to remit Contributions already collected for services performed before the event; or

(ii) either Party's confidentiality, data-security, or indemnification obligations that can still be performed without material impairment.

(f) **Relationship to Other Remedies.** Termination under this Section 11.14 is a **no-fault termination**; and neither Party will otherwise be liable for damages arising solely from its inability to perform during the Force Majeure Event.

11.14 Dispute-Resolution Ladder (Negotiation → Mediation → Litigation)

(a) **Step 1 -- Notice of Dispute.** A Party asserting that a dispute, claim, or controversy ("**Dispute**") has arisen under this Agreement shall deliver written notice describing the nature of the Dispute in reasonable detail.

(b) **Step 2 -- Project-Level Conference (10 days).** Within ten days after the notice is received, the Parties' day-to-day contract liaisons (or other designated representatives) shall meet by phone or in person and attempt in good faith to resolve the Dispute.

(c) **Step 3 -- Senior-Executive Meeting (30 days).** If the Dispute is not resolved at the project level, either Party may escalate it by written notice to a senior executive with authority to settle the matter. Within 15 days after such escalation notice, the executives shall confer (in person or by videoconference) and endeavor to reach a mutually acceptable resolution. This executive-level negotiation period shall continue for 30 days unless the executives agree to extend it.

(d) **Step 4 -- Non-binding Mediation (Dallas County).** If the Dispute remains unresolved 30 days after executive escalation, the Parties shall submit the matter to non-binding mediation administered by a mediator mutually agreed upon, to be held in Dallas County, Texas. Each Party shall bear its own costs and share the mediator's fee equally. The mediation shall be completed within 45 days after a demand for mediation is filed, unless the Parties agree otherwise.

(e) **Condition Precedent to Litigation.** Except in the case of carve-outs pursuant to Section 11.14(f), no Party may commence litigation or other formal adjudicatory proceedings unless it has first completed Steps 1-4 above. A court of competent jurisdiction may stay any action filed in breach of this subsection until the Parties complete the required steps.

(f) **Carve-Outs.** Nothing in this section prevents either Party from seeking (i) a temporary restraining order, preliminary injunction, or other provisional relief to protect confidentiality, intellectual-property rights, or data security, or (ii) collection of undisputed monetary amounts, pending completion of the dispute-resolution steps.

(g) **Effect on Limitations Periods.** All applicable statutes of limitation shall be tolled from the date a Dispute notice is delivered under subsection (a) until the earlier of (i) completion of the mediation described in subsection (d) or (ii) written agreement of the Parties that the Dispute has been resolved.

(h) **Survival.** This § 11.14 survives any termination or expiration of the Agreement and applies to any Dispute arising out of or related to this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date set forth above.

City of Garland, Texas	**Pathways Physicians Texas, PLLC**
By: ________________________________	By: ________________________________
Name: [Name]	Name: [Name]
Title: [Title]	Title: [Title]
Date: ________________	Date: ________________

Exhibit A -- Service Level Agreement (SLA) & Key Performance Indicators

Overview: This Exhibit outlines the performance standards and metrics PPTX agrees to meet in providing Telehealth Services, as well as reporting and monitoring mechanisms. These metrics are intended to ensure a high-quality experience for residents and accountability for service delivery. PPTX's performance will be reviewed against these standards regularly by the City.

1. Service Availability & Responsiveness

- **Availability:** Telehealth Services shall be available to Participating Households 8 A.M. to 10 P.M. CST/CDT, 7 days a week, 365 days a year (except in the case of force majeure events as defined in the Agreement or scheduled maintenance as noted below). Residents must be able to request a consultation at any time.

- **Measurement & Reporting:** PPTX will track each request and response time in its system. The Monthly Reports to the City will include the total number of service requests and response times. It will also highlight any outliers (e.g., calls that waited longer than 15 min.) and provide explanations if available (e.g., unusually high call volume hour, technical issue encountered).

- **Escalation Procedure:** If a resident's request is not responded to within 15 minutes, PPTX will have an internal escalation procedure to ensure the request is addressed promptly. For example, if a doctor has not picked up the case within 15 minutes, the system may alert a supervisor or send the request to an on-call backup provider. PPTX will keep records of any escalations and their resolution times.

- **Downtime:** PPTX will use commercially reasonable efforts to maintain continuous service availability. Any scheduled maintenance that would make services unavailable (or significantly impaired) for more than 15 minutes shall be communicated to the City at least 48 hours in advance and, whenever possible, scheduled during very low usage periods (e.g., 3:00 AM on a Sunday). Unscheduled outages or system failures shall be reported to the City within 24 hours with an explanation of cause and corrective action. PPTX's Monthly Report will note any downtime incidents and their duration.

2. Quality of Service & Clinical Effectiveness

- **Licensure and Credentials:** 100% of providers delivering services must be properly licensed in Texas and in good standing. PPTX will verify credentials upon onboarding any provider and regularly check for any disciplinary actions. Upon request, PPTX will confirm to the City that all providers meet this requirement (without disclosing personal data, just a certification of compliance).

- **Clinical Protocols:** PPTX will adhere to evidence-based clinical guidelines for telehealth where applicable. While it's hard to measure clinical accuracy in an SLA, PPTX agrees to conduct periodic peer reviews of a sample of telehealth consultations for quality assurance. If the City requests general results of such QA reviews, PPTX can share aggregated findings (e.g., "10 charts were reviewed this quarter with no significant deviations found").

- **Patient Satisfaction:** PPTX will strive to achieve high patient (resident) satisfaction with the telehealth service. PPTX will provide a mechanism (such as a follow-up text or email survey) for residents to rate their experience or provide feedback after consultations. Further, PPTX shall develop and maintain an online portal and/or phone line for patients to opt into and monitor the Program throughout its duration. **Target:** Achieve an average satisfaction rating of at least 4 out of 5 (or equivalent positive metric) and address any serious complaints. PPTX will summarize patient feedback in the Annual Report, including any trends or improvements made in response to feedback. (The City and PPTX may mutually agree on specific survey questions and process.)

- **Follow-Up and Continuity:** If a resident requires follow-up, PPTX will provide clear instructions or schedule a follow-up telehealth check-in as appropriate. The goal is to ensure residents feel their issue was addressed or properly handed off. While difficult to metricize, PPTX will include any notable follow-up efforts in its reports (e.g., "5 patients were advised to get lab tests and we followed up with them two days later to discuss results").

3. Reporting & Accountability

- **Monthly Performance Reports:** As noted, PPTX will deliver a monthly report including at least: number of consultations, response time metrics (average, 95th percentile, % within 10 min), participation numbers (if known to PPTX), any downtime incidents, summary of resident feedback or complaints and resolutions, and any other City-requested metrics (if feasible).

- **Annual Review Meeting:** At least once per year (for example, around the program anniversary or in coordination with an annual report), PPTX and City representatives shall have the opportunity to meet (in person or via conference) to review the program's performance, discuss any issues, and plan for any improvements or changes for the next year. This will include reviewing whether the SLA targets are being met and if any adjustments to resources are needed.

- **Continuous Improvement:** If the City's utilization is lower or higher than expected, or if residents express certain needs (e.g., many asking for a certain type of service), PPTX will consider adjustments to better serve the community. Likewise, if response times or satisfaction fall short, PPTX will propose corrective actions (such as adding more on-call providers during peak times, or enhancing patient education materials) to work collaboratively with the City, but these measures underscore the importance of meeting the SLA.

- **Billing Accuracy:** Although not a "service level" per se, PPTX is expected to accurately invoice only for Participating Households as reported by the City. Any discrepancies found (billing for someone who opted out, etc.) will be corrected in the next cycle. The City will similarly ensure its reports to PPTX are accurate to avoid under/over payments.

(End of Exhibit A)

Exhibit B -- Business Associate Agreement (HIPAA Terms)

[Note: This Exhibit will be a formal Business Associate Agreement ("BAA") between the City (if the City is a covered entity or acting on behalf of one) and PPTX, to ensure compliance with the Health Insurance Portability and Accountability Act (HIPAA) and applicable state privacy laws. The full text of the BAA is not included here, but its key provisions will include:

- **Permitted Uses and Disclosures:** Defining how PPTX (as a Business Associate) may use or disclose Protected Health Information (PHI) received from or on behalf of the City (the Covered Entity) -- generally limited to performing the Telehealth Services and as otherwise required by law.

- **Safeguards:** PPTX must implement appropriate administrative, physical, and technical safeguards to protect the privacy and security of PHI, including compliance with the HIPAA Security Rule for electronic PHI.

- **Breach Notification:** PPTX must report to the City any use or disclosure of PHI not provided for by the Agreement (including any "Breach" of Unsecured PHI as defined by HIPAA) without unreasonable delay and in no case later than a specified number of days upon discovery. Such notification will include information about the breach as required by 45 C.F.R. 164.410.

- **Subcontractors:** PPTX must ensure that any subcontractors that create, receive, or transmit PHI on behalf of PPTX agree in writing to the same restrictions and conditions that apply to PPTX under the BAA.

- **Access and Amendment:** To the extent PPTX has PHI in a Designated Record Set, it will provide access to PHI to the City or the individual, and incorporate amendments to PHI, as required by 45 C.F.R. §§ 164.524 and 164.526. (In the telehealth program context, PPTX might maintain its own medical records, so it will handle patient rights directly as a provider; the BAA ensures coordination if needed.)

- **Accounting of Disclosures:** PPTX will document disclosures of PHI and provide an accounting to the City or the individual upon request, as required by 45 C.F.R. §164.528 (for example, disclosures for public health or law enforcement, but typically telehealth will have minimal such disclosures).

- **Right to Audit and Inspection:** The City (or Covered Entity) can terminate the BAA if PPTX violates a material term. Also, PPTX agrees to make its internal practices and records relating to PHI available to the U.S. Department of Health and Human Services

(HHS) for compliance checks.

- **Return/Destruction of PHI:** Upon termination of the BAA, PPTX will return or destroy all PHI received from the City, if feasible, or extend protections if destruction is infeasible. (Note: PPTX as a provider may have independent obligations to maintain patient records, so this will be addressed accordingly -- likely PHI will be retained by PPTX under continued protections rather than returned to the City).

- **Miscellaneous:** Definitions aligning with HIPAA (Privacy Rule, Security Rule, Breach, Unsecured PHI, etc.), no third-party beneficiaries (other than HHS rights), and that in case of any conflict between the BAA and the main Agreement, the BAA governs with respect to PHI privacy/security.

The Parties will execute a separate BAA document incorporating these terms. Once executed, that BAA will be attached hereto as Exhibit B and is hereby incorporated by reference. Until then, this placeholder summary indicates the Parties' commitment to enter a BAA as required by law.]

(End of Exhibit B placeholder)

Exhibit C -- Form of Utility Bill Addendum (Resident Notice)

(The following is a sample of the notice that will be provided to City of Garland utility customers regarding the telehealth program. This text may be adapted for format, but the core information will be conveyed as below.)

City of Garland -- New Telehealth Services Program

Access a Medical Provider Anywhere -- For Just $6 a Month!

The City of Garland is excited to offer a new **Telehealth Services Program** for our residents, in partnership with Pathways Physicians Texas (PPTX). This optional program gives your household **access to medical professionals by phone or video** for common health concerns.

How the Program Works:

Beginning [Program Launch Date], a $6.00 charge will appear on your monthly City utility bill labeled "Telehealth Services Program." This covers **unlimited** telehealth consultations for you and members of your household with board-certified doctors through our partner, PPTX. You can call, text, or video chat with a doctor **from 8:00 a.m. to 10:00 p.m., 365 days a year.** As a founding partner in this program, Garland residents will receive special pricing: $6 per month for the first two years, $7 for year three, $8 for year four, and $9 for year five.

There are **no copays, no per-call charges, and no insurance required.** The program is funded by the community for the community. Doctors can provide medical advice, diagnose many common conditions, and even prescribe medications if needed (sent to your local pharmacy). All from the comfort of your home!

What's Included:

- **Unlimited Telehealth Visits:** Connect with a doctor via phone or video as often as you need for everyday illnesses like flu, sinus infections, rashes, upset stomach, and more.

- **Quick Response:** Experienced medical providers are standing by. **95% of calls are answered within just a few minutes** or less, often much sooner. Getting the kids ready for bed? Early morning? Weekends? You'll still reach a doctor quickly.

- **No Additional Fees:** You pay only the monthly program fee. There is no charge at the time of service. Talk to the doctor as long as needed -- one flat rate covers it all.

- **Household Coverage:** The telehealth program covers everyone in your household (all family members living at your address up to 10 individuals). One fee per household, not per person. So, your spouse and children (or other household members) can all use the service.

Opt-Out Option -- You're In Control:

Participation is **voluntary**. We hope you'll find this service valuable, but if you **do not wish to participate**, you may opt out at any time. To opt out, simply do one of the following:

- Call us at **[City Utility Department Phone Number]** and say you want to opt out of the telehealth program.
- Visit **[City's Telehealth Program Webpage URL]** and submit the opt-out form online.
- Or visit the Garland Utility Customer Service office in person.

If you opt out, the telehealth charge will be removed from your bill and your household will **not** have access to the telehealth services. There is no penalty to opt out. If you opt out before [Program Launch Date] (or within the first 30 days of being charged), we will ensure you are not billed or receive a full credit if already billed. **Important:** If you simply do not pay the $6.00 on your bill, we will treat that as choosing to opt out, and you won't be billed further (and won't be able to use the service). It's best to contact us to formally opt out to avoid any confusion.

If you opt out now but change your mind later, you can opt back in during an open re-enrollment period (to be announced) or by contacting us to re-subscribe; the fee would then resume on your bill.

Privacy and How to Use the Service:

Using the telehealth service is easy and private. Here's what to do when you need to speak with a doctor:

1. **Text [Telehealth Text Number]** -- Identify yourself as a Garland resident in the program and provide your address or enrollment info for verification. (Your information is confidential and only used to verify you're enrolled.)
2. **Consult with a Doctor:** A licensed Texas physician will promptly speak with you by phone or video. They will ask about your symptoms, medical history, and provide guidance. Everything you discuss is **protected by doctor-patient confidentiality and HIPAA** -- the City does **not** receive details of your medical consult.
3. **Get Treatment:** If it's something that can be handled via telehealth, the doctor will advise a treatment plan. If a prescription is needed, they can send it to your chosen pharmacy. If the issue is more serious and cannot be resolved remotely, the doctor will direct you to in-person care (like an urgent care or ER) and can provide a summary of

the concern for you to share with that provider.

4. **Follow-Up:** If you have questions after your consult or if symptoms change, you can call back -- remember, unlimited access. You may even get a follow-up message from the telehealth team to check on you.

The City does NOT have access to your personal health information. The only information the City receives is aggregated usage statistics (e.g., how many calls this month) to evaluate program success. Individual medical details are strictly between you, the doctors, and PPTX, protected under HIPAA. If you have a medical emergency, do **not** wait for a telehealth call---dial 9-1-1 immediately.

Why Telehealth?

This program is designed to improve healthcare access for Garland residents. Whether you have insurance or not, whether it's a weekend or holiday, you shouldn't have to make expensive ER trips for minor issues or wait days for an appointment. Telehealth is a convenient first stop for many common ailments and health questions. It's not meant to replace your primary doctor for regular checkups, but it can fill gaps and provide peace of mind anytime you're sick or concerned.

Questions?

- For questions about the telehealth service or what it can be used for, call **[PPTX Customer Support Number]** or visit **[PPTX Program FAQ link]**. They can explain how it works in detail.

- For questions about the billing or opt-out process, contact the City's Utility Customer Service at **[Utility Dept Number]** or email **[Utility Dept Email]**.

- To learn more, visit **[City's webpage for Telehealth Program]**, which includes FAQs, opt-out instructions, and links to resources.

We encourage you to give this program a try. For just $6 a month, your household gains access to medical advice and care. Many issues can be resolved quickly over the phone -- saving you time and money. This is part of the City's commitment to community well-being and innovation in service delivery.

Thank you for being a valued resident of Garland. Here's to your health!

(End of Exhibit C notice)

Exhibit D -- City Marketing Commitments

To support and grow the telehealth program, the City agrees to undertake the following outreach and marketing efforts (at its own expense) in collaboration with PPTX:

1. **Quarterly Mailers / Bill Inserts:** At least once each quarter, the City will include a dedicated notice or informational flyer about the telehealth program in its utility billing mail-outs (or send a standalone mailer). These will highlight the program's benefits, remind residents of the service availability, and provide instructions on how to access care or opt out. Content for these mailers will be prepared jointly by the City and PPTX (with PPTX providing any necessary artwork or success stories), and the City will ensure they are mailed to all residential households.

2. **Social Media Promotion:** The City will promote the telehealth program on its official social media accounts. **At minimum, two posts per quarter** will be made on platforms such as Facebook and Twitter (or other platforms the City commonly uses) to raise awareness of the service. Posts may include general reminders about the program, tips for using telehealth (e.g., during flu season), or success anecdotes (subject to privacy considerations). PPTX can supply sample post text or graphics, but the City will tailor and publish them.

3. **New Resident Welcome Packets:** The City will include information about the telehealth program in materials provided to new residents or new utility account holders. This may be a brochure, a one-page insert, or a section in a digital welcome packet. The information will explain that the City offers this telehealth service, note the monthly Contribution (with opt-out rights), and instruct how to use the service. By ensuring every new resident learns of the program upon moving in, the City helps maintain or increase participation rates over time.

4. **Community Events and Health Fairs:** The City will facilitate PPTX's participation in local community health-related events. Specifically, the City commits to providing PPTX the opportunity to host a booth or table at **least one City-sponsored health fair or community wellness event per year** to promote the telehealth program directly to residents. Additionally, the City will invite or allow PPTX to participate in other relevant events (for example, neighborhood block parties, senior center events, etc., where appropriate). The City will also permit distribution of telehealth program literature at City facilities (such as community centers or libraries) in brochure racks or bulletin boards, subject to any standard City guidelines.

5. **City Website and Media Releases:** The City will maintain an up-to-date page on its official website dedicated to the telehealth program, which will include program details, FAQs, and links or phone numbers for access and opt-out. The City's communications department will also support the program with periodic media outreach: for example, issuing a press release or news blurb at program launch and on notable milestones

(such as "1,000 calls served in first 6 months" or any major enhancements to the program). The City may feature the program in its newsletters or e-news (if such communications exist) at least annually to remind residents of this available benefit. The City's Public Information Office will coordinate with PPTX on any press announcements to ensure accuracy and positive messaging, and will include quotes or participation from PPTX representatives as appropriate.

The City and PPTX will communicate regularly (for instance, via quarterly check-ins) to plan upcoming outreach efforts and share feedback on past initiatives. All marketing materials will adhere to City branding guidelines and be approved by the City prior to distribution, and PPTX will promptly provide any information or logos required by the City to fulfill these commitments. The Parties acknowledge that effective communication is key to the program's sustainability, and these commitments reflect the City's active role in that effort.

(End of Exhibit D)

GARLAND

MD Health Pathways Update

Council Work Session August 4, 2025

What is MD Pathways?

Telehealth Access Model: Provides citywide access (resident locations) to telehealth services through a monthly fee added to all residents' monthly utility bills.

Opt-Out Structure: Residents are automatically enrolled but can choose to opt out at any time by contacting Customer Service; participation is not mandatory.

Municipal Partnership: Designed to be implemented at the city level in collaboration with municipal governments. Ex. Henderson, Ferris, Corsicana

Community Health Focus: Aims to expand access to basic healthcare, reduce non-emergency ER visits, and support preventative care efforts.

Garland's Need for Health Services

Uninsured & Underinsured Overview

Garland Uninsured Rate:

- 25.8% of residents lacked health insurance in 2023 — up from 25.2% in 2022
- U.S. Census data shows 28.7% of those under 65 are uninsured in Garland

Sources: Local 2023 estimate, U.S. Census

Dallas County Trends:

- 24.15% of residents under 65 uninsured in 2024
- Up from 22.54% in 2023

Sources: Dallas County Health Rankings

Texas Statewide Context:

- Highest uninsured rate in the U.S.
- 21.7% of adults aged 19–64 lacked insurance in 2023

Source: KFF, U.S. Census

Key Contract Term

Program Launch & Duration

- Expected launch: *Spring to Late Summer* (date finalized once billing system is fully updated)
- 7-year initial term, with optional renewals

No Termination Fees

- City may cancel after 6-month Introductory Term or any time after Month 24 with proper notice and no penalty

Opt-Out Billing Structure

- $6/month added to water bill for each household, with scheduled monthly increase to $9 per month by year 7

City Pays Only for Paying Participants

- City only remits fees for households participating each month and collected by the City.
- Telehealth services offered to current employees and retirees under 65

Funded Staff Support, Short Term

- Includes Utility Billing Agent, Community Liaison, Call Center Staff, and optional Process Consultant

Exclusive Partnership

- MD Pathways is the City's only telehealth provider using utility-bill-based enrollment

Contract Term Negotiations-Fees

Per-Household Fee:

$6.00 monthly fee per household, as previously communicated in a public City Council meeting; intended to remain fixed during Year 1 and 2.

Program Support Funding (Initial Proposal):

Total of $308,000 in Year 1:

- $150,000 for software support
- $100,000 for program escrow
- $50,000 for low-income assistance
- $8,000 for billing inserts

City's Revised Proposal:

Total of $163,000 in Year 1:

- Reduce escrow contribution to **$50,000/year (Ongoing)**
- Reduce low-income assistance fund to **$25,000/year (Ongoing)**
- **$80,000** in anticipated City IT costs/software support
- **$8,000** for billing inserts

MD Pathways Staffing Support

Customer Service will continue to evaluate the program and its service impact to manage increased call volume and inquiries, additional support will include:

Utility Billing Agent

- 6-month City position (funded by MD Pathways)
- Assists with billing questions, opt-outs, and implementation support

Community Liaison

- 9-month outreach role (3 months pre-launch, 6 months post-launch)
- Promotes the program at events and in neighborhoods
- Independent contractor reporting to MD Pathways

Temporary Call Center Staff

- 3 City-based positions during first 6 months (funded by MD Pathways)
- Handles increased resident call volume

Process Consultant *(Optional)*

- Brought in after launch if City requests
- Helps improve workflows and IT/data exchange
- Fully funded by MD Pathways

Next Steps

Staff seeks direction on contract terms, next steps

GARLAND

CITY COUNCIL STAFF REPORT

10

Meeting Date: August 4, 2025

Title: Public Safety Committee Report

Submitted by: Letecia McNatt, Assistant to the City Manager

Strategic Focus Area:

Issue / Summary

Councilmember Ott, Chair of the Public Safety Committee, and staff will provide a committee report on the following item: Update on Operational Readiness of the Gang and SWAT Units from the Police Department. This item was referred to committee by Councilmember Dutton, with a second from Mayor Pro Tem Lucht, at the May 19, 2025, Work Session. The item was discussed at the June 25, 2025, Public Safety Committee meeting.

Background

The briefing will provide City Council with an update concerning Public Safety Committee agenda items recently discussed.

Consideration / Recommendation

Unless otherwise directed by Council, this item will be marked as complete on the Public Safety Committee pending items list.

Attachments

None

GARLAND

CITY COUNTIL STAFF REPORT

11

Meeting Date: August 4, 2025

Title: Citywide Appointment

- Christie Fuentes, Animal Services Advisory Committee

Submitted by: Jennifer Stubbs, City Secretary

Strategic Focus Area: Future-Focused City Organization

Issue / Summary

Consider approval of the appointment of Christie Fuentes to the Animal Services Advisory Committee.

Background

There became a vacancy on the Animal Services Advisory Committee. Council is requested to consider the appointment of Christie Fuentes to the Committee.

Consideration / Recommendation

Approve the appointment of Christie Fuentes to the Animal Services Advisory Committee.

Attachments

A. Christie Fuentes

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Application for City of Garland Boards and Commissions

First Name: Christie
Last Name: Fuentes
Address: 3201 Earhart Dr
Apt./Suite:
City: Carrollton
State: TX
Zip Code: 75006
Phone (preferred):
Phone (alt):
Dallas County Voter Registration Number (or Date of Birth):
Have you ever been convicted of a Class A Misdemeanor or a Felony (Yes or No)? No
Length of Garland residency (in years)? Not a resident
Length of Garland residency (in years)? 10+ years
Email address:
Do you use, or have you ever used, any of the following: Facebook, Instagram, Nextdoor

☐ Facebook ☐ Twitter ☐ Instagram ☐ LinkedIn ☐ Nextdoor ☐ TikTok

Please list up to three Boards and Commission in order of interest (see complete list on pages 3-4):

1st Animal Services Committee
2nd Choice:
3rd Choice:

Please list any experience that qualifies you to serve in the areas you have indicated.

I have worked in the animal field for over 25 years. This includes 16 years at the SPCA of Texas and almost 3 years at the Garland Animal Shelter.

If you have previously served on a City Board or Commission, please specify and list dates of service.

N/A

List civic or community projects with which you have been involved.

I have fostered for the SPCA of Texas and Garland Animal Shelter.

What is your educational background?

I have my GED and am a certified Animal Cruelty and Equine Investigator.

Referred by: Art Munoz
District: N/A

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Disclosure Form

For Ordinance Boards and Commission Applicants

First Name: Christie Last Name: Fuentes

Title:

Spouse:

Minor Children or Dependents:

1. Identify by name and address each business entity in which you, your spouse or any of your minor children or dependents have a substantial interest.

Business entity: Means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust or any other entity recognized by law.

Substantial interest means: (a) the ownership of 10 percent or more of the voting stock or shares of the business entity; (b) the ownership of either 10 percent or more or $5,000 or more of the fair market value of the business entity: or (c) funds received from the business entity exceed 10 percent of the recipient's gross income for the previous year.

N/A

2. Identify (by street address, legal or lot and block description) all real property located within Garland owned by you through beneficial ownership, partnership, joint ownership or through corporate ownership of corporation in which you have an interest of one percent or more. You must also include all real property leased by you or held by you with a right of first refusal.

N/A

Return completed Boards and Commissions Application and Disclosure Form to:

City of Garland
City Secretary's Office
PO Box 469002
Garland, TX 75046-9002

Signature: Date: 07/16/25 7:29 AM