Work Session Room at City Hall
Tuesday, September 2, 2025
5:00 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. **Parking Restrictions on Towngate**

Vehicles are parked along Towngate Boulevard, causing delays getting in and out of the Towngate townhome neighborhood. Council is requested to consider restricting parking on the west side of Towngate Boulevard.

2. Parking Restrictions on Heather Glen Drive and Birchwood Drive

Recent temporary increases in enrollment at Heather Glen Montclair Elementary School necessitate parking restrictions on adjacent streets. Council is requested to restrict parking along Heather Glen Drive and Birchwood Drive due to increased traffic at Heather Glen Montclair Elementary School.

3. Consider Approving a Resolution of Intent to Establish a City of Garland Property Assessed Clean Energy (PACE) Program and set a Public Hearing

Council is requested to consider a resolution of intent supporting the establishment of a City of Garland Property Assessed Clean Energy (PACE) Program and setting a public hearing. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the September 16, 2025 Regular Meeting.

4. Resolution Confirming the Appointment of Civil Service Commissioners and Recognizing Staggered Terms of Office

Council is requested to consider a resolution confirming the City Manager's appointment of Ricky McNeal, Rick Parra, and Marisol Trevizo as commissioners of the Firefighters' and Police Officers' Civil Service Commission and staggering their terms of office. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the September 2, 2025 Regular Meeting.

5. Consider Approving "Clean-up" Amendments to the Garland Development Code

Council is requested to consider "clean-up" amendments to certain provisions of the GDC. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the September 2, 2025 Regular Meeting.

6. "Clean-up" Amendments to the Code of Ordinances

Council is requested to consider "clean-up" amendments to certain provisions of the Code of Ordinances. The proposed amendments are primarily process-oriented and technical in nature. They are not intended to effectuate substantial shifts in public policy, as approved by Council. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the September 2, 2025 Regular Meeting.

7. Atmos Rate Review Mechanism Settlement

Council is requested to consider a resolution regarding a Rate Review Mechanism settlement agreement with Atmos. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the September 16, 2025 Regular Meeting.

8. Investment Portfolio Report

The Quarterly Investment Portfolio Report is being presented to City Council for review.

9. FY 2025-26 Civil Service Classifications and Compensation Ordinance

Council is requested to consider the approval of the FY 2025-26 Civil Service Classifications and Compensation Ordinance, pursuant to Chapter 143 of the Texas Local Government Code. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the September 2, 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.

10. **Discuss & Provide Final Direction on the FY 2025-26 Proposed Annual Operating Budget**

    Opportunity for City Council to discuss and provide final direction to staff on the FY 2025-26 Proposed Annual Operating Budget.
    Presenter: Judson Rex, City Manager, Allyson Bell Steadman, Director of Budget & Research, Matthew Watson, Managing Director-Financial Services

11. **Amendments to Chapters 26 and 32 of the Code of Ordinances - Short-Term Rentals**

    Council is requested to consider recommended amendments to Chapters 26 and 32 of the Code of Ordinances to better regulate short-term rentals within the City of Garland. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the September 2, 2025 Regular Meeting.
    Presenter: Brian England, City Attorney

12. **Amendments to Chapter 22, Article II of Garland City Ordinance, Food and Food Establishments**

    Council is requested to consider amendments to Chapter 22, Article II of the Code of Ordinances of the City of Garland concerning specifics relating to permit revocation and the appeal process. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the September 2, 2025 Regular Meeting.
    Presenter: Mandy Pippen, Health Director, Mitch Bates, Deputy City Manager

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, and 551.087 of the Texas Government Code to deliberate and discuss the following:

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 the City in the area of in the area of President George Bush Turnpike and Holford Road, and with which the City is conducting economic development negotiations (551.087), and which may include the lease of real property (551.072); and attorney/client communications related to the same (551.071).**

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: Should the City Council be unable to complete hearing all listed items, the meeting may be recessed and reconvened to address the remaining items. 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: September 2, 2025

Title: Parking Restrictions on Towngate

Submitted by: Paul Luedtke, Director of Transportation

Strategic Focus Area: Vibrant Neighborhoods and Commercial Centers
Customer-Focused City Services

Issue / Summary

Vehicles are parked along Towngate Blvd causing delay getting in and out of the Towngate townhome neighborhood. Council is requested to restrict parking on the west side of Towngate Blvd.

Background

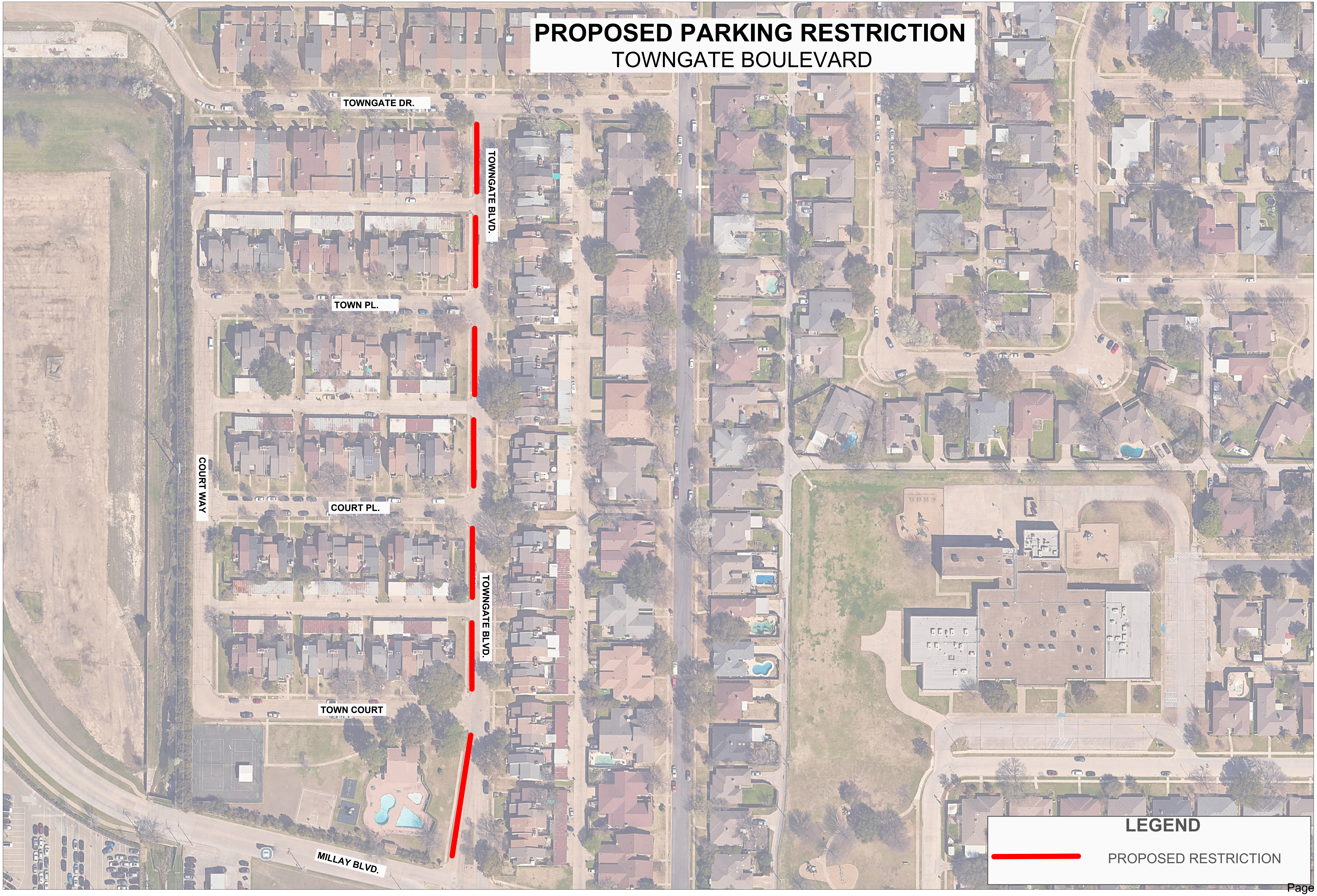
The Towngate neighborhood is a community of townhouses with alley garages. The driveways to these alley garages are not long enough to store a vehicle. Due to the short driveways and density of homes, many vehicles are parked on the streets. The president of the Towngate HOA requested that the city restrict parking along Towngate Blvd to ensure access to the neighborhood is not impeded. If approved, parking would be restricted at all times on the west side of Towngate Blvd from Towngate Dr to Millay Blvd.

Consideration / Recommendation

This action will not restrict parking in front of any residences. Council is requested to restrict parking on the west side of Towngate Blvd between Towngate Drive and Millay Blvd.

Attachments

None


PROPOSED PARKING RESTRICTION
TOWNGATE BOULEVARD
TOWNGATE DR.
TOWNGATE BLVD.
TOWN PL.
COURT WAY
COURT PL.
TOWNGATE BLVD.
TOWN COURT
MILLAY BLVD.
LEGEND
PROPOSED RESTRICTION

GARLAND

CITY COUNCIL STAFF REPORT

2

Meeting Date: September 2, 2025

Title: Parking Restrictions on Heather Glen Drive and Birchwood Drive

Submitted by: Paul Luedtke, Director of Transportation

Strategic Focus Area: Safe Community
Vibrant Neighborhoods and Commercial Centers
Customer-Focused City Services

Issue / Summary

Council is requested to restrict parking along Heather Glen Drive and Birchwood Drive due to increased traffic at Heather Glen Elementary

Background

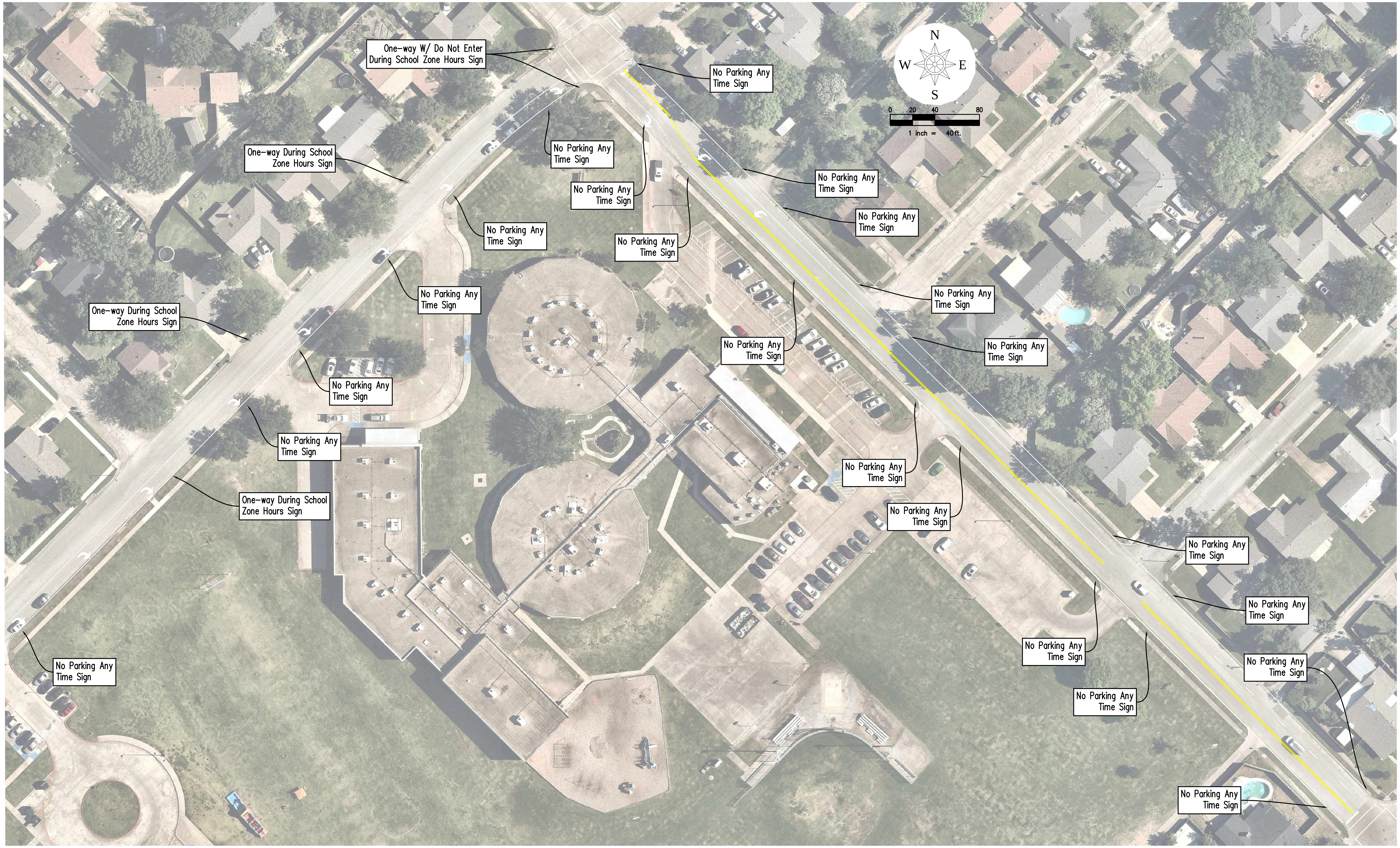
GISD is reconstructing Montclair Elementary School and has moved these students to Heather Glen Elementary School for the next two years. This has increased the student population at Heather Glen Elementary from 250 students to 800 students. In order to handle the increased drop off/pick-up traffic, parking restrictions are needed to enable adequate traffic flow.

Consideration / Recommendation

Parking will not be restricted in front of any residences. Council is requested to restrict parking along Heather Glen Drive from Birchwood Drive to Biscay Drive and along Birchwood Drive from Heather Glen Drive to Northwest Highway.

Attachments

A. Heather Glen Parking Restrictions


One-way W/ Do Not Enter During School Zone Hours Sign
No Parking Any Time Sign
N
W
E
S
0
20
40
80
1 inch = 40 ft.
No Parking Any Time Sign
One-way During School Zone Hours Sign
No Parking Any Time Sign
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GARLAND

CITY COUNCIL STAFF REPORT

3

Meeting Date:	September 2, 2025
Title:	Consider Approving a Resolution of Intent to Establish a City of Garland Property Assessed Clean Energy (PACE) Program and set a Public Hearing
Submitted by:	Ayako Schuster, Economic Development Director
Strategic Focus Area:	Vibrant Neighborhoods and Commercial Centers Growing Economic Base

Issue / Summary

Council is requested to consider approving a resolution supporting the establishment of the City of Garland Property Assessed Clean Energy Program (City of Garland PACE) and authorize the Mayor or designee thereof, to execute all documents and take any actions necessary and appropriate to carry our the intent of this resolution.

Background

PACE is an innovative way to finance energy efficiency, water efficiency, and renewable energy upgrades for commercial, industrial, and large multifamily (five or more units) real property. Property owners who participate in the program repay the financing through a voluntary contractual assessment placed on their property. One of the most notable characteristics of PACE programs is that the financing is attached to the property rather than belonging to an individual. Therefore, when the owner sells the property, the financing may be paid off during the sale, or stay with the property and be transferred to the new owner, who also benefits from the completed upgrades.

PACE financing enables businesses to avoid the upfront costs of energy and water efficiency improvements. PACE financing can be paid over a long period of time while energy costs are simultaneously lower, which typically provides the property owner with immediate net savings. PACE overcomes challenges that have hindered the adoption of energy and water efficiency for many property owners. The debts, liabilities and obligations incurred as part of the PACE Program do not constitute debts, liabilities or obligations of the City of Garland.

Consideration / Recommendation

Staff recommends approval of the resolution to establish a City of Garland PACE Program.

Attachments

A. Reso No ________ Reso of Intent to Establish PACE Program
B. Program Report Exhibits - City of Garland v2 - Rev

RESOLUTION NO. __________

A RESOLUTION OF INTENT TO ESTABLISH A CITY PROPERTY ASSESSED CLEAN ENERGY ACT (PACE) PROGRAM; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the 83rd Regular Session of the Texas Legislature enacted the Property Assessed Clean Energy Act, Texas Local Government Code Chapter 399 (the "PACE Act"), which allows the governing body of a local government, including a city, to designate an area of the territory of the local government as a region within which an authorized representative of a local government and the record owners of commercial, industrial, and large multifamily residential (five or more dwelling units) real property may enter into written contracts to impose assessments on the property to repay the financing by the owners of permanent improvements fixed to the property intended to decrease water or energy consumption or demand;

WHEREAS, the installation or modification by property owners of qualified energy or water saving improvements to commercial, industrial, and large multifamily residential real property in the City of Garland ("City") will further the goals of energy and water conservation without cost to the public;

WHEREAS, the City Council finds that financing energy and water conserving projects through contractual assessments ("PACE financing") furthers valid public purposes, including but not limited to, economic development, reducing energy consumption and costs, and conserving water resources; and

WHEREAS, the City Council, subject to the public hearing scheduled as provided below, at which the public may comment on the proposed program and the report issued contemporaneously with this resolution, finds that it is convenient and advantageous to establish a program under the PACE Act and designate the entire geographic area within the City's jurisdiction as a region within which a City of Garland authorized representative and the record owners of qualified real property may enter into PACE financing arrangements;

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

Section 1

The Recitals to this Resolution are true and correct and are incorporated into this Resolution for all purposes.

Section 2

The City of Garland hereby adopts this Resolution of Intent and finds that financing qualified projects through contractual assessments pursuant to the PACE Act is a valid public purpose.

Section 3

The City of Garland intends to make contractual assessments to repay PACE financing for qualified energy or water conserving projects available to owners of commercial, industrial, and large multifamily residential real property. The program is to be called the City of Garland Property Assessed Clean Energy ("City of Garland PACE") Program. The City of Garland PACE Program does not apply to: (1) facilities for undeveloped lots or lots undergoing development at the time of the assessment, or (2) the purchase or installation of products or devices not permanently fixed to real property.

Section 4

The following types of projects are qualified projects for PACE financing that may be subject to such contractual assessments: (a) the installation or modification of a permanent improvement fixed to privately owned commercial, industrial, or residential real property with five (5) or more dwelling units, and (b) are intended to decrease energy or water consumption or demand, including a product, device, or interacting group of products or devices on the customer's side of the meter that uses energy technology to generate electricity, provide thermal energy, or regulate temperature.

Section 5

The boundaries of the entire geographic area within the City of Garland's jurisdiction are the boundaries of the region where PACE financing and assessments can occur.

Section 6

Financing for qualified projects under the PACE program will be provided by qualified third-party lenders chosen by the owners. Such lenders will execute written contracts with a City's authorized representative to service the assessments, as required by the PACE Act. The contracts will provide for the lenders to determine the financial ability of owners to fulfill the financial obligations to be repaid through assessments, advance the funds to owners on such terms as are agreed between the lenders and the owners for the installation or modification of qualified projects, and service the debt secured by the assessments, directly or through a servicer, by collecting payments from the owners pursuant to contracts executed between the lenders and the owners. The lender contracts will provide that the City of Garland will maintain and continue the assessments for the benefit of such lenders and enforce the assessment lien for the benefit of a lender in the event of a default by an owner. The City of Garland will not, at this time, provide financing of any sort for the PACE program.

Section 7

The City of Garland will contract with qualified organizations to be independent third-party Authorized Representatives. Third-party Authorized Representatives will comply with the City's administrative standards and certify to the City that the underwriting requirements and technical standards are satisfied in each PACE project.

Section 8

The report on the proposed PACE program prepared as provided by Tex. Local Gov't Code Sec. 399.009, is available for public inspection on the Internet website of the City of Garland and in the City of Garland William E. Dollar Municipal Building 200 N. Fifth St. Garland, Texas 75040 and is incorporated in this resolution and made a part hereof for all purposes.

Section 9

The City of Garland's City Council will hold a public hearing on the proposed PACE program and report on ______________ at _____p.m. at the City of Garland William E. Dollar Municipal Building 200 N. Fifth St. Garland, Texas 75040.

Section 10

That ____________ shall be the City representative and ___________ shall be the Assessor-Collector representative for purposes of consulting regarding collecting the proposed contractual assessments imposed under this PACE program on assessed property.

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

REPORT REQUIRED BY TEXAS LOCAL GOVERNMENT CODE SECTION 399.009

FOR PROPOSED CITY OF GARLAND

PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM

This Report is adopted by the City of Garland, Texas City Council (**"Local Government"**) for the City of Garland Property Assessed Clean Energy (PACE) Program (**the "Program")** in accordance with the requirements of the Property Assessed Clean Energy Act (**the "PACE Act"**) as set forth in Texas Local Government Code Chapter 399.

The Local Government and its constituents benefit when older buildings are modified and new facilities are constructed with technology and equipment that increases energy efficiency and reduces water consumption. As described in this Report, the Local Government is establishing the commercial PACE Program to encourage private sector investment in energy efficiency and water conservation. The PACE Program will be offered to property owners on a strictly voluntary basis and will not require the use of any public funds or resources.

Authorized under the PACE Act enacted in 2013, the PACE program is an innovative financing program that enables private sector owners of privately owned commercial, industrial, and multi-family residential properties with five or more dwelling units to obtain low-cost, long-term loans to pay for water conservation, energy-efficiency improvements, and distributed generation. PACE loans provide up to 100% financing of all eligible project costs, with little or no up-front out-of-pocket cost to the owner. The Local Government has chosen to follow the administrative principles, program processes, and model documents of the uniform Texas PACE in a Box model program[1], as amended from time to time, along with any exceptions approved by the Local Government.

Loans made under the PACE Program will be secured by assessments on the property that are voluntarily imposed by the owner. Assessments may be amortized over the projected life of the improvements. The utility cost savings derived from improvements financed with PACE loans are expected to equal or exceed the assessment amount. In turn, these improvements can generate positive cash flow upon installation because the debt service will be less than the savings.

PACE assessments are tied to the property and follow title from one owner to the next. Each owner is responsible only for payment of the assessments accruing during its period of ownership.

[1] https://www.keepingpaceintexas.org/pace-in-a-box

When the property is sold, the buyer and seller can decide if the payment obligation for the remaining balance of the assessment will be transferred automatically to the next owner or paid off as part of the sale. As a result, the program will help property owners overcome market barriers that often discourage investment in energy efficiency and water conservation improvements.

Eligible Properties

The Local Government's PACE program is a strictly voluntary program. All private sector owners of Eligible Properties located within the Local Government's PACE region may participate in PACE financing. The entire territory of the Local Government is designated as the region in which the Program is available. ***"Eligible Properties"*** include commercial, industrial, and multi-family residential properties with five or more dwelling units. Government, residential[2], and facilities for undeveloped lots or lots undergoing development at the time of the assessment are not Eligible Properties.

1. Qualified Improvements

PACE financing may be used to pay for Qualified Improvements to Eligible Properties. ***"Qualified Improvements"*** are permanent improvements intended to decrease water or energy consumption or demand, including a product, device, or interacting group of products or devices on the customer's side of the meter that use energy technology to generate electricity, provide thermal energy, or regulate temperature. Under the PACE Act, products or devices that are not permanently fixed to real property are not considered to be Qualified Improvements.

The following items may constitute Qualified Improvements:

- High efficiency heating, ventilating and air conditioning ("HVAC") systems
- High efficiency chillers, boilers, and furnaces
- High efficiency water heating systems
- Energy management systems and controls
- Distributed generation systems
- High efficiency lighting system upgrades
- Building enclosure and envelope improvements
- Water conservation and wastewater recovery and reuse systems
- Combustion and burner upgrades
- Heat recovery and steam traps
- Water management systems and controls (indoor and outdoor)
- High efficiency irrigation equipment

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[2] This encompasses single family residential and any multi-family properties with fewer than five units.

2. Benefits of PACE to Property Owners

The PACE program will enable owners of Eligible Properties to overcome traditional barriers to capital investments in energy efficiency and water conservation improvements, such as unattractive returns on investment, split incentives between landlords and tenants, and uncertainty of recouping the investment.

By financing Qualified Improvements through the Program, property owners may achieve utility cost savings that exceed the amount of the assessment and reduce their exposure to utility price volatility. As a result, the value of the property will be enhanced, and the owner will only be obligated to pay the assessment installments that accrue during its period of ownership of the property. Additionally, by investing in energy efficiency and water conservation with PACE financing, property owners may also qualify for various rebate, tax credit, and incentive programs offered by utility providers and state or federal governmental authorities to encourage these types of investments.

3. Benefits of PACE to the Local Government

The PACE Program benefits the entire Local Government by improving its buildings, increasing property values, encouraging economic development, and saving energy and water, all without requiring any public funds.

Among other things, projects financed through PACE Program will:

- Enable property owners and occupants to save substantial amounts in utility costs;
- Reduce demand on the electricity grid;
- Mitigate greenhouse gas emissions associated with energy generation;
- Enhance the value and efficiency of existing buildings;
- Boost the local economy by creating new job opportunities for laborers and new business opportunities for contractors, engineers, commercial lenders, professionals, and equipment vendors and manufacturers;
- Increase business retention and expansion in the PACE region by enabling cost effective energy and water saving updates to existing property;
- Improve productivity through optimized energy usage;
- Support the State's water conservation plan;
- Better enable the Local Government to meet its water conservation goals.

Finally, through the reduction in energy consumption as a result of the PACE Program, there will be a decreased demand for power, resulting in lower emissions from power plants.

The PACE program requires minimal support from the Local Government. It is designed to be self-sustaining and is typically administered by qualified third-party authorized representatives. Furthermore, because the PACE program is tax neutral, it achieves all of the benefits listed in this Report without imposing a burden on the Local Government's general fund.

The 84th Texas Legislature added an immunity provision to the PACE Act that explicitly shields the Local Government and its employees, members of the governing body of a local government and any board members, executives, employees, and contractors of a third party who enter into a contract with a local government to provide administrative services for a Program under this chapter.[3]

4. The Benefits of PACE to Lenders

PACE loans are attractive to lenders because they are very secure investments. Like a property tax lien, the assessment lien securing the PACE loan has priority over other liens on the property. Therefore, the risk of loss from non-payment of a PACE loan is low compared to most other types of loans. PACE assessments provide lenders with an attractive new product to address an almost universal pent-up demand for implementing high efficiency commercial and industrial property equipment. In order to protect the interests of holders of existing mortgage loans on the property, the PACE Act requires their written consent to the PACE assessment as a condition to obtaining a PACE loan.

5. The Benefits of PACE to Contractors, Engineers, and Manufacturers

PACE loans provide attractive sources of financing for water and energy saving retrofit and new construction upgrades, thereby encouraging property owners to make substantial investments in new and existing commercial and industrial buildings. As a result, PACE will unlock business opportunities for contractors, engineers, and manufacturers throughout the commercial and industrial sectors.

6. Administration of the Local Government PACE Program

Under the PACE Act, the establishment and operation of the program are governmental functions.[4] The PACE Act further authorizes the Local Government to enter into a contract with one or more third parties (the ***"Authorized Representative(s)"***) to provide administrative services for the PACE program and act as the representative of the Local Government in executing the contracts with property owners and lenders. The Local Government may delegate administration of the PACE program to one or more qualified third-party organizations that can administer the program at no cost to the Local Government.

Periodic updates to the standard form documents (described in Section 9) will be necessary as the program evolves, incorporating best practices and standardizing the PACE contracts across various PACE programs. The Authorized Representative will be tasked with maintaining the form contracts and making technical and conforming updates as necessary so long as the changes are consistent with the resolution to establish the PACE program and the statute.

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3 TX. Local Gov't Code §399.019. In the 85th legislature, HB 2654 clarified that the personal immunity provisions apply to all elected officials performing rights and duties under chapter 399 of the Local Government Code.

4 TX Local Government Code §399.003(b)

The Authorized Representative's role is to serve as an extension of the Local Government staff to provide oversight of the Program to ensure best practices and consumer protections at the lowest possible cost to the property owner in a transparent and ethical manner and to provide education and outreach. The Authorized Representatives will not receive compensation or reimbursement from the Local Government.

The Authorized Representatives will be funded by administrative fees paid by the property owners establishing a PACE project or other source of revenue. The Authorized Representative may not impose any Program fees directly or indirectly not authorized in advance by the Local Government in writing. Authorized Representative must disclose in writing to Local Government any direct or indirect fee income, charitable grants, or donations not authorized in advance by the Local Government that are received from property owners, lenders, or contractors participating in the Program.

7. Eligible Lenders

The PACE Act does not set criteria for financial institutions or investors to be PACE lenders. The Local Government will follow best practices of other PACE programs by requiring that lenders be:

- Any federally insured depository institution such as a bank, savings bank, savings and loan association, and federal or state credit union;
- Any insurance company authorized to conduct business in one or more states;
- Any registered investment company, registered business development company, or a Small Business Administration small business investment company;
- Any publicly traded entity; or
- Any private entity that:
  - Has a minimum net worth of $5 million; and
  - Has at least three years' experience in business or industrial lending or commercial real estate lending (including multifamily lending), or has a lending officer that has at least three years' experience in business or industrial lending or commercial real estate lending; and
  - Can provide independent certification as to availability of funds; and
- Has the ability to carry out, either directly or through a servicer, the bookkeeping and customer service work necessary to manage the assessment accounts.

Any lender can participate in the PACE Program as long as it is a financially stable entity with the ability to carry out, either directly or through a servicer, the bookkeeping and customer service work necessary to manage the assessment accounts. The property owner, not the Local Government or the Authorized Representative, selects the lender.

The Authorized Representatives will not guarantee or imply that funding will automatically be provided from a third-party lender, imply or create any endorsement of, or responsibility for, any lender, or create any type of express or implied favoritism for any eligible lender.

8. Components of the PACE Program

As required under Section 399.009 of the PACE Act, the following describes all aspects of the PACE Program:

a. Map of Region. A map of the boundaries of the region included in the program is attached to this Report as Exhibit 1. The region encompasses the entire geographic area within the Local Government's jurisdictional boundaries

b. Form Contract with Owner. A form contract between the Local Government and the record owner of the Eligible Property is attached as Exhibit 2. It specifies the terms of the assessment under the PACE Program and the financing to be provided by an Eligible Lender of the property owner's choosing.

c. Form Contract with Lender. A form contract between the Local Government and the Eligible Lender chosen by a property owner is attached to this Report as Exhibit 3. It specifies the financing and servicing of the debt through assessments.

d. Form Notice of Contractual Assessment Lien. A form Notice of Assessment Lien to be filed by the Authorized Representative, on behalf of the Local Government, with the County Clerk is attached to this Report as Exhibit 4.

e. Qualified Improvements. The following types of projects are qualified improvements that may be subject to contractual assessments under the PACE program. Projects that:

(1) involve the installation or modification of a permanent improvement fixed to privately owned commercial, industrial, or residential real property with five (5) or more dwelling units;[5] and

(2) are intended to decrease energy or water consumption or demand by installing a product, device, or interacting group of products or devices on the customer's side of the meter that uses energy technology to generate electricity, provide thermal energy, or regulate temperature. [6]

A sample list of potential Qualified Improvements appears in Section 2 above.

The PACE Program may not be used to finance facilities for undeveloped lots or lots undergoing development at the time of the assessment, or for the purchase or installation of products or devices not permanently fixed to real property.[7]

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5 TX. Local Gov't Code §399.002(5).
6 TX. Local Gov't Code §399.002(3).
7 TX. Local Gov't Code §399.004.

f. <u>Authorized Representative.</u> HB 3187 was signed into law on June 16, 2015. It authorizes a Local Government to delegate administration of the PACE program to third-party "representatives." The City of Garland intends to delegate all official administrative responsibilities, like the execution of individual contracts with property owners and lenders, to one or more Authorized Representatives. This relationship will be monitored and maintained by the Mayor or his/her designee.

g. <u>Plans for Ensuring Sufficient Capital.</u> Lenders will extend loans to finance Qualified Improvements. Financing documents executed between owners and lenders will impose a contractual assessment on Eligible Property to repay the owner's financing of the Qualified Improvements. The lenders will ensure that property owners demonstrate the financial ability to fulfill the financial obligations to be repaid through contractual assessments.

h. <u>No Use of Bonds or Public Funds.</u> The Local Government does not intend to issue bonds or use any other public monies to fund PACE projects. Property owners will obtain all financing from the Eligible Lenders they choose.

i. <u>Limit on Length of Loan</u>. One of the statutory criteria of a PACE loan is that the assessment payment period cannot exceed the useful life of the Qualified Improvement that is the basis for the loan and assessment.[8] As part of the application process, the property owners will submit an independent third-party review prepared by a licensed engineer showing the water or energy baseline conditions and the projected water or energy savings. This review will aid the Authorized Representative in making a determination that the period of the requested assessment does not exceed the useful life of the Qualified Improvement.

j. <u>Application Process.</u> The Authorized Representative will accept applications from property owners seeking to finance Qualified Improvements under the program. Each application must be accompanied by the required application fee and must include:

(1) A description of the specific Qualified Improvements to be installed or modified on the property;

(2) A description of the specific real property to which the Qualified Improvements will be permanently fixed; and

(3) The total amount of financing, including any transaction costs, to be repaid through assessments.

Based on this information, the Authorized Representative may issue a preliminary letter indicating that, subject to verification of all requirements at closing, the proposed project appears to meet program requirements. Based on this preliminary

[8] Chapter 399 section 399.009(a)(8)

letter, the property owner may initiate an independent third-party review of the project and submit the project to Eligible Lenders for approval of financing.

The property owner is expected to produce the following documentation to the Authorized Representative prior to closing of the PACE loan:

(1) A Report conducted by a qualified, independent third-party reviewer, showing water or energy baseline conditions and the projected water or energy savings, or the amount of renewable energy generated attributable to the project;

(2) Such financial information about the owner and the property as the lender chosen by the owner deems necessary to determine that the owner has demonstrated the financial ability to fulfill the financial obligations to be paid through assessments; and

(3) All other information required by the Authorized Representative.

k. Financial Eligibility Requirements. The Authorized Representative will determine whether the owner, the property and the improvements are eligible for financing under the Program. The Eligible Lender chosen by the owner will determine whether the owner has demonstrated the financial ability to repay the financial obligations to be collected through contractual assessments. The demonstration of financial ability must be based on appropriate underwriting factors, including the following:

(1) verification that the person requesting to participate in the program is the legal record owner of the benefitted property;

(2) the applicant is current on mortgage and property tax payments;

(3) the applicant is not insolvent or in bankruptcy proceedings;

(4) the title of the benefitted property is not in dispute; and

(5) there is a method for determining an appropriate ratio of the amount of the assessment to the assessed value of the property in accordance with the most current Texas PACE in a Box model program, and

The Local Government has determined that to be eligible for PACE financing, the projected savings derived from the Qualified Improvement should be greater than the cost of the PACE assessment and lien over the life of the assessment, i.e., the Saving-to-Investment Ratio (SIR) should be greater than one, SIR>1.

l. Mortgage Holder Notice and Consent. As a condition to the execution of a written contract between the Authorized Representative and the property owner imposing an assessment under the Program, the holder of any mortgage lien on the property must be given notice of the owner's intention to participate in the Program on or before the 30th day before the date the contract is executed, and the owner must obtain the written consent of all mortgage holders.

m. Imposition of Assessment. The Authorized Representative will enter into a written contract with the property owner only after:

(1) The property owner delivers to the Authorized Representative written consent of all mortgage lien holders;

(2) The Authorized Representative's determination that the owner and the property are eligible to participate in the program, that the proposed improvements are reasonably likely to decrease energy or water consumption or demand, and that the period of the requested assessment does not exceed the useful life of the Qualified Improvements; and

(3) The Eligible Lender notifies the Authorized Representative that the owner has demonstrated the financial ability to fulfill the financial obligations to be repaid through contractual assessments.

The contract will impose a contractual assessment on the owner's Eligible Property to repay the lender's financing of the Qualified Improvements. The Authorized Representative will file a "Notice of Contractual Assessment Lien" in substantially the form in Exhibit 4 in the Official Public Records of the County in which the Eligible Property is located, to serve as notice to the public of the assessment from the date of filing. The contract and the notice must contain the amount of the assessment, the legal description of the property, the name of the property owner, and a reference to the statutory assessment lien provided under the PACE Act.

n. Collection of Assessments. The execution of the written contract between Local Government and the property owner and recording of the Notice of Contractual Assessment Lien incorporate the terms of the financing documents executed between the property owner and the third-party lender to repay the financing secured by the assessment. The third-party lender will advance financing to the owner, and the terms for repayment will be such terms as are agreed between the lender and the owner. Under the form Lender Contract attached as Exhibit 3, the lender or a designated servicer will agree to service the debt secured by the assessment.[9]

With funds from the lender, the property owner will purchase directly the equipment and materials for the Qualified Improvement and contract directly, including through lease, power purchase agreement, or other service contract, for the installation or modification of the Qualified Improvements. Alternatively, the

[9] The servicer will be responsible for maintaining payment records, account balances, and reporting to the Authorized Representative as required.

lender may make progress payments to the property owner as the Qualified Improvement is installed.

The lender will receive the owner's assessment payments to repay the debt and remit to the Authorized Representative any administrative fees. The lender will have the right to assign or transfer the right to receive the installments of the debt secured by the assessment provided all of the following conditions are met:

(1) The assignment or transfer is made to an Eligible Lender, as defined above;

(2) The property owner and the Authorized Representative are notified in writing of the assignment or transfer and the address to which payment of the future installments should be mailed at least thirty (30) days before the next installment is due according to the schedule for repayment of the debt; and

(3) The assignee or transferee, by operation of the financing documents or otherwise written evidence of which shall be provided, assumes lender's obligations under the lender contract.

o. Verification Review. After a Qualified Improvement is completed, the Authorized Representative will require the property owner to provide verification by a qualified independent third-party reviewer that the Qualified Improvement was properly completed and is operating as intended.[10] The verification report conclusively establishes that the improvement is a Qualified Improvement and the project is qualified under the PACE Program.[11]

p. Marketing and Education Services. The Local Government may subsequently enter into agreements with one or more other local governments or non-profit organizations that promote energy and water conservation and/or economic development to provide marketing and education services for the PACE program.

q. Quality Assurance and Anti-Fraud Measures. The Authorized Representative will institute quality assurance and anti-fraud measures for the Program. The Authorized Representative will review each PACE application for completeness and supporting documents through independent review and verification procedures. The application and required attachments will identify and supply the information necessary to ensure that the property owner, the property itself, and the proposed project all satisfy PACE program underwriting and technical standard requirements. Measures will be put in place to provide safeguards, including a review of the energy and water savings baseline and certification of compliance with the technical standards manual from an independent third-party reviewer (ITPR), who must be a registered professional engineer before the project can proceed. This review will include a site visit, report, and a letter from the ITPR

[10] TX Local Gov't Code §399.011.
[11] TX Local Government Code §399.011(a-1)

certifying that he or she has no financial interest in the project and is an independent reviewer. After the construction of the project is complete, an ITPR will conduct a final site inspection and determine whether the project was completed and is operating properly. The reviewer's certification will also include a statement that the reviewer is qualified and has no financial interest in the project.

r. Delinquency. Under the terms of the form lender contract attached as Exhibit 3, if a property owner fails to pay an agreed installment when due on the PACE assessment, the lender will agree to take at least the following steps to collect the delinquent installment:

(1) Mail to the owner a written notice of delinquency and demand for payment by both certified mail (return receipt requested) and first-class mail. If this is a HUD-assisted or FHA-insured Project, Lender shall mail a copy of the first notice of delinquency to HUD.

(2) Mail to the owner a second notice of delinquency and demand for payment by both certified mail (return receipt requested) and first-class mail at least thirty (30) days after the date of the first notice if the delinquency is continuing. If this is a HUD-assisted or FHA-insured Project, Lender shall mail a copy of the second notice of delinquency to HUD.

If this is a HUD-assisted or FHA-insured Project, HUD shall have not less than a sixty (60) day notice and right to cure the delinquency by paying the amount of the delinquent Installment. If the owner fails to cure the delinquency within 30 days after mailing the second notice of delinquency, the lender may notify the Authorized Representative of the owner's default. Pursuant to Texas Local Government Code Section 399.014(c), the Authorized Representative will initiate steps for the Local Government to enforce the assessment lien in the same manner as a property tax lien against real property may be enforced. Delinquent installments will incur penalties and interest in the same manner and at the same rate as delinquent property taxes, according to Texas Local Government Code Section 399.014(d), and such statutory penalties and interest will be due to the Local Government to offset the cost of collection.

To ensure that the collection of delinquent installments of Assessments is congruent with the collection of delinquent property taxes the following procedures will be followed:

(1) Any delinquent account on which two thirty (30) day notices of delinquency have been mailed as specified herein shall be enforced by means of Judicial Enforcement.

(2) Delinquent installments of Assessment(s) through November 30 of any year will incur penalties and accrue interest as specified in the Financing Documents.

(3) On or after February 1 of any year, the Authorized Representative will notify the County Tax Assessor/Collector and the entity that collects delinquent taxes for the County of the amount due as of January 31 of said year. The amount due on January 31 shall become the base amount of delinquency which will incur penalties and accrue interest and collection fees in the same manner and on the same schedule as delinquent property taxes.

(4) Installments of Assessment(s) becoming delinquent after November 30 of any year will incur penalties and accrue interest as specified in the Financing Documents but, notification of the County Tax Assessor/Collector and the entity that collects delinquent taxes for the County shall not occur until February 1 following delinquency. The amount due on January 31 following delinquency shall become the base amount of delinquency which will incur penalties and accrue interest and collection fees in the same manner and on the same schedule as delinquent property taxes.

If the Local Government files suit to enforce collection of an Assessment, the Local Government may recover costs and expenses, including its attorney's fees, in a suit to collect a delinquent installment of an Assessment in the same manner and at the same rates as in suit to collect delinquent property taxes. If a delinquent installment of an Assessment is collected in a judicial foreclosure proceeding, the Local Government may recover the payment of any delinquent ad valorem taxes due to it, and the costs and expenses as set forth in the Texas Tax Code Sec. 33.48, and the Lender will be remitted the net amount of the delinquent Assessment installments and any additional sums collected that are due to it under the Financing Documents. The Local government shall also remit to the Authorized Representative the amount of any administrative fees collected.

Judicial Enforcement: The Authorized Representative is authorized to enter into a contract with the entity that collects delinquent taxes for the County to enforce the collection of delinquent installments of the Assessments including interest, penalties, and fees in accordance with Texas Law governing delinquent property tax collection and the agreement between the parties. Any lawsuit to enforce collection of an Assessment including foreclosure of a delinquent Assessment lien shall be brought in the name of the Local Government. Such lawsuits will be filed and prosecuted in accordance with the statutes, procedures, and rules for the collection of delinquent property taxes.

9. Limitations

The PACE Program shall not give rise to or create a charge against the general credit or taxing power of the Local Government or a debt or other obligation of the Local Government payable from any source. No Local Government funds, revenues, taxes, or income of any kind shall be used to pay a contractual assessment, filing fee, collection cost, litigation cost, or any other expense arising under the PACE Program. The PACE Program is created to provide a third-party financing mechanism for energy saving betterments; no alternate financing is approved through the approval of the PACE Program. The Local Government assumes no financial obligation whatsoever in the event of default or foreclosure of any kind. None of the Local Government or any of its elected or appointed officials or any of its officers or employees or Authorized Representatives shall incur any liability hereunder to an owner, a lender, or any other party in their individual capacities by reason of the PACE Program or their acts or omissions under the PACE Program.

EXHIBIT 1
MAP OF CITY OF GARLAND PACE REGION

(City of Garland and ETJ)

EXHIBIT 2

FORM OWNER CONTRACT

FORM PACE OWNER CONTRACT

THIS PROPERTY ASSESSED CLEAN ENERGY **("PACE")** OWNER CONTRACT including the attached exhibits ("**Owner Contract**") is made as of the ________ day of _________, _______ (**"Effective Date"**), by and between the City of Garland, Texas ("**Local Government**"), and ___________________________("**Property Owner**").

RECITALS

A. The Property Assessed Clean Energy Act ("**PACE Act**"), Texas Local Government Code Chapter 399, authorizes the governing body of a Local Government to establish a program and designate a region within the Local Government's jurisdiction within which an authorized representative of the Local Government may enter into written contracts with the record owners of privately owned commercial, industrial, and large multifamily residential (five or more dwelling units) real property to impose assessments on the property to finance the cost of permanent improvements fixed to the property intended to decrease water or energy consumption or demand.

B. Local Government has established a program under the PACE Act pursuant to a resolution dated __________________ , adopted by the City Council ("**PACE Program**"), and has designated _______________________________ as a representative of Local Government ("**Authorized Representative**") authorized to enter into the written contracts with the owners of such property and the providers of such financing described herein, and has designated the entire territory within the City of Garland **(**the **"City")**, Texas jurisdiction as a region **(the "Region"**) within which the Authorized Representative and the record owners of such real property may enter into written contracts to impose assessments to repay the financing by owners of qualified improvements on the owners' property pursuant to the PACE Program.

C. Property Owner is/are the legal and record owner of the qualified **"real property,"** as defined in Section 399.002 of the PACE Act, within the Region located at __________________, ___________, Texas _____-____ (the "**Property**").

D. Pursuant to Application number _______________, Property Owner has applied to Local Government to participate in the PACE Program by installing or modifying on the Property certain permanent improvements which are intended to decrease water or energy consumption or demand, and which are or will be fixed to the Property as "qualified improvements", as defined in Section 399.002 of the PACE Act (the **"Qualified Improvements"**). The installation or modification of such Qualified Improvements on the Property will be a "qualified project" as defined in Section 399.002 of the PACE Act (the **"Project"**). Property Owner has requested that Local Government enter into this Owner Contract pursuant to the PACE Act and the PACE Program and has requested Local Government to impose an assessment (the "**Assessment**") on the Property as set forth in the Notice Of Contractual Assessment Lien Pursuant To Property Assessed Clean Energy Act to be filed in the Official Public Records of Walker County, Texas (the **"Notice of Contractual Assessment Lien"**), a copy of which is attached hereto as Exhibit A and made a part hereof, to repay the financing of such Qualified Improvements. The Property, Qualified

Improvements and Assessment are more fully described in the Notice of Contractual Assessment Lien.

E. Financing of such Qualified Improvements will be provided to Property Owner by ___________________________ ("**Lender**"), a qualified lender selected by Property Owner, pursuant to a written contract executed by Lender and Local Government as required by Section 399.006(c) of the PACE Act (the "**Lender Contract**"). The financing will include only those costs and fees for which an assessment may be imposed under the PACE Act. Local Government has agreed to maintain and continue the Assessment for the benefit of Lender until such financing is repaid in full and to release the Assessment upon notice from Lender of such payment, or to foreclose the lien securing the Assessment for the benefit of Lender upon notice from Lender of a default by Property Owner.

F. As required by Section 399.010 of the PACE Act, Property Owner notified the holder(s) of any mortgage liens on the Property at least thirty (30) days prior to the date of this Owner Contract of Property Owner's intention to participate in the PACE Program. The written consent of each mortgage holder to the Assessment was obtained on or prior to the date of this Owner Contract and is attached hereto as Exhibit B and made a part hereof.

AGREEMENT

The parties agree as follows:

1. Imposition of Assessment. In consideration for the Financing advanced or to be advanced to Property Owner by Lender for the Project under the PACE Program pursuant to the Lender Contract, Property Owner hereby requests and agrees to the imposition by Local Government of the Assessment in the principal amount of $_______________, as set forth in the Notice of Contractual Assessment Lien. The Assessment includes the application and administration fees authorized by the PACE Program and Section 399.006(e) of the PACE Act. Property Owner promises and agrees to pay the Assessment, Contractual Interest thereon, any prepayment penalty, and all penalties, interest, fees, and costs due under and/or authorized by the PACE Act, PACE Program and the financing documents between Property Owner and Lender (the "**Financing Documents**") which are described or listed in Exhibit C attached hereto and made a part hereof by reference. Property Owner promises and agrees pay such amount and interest to Local Government, in care of or as directed by Lender, in satisfaction of the Assessment imposed pursuant to this Owner Contract and the PACE Act. Accordingly, Local Government hereby imposes the Assessment on the Property to secure the payment of such amount, in accordance with the requirements of the PACE Program and the provisions of the PACE Act.

2. Maintenance and Enforcement of Assessment. In consideration for Lender's agreement to advance Financing to Property Owner for the Project pursuant to the Financing Documents, Local Government agrees to maintain and continue the Assessment on the Property for the benefit of Lender until the Assessment, including all interest, fees, penalties, costs, and other sums due under and/or authorized by the PACE Act, PACE Program and the Financing Documents are paid in full, and to release or cause the release of the Assessment upon notice from Lender of such payment. Local Government, through its delinquent property tax collection process, agrees to undertake reasonable efforts to enforce the Assessment against the Property for

the benefit of Lender in the event of a default by Property Owner. Authorized Representative agrees to send an annual notice of assessment to the Property Owner each year there is a PACE lien balance. However, any failure of Local Government or Authorized Representative to deliver an annual notice of assessment to Property Owner will not affect the Assessment or Property Owner's obligations under the Owner Contract.

3. Installments. The Assessment, including the amount financed and contractual interest, is due and payable in installments as set forth in the Notice of Contractual Assessment Lien and the Financing Documents. The Assessment shall include: (1) an application fee to be paid by Property Owner to the Authorized Representative at the time of application, and (2) a closing fee (less application fee) paid to the Authorized Representative at the closing of the Financing. The Property Owner is further required to pay a recurring administration fee to Authorized Representative until the Assessment is released. The recurring administration fee amount shall be collected by Lender and paid to the Authorized Representative within thirty (30) days of receipt by Lender. The administration fee amounts due to Authorized Representative are identified in Exhibit C hereto. When the Assessment, together with any prepayment premium, and/or default penalties and interest, if any, has been paid in full, Local Government's rights under this Owner Contract will cease and terminate, except for rights under Section 18, 19, 20, and 21. Upon notice from Lender that all amounts due have been paid in full, Local Government will direct the Authorized Representative to execute a release of the Assessment and this Owner Contract and record the release. As required by Section 399.009(a) (8) of the PACE Act, the Property Owner represents to the Local Government that the period during which such Installments are payable does not exceed the useful life of the Project. If this is a US Department of Housing and Urban Development ("**HUD**") assisted or a Federal Housing Administration ("**FHA**") insured Project, then the Financing Documents shall provide for Installments to be escrowed in a manner acceptable to the HUD or FHA lender and paid to Lender.

4. Assignment of Right to Receive Installments or Require Enforcement of Lien. Lender will have the right, with or without the consent of Property Owner, to assign or transfer the right to receive the Installments or require Local Government to enforce the assessment lien in the event of a default in payment, together with all corresponding obligations, provided that all of the following conditions are met:

(a) The assignment or transfer is made to a qualified lender as defined in the Lender Contract;

(b) Property Owner and Authorized Representative, and HUD, if this is a HUD assisted or FHA insured Project, are notified in writing of the assignment or transfer and the address to which payment of the future installments should be mailed at least 30 days before the next installment is due according to the payment schedule included in the Notice of Contractual Assessment Lien and the Financing Documents; and

(c) The assignee or transferee of the right to receive the payments executes an explicit written assumption of all of Lender's rights and obligations under the Lender Contract related to the receipt of the Installments or the enforcement of the assessment lien and provides a copy of such assumption to Property Owner and Authorized Representative.

Lender may assign or transfer the right to receive the Installments or the right to require enforcement of the assessment lien separately. Upon written notice to Property Owner and Authorized Representative of an assignment or transfer of the right to receive the installments that meets all of these conditions, the assignor shall be released of all of the obligations of the Lender under such Lender Contract accruing after the date of the assignment assumed by and transferred to such assignee or transferee and all of such obligations shall be assumed by and transferred to the assignee. Any attempt to assign or transfer the right to receive the installments that does not meet all of these conditions is void.

5. Lien Priority and Enforcement. Pursuant to Section 399.014 of the PACE Act:

(a) Delinquent installments of the Assessment will incur penalties and accrue interest in the same manner and in the same amount as delinquent property taxes under Texas law. Statutory penalties and statutory interest payable under this paragraph will be retained by Local Government to compensate it for the cost of enforcing the Assessment. Additional interest at any default rate imposed by Lender pursuant to the Financing Documents, along with any other fees and charges that become due pursuant to the Financing Documents, may be imposed and retained by Lender. To ensure that the collection of delinquent installments of Assessments and other amounts due pursuant to the Financing Documents is congruent with the collection of delinquent property taxes the following procedures will be followed:

(1) Any delinquent account on which two thirty (30) day notices of delinquency have been mailed as specified herein shall be enforced by means of Judicial Enforcement.

(2) Delinquent installments of Assessment(s) through November 30 of any year will incur penalties and accrue interest as specified in the Financing Documents.

(3) On or after February 1 of any year, the Authorized Representative will notify the County Tax Assessor/Collector and the entity that collects delinquent taxes for the county of the amount due as of January 31 of said year. The amount due on January 31 shall become the base amount of delinquency which will incur penalties and accrue interest and collection fees in the same manner and on the same schedule as delinquent property taxes.

(4) Installments of Assessment(s) becoming delinquent after November 30 of any year will incur penalties and accrue interest as specified in the Financing Documents but, notification of the County Tax Assessor/Collector and the entity that collects delinquent taxes for the county shall not occur until February 1 following delinquency. The amount due on January 31 following delinquency shall become the base amount of delinquency which will incur penalties and accrue interest and collection fees in the same manner and on the same schedule as delinquent property taxes.

(b) The Assessment, together with any penalties and interest thereon,

(1) is a first and prior lien against the Property from the date on which the Notice of Contractual Assessment Lien is filed in the Official Public Records of the county in which the Property is located as provided by Section 399.013 of the PACE Act, until the financing secured by the Assessment and any penalties and interest (including any Contractual Interest and penalties) are paid; and

(2) such lien has the same priority status as a lien for any other ad valorem tax.

(c) The lien created by the Assessment runs with the land, and according to Section 399.014(b) of the PACE Act, any portion of the Assessment that has not yet become due is not eliminated by foreclosure of (i) a property tax lien, or (ii) the lien for a past due portion of the Assessment. In the event of a sale or transfer of the Property by Property Owner, the obligation for the Assessment and the Property Owner’s obligations under the Financing Documents will be transferred to the succeeding owner without recourse on Local Government or Authorized Representative and with recourse on Property Owner only for any unpaid installments of the Assessment that became due during Property Owner's period of ownership.

(d) In the event of a default by Property Owner in payment of the installments called for by the Financing Documents, the lien created by the Assessment will be enforced by Local Government, in the same manner according to Texas Tax Code Secs. 33.41 to 34.23 that a property tax lien against real property may be enforced by a local government, to the extent the enforcement is consistent with Section 50, Article XVI, Texas Constitution.

(e) In a suit to collect a delinquent Installment of the Assessment, Local Government will be entitled to recover costs and expenses, including attorney's fees, penalties, and interest due, in the same manner according to Texas Tax Code Sec. 33.48 as in a suit to collect a delinquent property tax. Lender shall be entitled to any additional sums due to it under the Financing Documents in connection with a suit to collect a delinquent Installment of the Assessment.

(f) Distribution of Proceeds of a foreclosure sale pursuant to a Judgment ordering foreclosure of Property Tax Lien(s) and delinquent installments(s) of an Assessment Lien shall be made in the following order:

(1) the payment of the costs of suit and sale;

(2) the payment of ad valorem taxes, penalties, interest, and attorney’s fees due under the judgment; and

(3) the payment of delinquent installment(s) of the Assessment, penalties, interest, fees, costs, and attorney’s fees due under the judgment.

(g) As provided in Section 399.014 (a-1) of the PACE Act, after the Notice of Contractual Assessment Lien is recorded in the Official Public Records of the county in which the Property is located, the lien created by the Assessment may not be contested on the basis that the improvement is not a "qualified improvement" or the project is not a "qualified project", as such terms are defined in Section 399.002 of the PACE Act.

6. Written Contract Required by PACE Act. This Owner Contract constitutes a written contract for the Assessment between the Property Owner and Local Government as required by Section 399.005 of the PACE Act. The Notice of Contractual Assessment Lien will be recorded in the Official Public Records of the county in which the Property is located as public notice of the contractual Assessment, in accordance with the requirements of Section 399.013 of the PACE Act.

7. Qualified Improvements. Property Owner agrees that all improvements purchased, constructed, and/or installed through the financing obtained pursuant to this Owner Contract shall be permanently affixed to the Property and will transfer with the Property to the transferee in the event of a sale or transfer of the Property. Property Owner agrees to provide to Authorized Representative within 30 days after the completion of the Project a verification by an independent third-party reviewer ("ITPR") that the project was properly completed and is operating as intended. Property Owner agrees that Lender may retain the final advance of Financing until such verification is submitted or require Property Owner to pay liquidated damages for a failure to do so, according to paragraph 19 below.

8. Water or Energy Savings. For so long as the Assessment encumbers the Property, Property Owner agrees, on or before January 31st of each year, to report to Authorized Representative the water or energy savings realized through the Project in accordance with the reporting requirements established by Local Government.

9. Construction and Definitions. This Owner Contract is to be construed in accordance with and with reference to the PACE Program and PACE Act. Terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the PACE Program and/or the PACE Act.

10. Binding Effect. This Owner Contract inures to the benefit of Local Government and is binding upon Property Owner, its heirs, successors, and assigns.

11. Notices. All notices and other communications required or permitted by this Owner Contract shall be in writing and mailed by certified mail, return receipt requested, addressed to the other party at its address shown below the signature of such party or at such other address as such party may from time to time designate in writing to the other party, and shall be effective from the date of receipt.

12. Governing Law. This Owner Contract shall in all respects be governed by and construed in accordance with the laws of the State of Texas.

13. Entire Agreement. This Owner Contract constitutes the entire agreement between Local Government and Property Owner with respect to the subject matter hereof and may not be amended or altered in any manner except by a document in writing executed by both parties. If

this is a HUD assisted or FHA insured Project, then HUD or FHA must also consent in writing to any amendment or alteration of this Owner Contract, for as long as the Project remains HUD-assisted or FHA-insured.

14. Further Assurances. Property Owner further covenants and agrees to do, execute and deliver, or cause to be done, executed, and delivered all such further acts for implementing the intention of this Owner Contract as may be reasonably necessary or required.

15. Captions. Paragraph and section titles are for convenience of reference only and shall not be of any legal effect.

16. Counterparts. This Owner Contract may be executed in any number of counterparts, and each counterpart may be delivered on paper or by electronic transmission, all of which when taken together will constitute one agreement binding on the parties, notwithstanding that all parties are not signatories to the same counterpart.

17. Interest. Interest and penalties in the event of default, as provided above, are explicitly authorized by Section 399.014(d) of the PACE Act. However, in no event will the total amount of interest on the Assessment, including statutory interest payable to Local Government and Contractual Interest payable to Lender under the Financing Documents, exceed the maximum amount or rate of nonusurious interest that may be contracted for, charged, or collected under Texas law (the **"usury limit"**). If the total amount of interest payable to Local Government and Lender exceeds the usury limit, the interest payable to Local Government will be reduced and any interest in excess of the usury limit will be credited to the amount payable to Local Government or refunded. This provision overrides any conflicting provisions in this Owner Contract.

18. Costs. No provisions of this Owner Contract will require Local Government to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

19. Release. PROPERTY OWNER AGREES TO AND SHALL RELEASE THE LOCAL GOVERNMENT, ITS AUTHORIZED REPRESENTATIVES, AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "RELEASED PERSONS") FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS CONTRACT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE RELEASED PERSON'S SOLE OR CONCURRENT NEGLIGENCE AND/OR THE RELEASED PERSON'S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, AND EVEN IF THE INJURY, DEATH, DAMAGE OR LOSS IS CAUSED BY THE RELEASED PERSON'S WRONGFUL OR NEGLIGENT ENFORCEMENT OF THE ASSESSMENT OR FORECLOSURE.

20. Indemnification. TO THE MAXIMUM EXTENT ALLOWED BY LAW, PROPERTY OWNER SHALL INDEMNIFY AND HOLD LOCAL GOVERNMENT, ITS AUTHORIZED REPRESENTATIVES, AND THEIR RESPECTIVE AFFILIATES, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS (EACH SUCH PERSON HEREIN REFERRED TO AS AN "INDEMNITEE") ABSOLUTELY HARMLESS FROM AND

AGAINST ALL CLAIMS, LIABILITIES, LOSSES, DAMAGES, OBLIGATIONS OR RELATED EXPENSES INCURRED BY OR IMPOSED UPON OR ALLEGED TO BE DUE OF INDEMNITEE IN CONNECTION WITH THE EXECUTION OR DELIVERY OF THIS CONTRACT, THE NOTICE OF CONTRACTUAL ASSESSMENT LIEN, THE FINANCING DOCUMENTS, AND ANY OTHER DOCUMENT OR ANY OTHER AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, THE PERFORMANCE BY THE PARTIES HERETO OF THEIR RESPECTIVE OBLIGATIONS HEREUNDER OR THEREUNDER, THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, OR, IN THE CASE OF ANY INDEMNITEE, THE ADMINISTRATION OF THIS CONTRACT AND ANY OTHER AGREEMENTS RELATED TO THE PROJECT. HOWEVER, IF HUD LATER ACQUIRES TITLE TO ALL OR ANY PORTION OF THE PROPERTY PURSUANT TO A FORECLOSURE, DEED IN LIEU OF FORECLOSURE, OR OTHERWISE, THEN NOTWITHSTANDING ANYTHING IN THIS OWNER CONTRACT TO THE CONTRARY, HUD SHALL NOT BE OBLIGATED TO INDEMNIFY ANY INDEMNITEE OR ENTITY OR BE LIABLE FOR, OR TO CARRY OUT, ANY INDEMNITY.

21. No Personal Liability. Pursuant to Section 399.019 of the PACE Act, the Property Owner acknowledges that the members of the governing body of a local government, other elected officials of a local government, employees of a local government, and board members, executives, employees, and contractors of a third party who enter into a contract with a Local Government to provide administrative services for a program under this chapter are not personally liable as a result of exercising any rights or responsibilities under the PACE Program or any agreement in furtherance of the PACE Program.

22. Construction Terms. If the Lender Contract includes requirements related to the construction of the Project and disbursement of Financing, such requirements are set forth in Exhibit D attached hereto and incorporated herein by reference. Such requirements may include, among other things, (1) the disbursement schedule and (2) any holdback amount to be funded following verification of final project completion.

PROPERTY OWNER:

____

By:______________________________

Name: ____________________________

Title: ____________________________

Address: ____________________________

____

Email address: ________________________

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF _________ §

This PACE Owner Contract pursuant to Property Assessed Clean Energy Act was acknowledged before me on ______________, ________ by ____________________________, _____________________________, on behalf of ________________.

____

________________________________(print name)

NOTARY PUBLIC, STATE OF TEXAS

LOCAL GOVERNMENT:

CITY OF GARLAND, TEXAS
BY:
ITS: Authorized Representative

____
BY:
ITS:
Pursuant to Tex. Local Gov't Code §399.006(b)

Address:

Email Address:

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF _________ §

This PACE Owner Contract pursuant to Property Assessed Clean Energy Act was acknowledged before me on _______________, ________ by ______________________________, ______________________________, on behalf of ________________, a Texas ______________, as Authorized Representative for the Local Government.

____

______________________________(print name)

NOTARY PUBLIC, STATE OF TEXAS

OWNER CONTRACT EXHIBIT A

NOTICE OF CONTRACTUAL ASSESSMENT LIEN
PURSUANT TO
PROPERTY ASSESSED CLEAN ENERGY ACT

<u>OWNER CONTRACT EXHIBIT B</u>

<u>MORTGAGE HOLDER(S) CONSENT</u>

OWNER CONTRACT EXHIBIT C

FINANCING DOCUMENTS

Assessment Payment Schedule

Assessment Total:
Payment Frequency:

Payment Date	Total Payment	Principal Paid	Interest Paid	Administration Fee	Remaining Balance

Financing Documents

Document Title	Parties	Date Executed

OWNER CONTRACT EXHIBIT D

CONSTRUCTION TERMS

Retainage or Liquidated Damages:

Lender will retain _________% of the Financing until a report of completion by a qualified Independent Third Party Reviewer ("ITPR") is provided to Authorized Representative.

OR

Property Owner will pay liquidated damages to Lender of $_______ per day for every day after 30 days following completion of the Project that such a report of completion is not provided. Lender will then provide the report of completion to Authorized Representative.

Additional Construction Terms

Date	Draw down Amount	Purpose

EXHIBIT 3

FORM LENDER CONTRACT

FORM PACE LENDER CONTRACT

THIS PROPERTY ASSESSED CLEAN ENERGY **("PACE")** LENDER CONTRACT including the attached exhibits ("**Lender Contract**") is made as of the _________ day of ___________, ________, (**"Effective Date"**) by and between the City of Garland, Texas ("**Local Government**") and _________________________ ("**Lender**").

RECITALS

A. The Property Assessed Clean Energy Act ("**PACE Act**"), Texas Local Government Code Chapter 399, authorizes the governing body of a Local Government to establish a program and designate a region within the Local Government's jurisdiction within which an authorized representative of the Local Government may enter into written contracts with the record owners of privately owned commercial, industrial, and large multifamily residential (5 or more dwelling units) real property to impose assessments on the property to finance the cost of permanent improvements fixed to the property intended to decrease water or energy consumption or demand.

B. Local Government has established a program under the PACE Act pursuant to a resolution dated ___________________, and adopted by the City Council ("**PACE Program**"), and has designated _________________________________ as a representative of Local Government ("**Authorized Representative**") authorized to enter into the written contracts with the owners of such property and the providers of such financing described herein, and has designated the entire territory within the Local Government's jurisdiction as a region (the "**Region**") within which the Authorized Representative and the record owners of such real property may enter into written contracts to impose assessments to repay the financing by owners of qualified improvements on the owner's property pursuant to the PACE Program.

C. Pursuant to Application number ________________, _______________________ ("**Property Owner**"), the legal and record owner of the following qualified "real property," as defined in Section 399.002 of the PACE Act, within the Region has/have applied to Local Government to participate in the PACE Program with respect to certain real property located at _____________________, _________, Texas, _____-____ (the "**Property**") by installing or modifying on the Property certain permanent improvements which are intended to decrease water or energy consumption or demand, and which are or will be fixed to the Property as "qualified improvements", as defined in Section 399.002 of the PACE Act ("**Qualified Improvements**"). The installation or modification of such Qualified Improvements on the Property will be a "qualified project" as defined in Section 399.002 of the PACE Act (the "**Project**").

D. Property Owner and Local Government have entered into a written contract as required by Section 399.005 of the PACE Act, a copy of which is attached hereto as Exhibit A and made a part hereof (the "**Owner Contract**"), in which Property Owner has requested that Local Government impose an assessment (the "**Assessment**") on the Property as set forth in the Notice Of Contractual Assessment Lien Pursuant To Property Assessed Clean Energy Act to be filed in the Official Public Records of Walker County, Texas (the "**Notice of Contractual Assessment**

Lien"), to repay the financing of such Qualified Improvements. A copy of the Notice of Contractual Assessment Lien is attached as Exhibit A to the Owner Contract and made a part hereof. The Property, Qualified Improvements, and Assessment are more fully described in the Notice of Contractual Assessment Lien.

E. Financing for the Project (the "**Financing**") will be provided to Property Owner by Lender in accordance with financing documents which are described in or copies of which are attached as Exhibit B and made a part hereof (the "**Financing Documents**"). Such Financing will include only those costs and fees for which an assessment may be imposed under the PACE Act. This Lender Contract is entered into between Local Government and Lender as required by Section 399.006(c) of the PACE Act to provide for repayment of the Financing through the Assessment.

F. As required by Section 399.010 of the PACE Act, Property Owner has notified the holder(s) of any mortgage liens on the Property at least thirty (30) days prior to the date of the Owner Contract of Property Owner's intention to participate in the PACE Program. Pursuant to the requirements of the PACE Act, the written consent of each mortgage lien holder to the Assessment was obtained on or prior to the date of the Owner Contract, as shown by the copy of such consent(s) attached as Exhibit B to the Owner Contract.

AGREEMENT

The parties agree as follows:

1. Maintenance and Enforcement of Assessment. Lender agrees to provide Financing for the Project in the total principal amount of $_______________, according to the terms set out in the Financing Documents attached hereto as Exhibit B. In consideration for the Financing provided or to be provided by Lender for the Project, and subject to the terms and conditions of this Lender Contract, Local Government agrees to maintain and continue the Assessment for the benefit of Lender until the Assessment, all contractual interest (**"Contractual Interest"**), any prepayment penalty, and any penalties, interest, attorney's fees, and/or costs due under or authorized by the PACE Act due to Lender according to the Financing Documents are paid in full, and to release the Assessment upon notice from Lender of such payment. The Authorized Representative shall record a release of lien in the property records of the County. Local Government will not release, sell, assign or transfer the Assessment or the lien securing it without the prior written consent of Lender. Local Government agrees to enforce the assessment lien against the Property at the request of Lender in the event of a default in payment by Property Owner in accordance with the provisions set forth in paragraph 6, as may be limited by applicable law. Local Government shall have no obligation to repurchase the Assessment and no liability to Lender should there be a default in the payment thereof or should there be any other loss or expense suffered by Lender or under any other circumstances.

2. Installments. The Assessment and Contractual Interest thereon are due and payable to Lender in installments (**"Installments"**) according to the payment schedule set forth in the Financing Documents attached hereto as Exhibit B. To participate in the PACE Program, the Property Owner is required to pay (1) an application fee to be paid to the Authorized Representative at the time of application, and (2) a closing fee (less application fee) paid to the Authorized Representative at the closing of the Financing. The Property Owner is further required

to pay a recurring administration fee paid by Property Owner to Authorized Representative until the Assessment is released. The recurring administration fee amount will be collected by Lender and paid to Authorized Representative within thirty (30) days of receipt by Lender, unless otherwise agreed to in writing by Authorized Representative. Notwithstanding the foregoing, in the event of delinquency in the payment of any Installment, Lender will, upon notice to Authorized Representative, withhold payment of any amounts due to Authorized Representative in connection with such Installment until the Installment is paid. Any such temporary withholding will not reduce the amount of administration fees included in the Assessment. The amounts due to Authorized Representative are identified in Exhibit B hereto. As required by Section 399.009(a)(8) of the PACE Act, the period during which such Installments are payable does not exceed the useful life of the Project. When the Assessment together with any prepayment premium, and/or default penalties and interest, if any, has been paid in full, Local Government's rights under this Lender Contract will cease and terminate, except for rights under Section 18, 19, 20 and 21. Upon notice from Lender that all amounts owing have been paid in full, Authorized Representative will execute a release of the Assessment and this Lender Contract. Thereafter, the Authorized Representative will record the release.

3. Assignment of Right to Receive Installments or Require Enforcement of Lien. Lender will have the right, without the consent of Property Owner, to assign or transfer the right to receive the Installments or require Local Government to enforce the assessment lien in the event of a default in payment, together with the corresponding obligations, provided that all of the following conditions are met:

(a) The assignment or transfer is made to a qualified lender, which may be one of the following:

(1) Any federally insured depository institution such as a bank, savings bank, savings and loan association and federal or state credit union;

(2) Any insurance company authorized to conduct business in one or more states;

(3) Any registered investment company, registered business development company, or a Small Business Administration small business investment company;

(4) Any publicly traded entity;

(5) Any private entity that:

(i) Has a minimum net worth of $5 million;

(ii) Has at least three years' experience in business or industrial lending or commercial real estate lending (including multifamily lending), or has a lending officer that has at least three years' experience in business or industrial lending or commercial real estate lending;

(iii) Can provide independent certification as to availability of funds; and

(iv) Has the ability to carry out, either directly or through a servicer, the bookkeeping and customer service work necessary to manage the assessment accounts; or

(6) A financially stable entity, whether or not from the list above, with the ability to carry out, either directly or through a servicer, the obligations of this Lender Contract related to the receipt and accounting of the Installments or the enforcement of the assessment lien.

(b) Property Owner and Authorized Representative are notified in writing of the assignment or transfer and the address to which payment of the future Installments should be mailed at least 30 days before the next Installment is due according to the payment schedule included in the Financing Documents. If this is a US Department of Housing and Urban Development ("**HUD**") assisted or a Federal Housing Administration ("**FHA**") insured Project, the Lender shall notify HUD at the address below or a subsequent address provided by HUD.

US Department of Housing and Urban Development
Fort Worth Regional Office
307 W. 7th Street, Suite 1000
Fort Worth, Texas 76102

(c) The assignee or transferee executes a written assumption agreement according to the Financing Documents of all of Lender's rights and obligations under this Lender Contract related to the receipt of the Installments or enforcement of the assessment lien and provides a copy of such assumption to Property Owner and Authorized Representative within 10 days after execution of the agreement. Such written agreement must contain a certification by the Lender and the assignee that all of the conditions in this Section 3 have been met. Lender may assign or transfer the right to receive the Installments or the right to require enforcement of the assessment lien separately. Upon written notice to Property Owner and Authorized Representative of an assignment or transfer that meets all of these conditions, the assignor will be released of all of the rights and obligations of the Lender under this Lender Contract accruing after the date of the assignment that are specified in the assignment or transfer document, and all of such rights and obligations will be assumed by and transferred to the assignee. Any attempt to assign or transfer the right to receive the Installments or to require enforcement of the assessment lien that does not meet all of these conditions is void. Lender will retain all of the rights and obligations of Lender under this Lender Contract until such rights and obligations are assigned or transferred according to this paragraph.

4. Financing Responsibility. Lender assumes full responsibility for determining the financial ability of the Property Owner to repay the Financing and for advancing the funds as set forth in the Financing Documents and performing Lender's obligations and responsibilities

thereunder. In the event the assessment lien on the Property is enforced by foreclosure as provided below, Lender will have no further obligations to Property Owner with respect to the Installments that were the subject of the foreclosure, but Lender will retain the rights to enforcement of the lien for any Installments that are not eliminated by the foreclosure, and the succeeding owner of the Property will be subject to such lien.

5. Lien Priority and Enforcement. As provided in the Owner Contract and Section 399.014 of the PACE Act:

(a) Delinquent Installments of the Assessment incur penalties and accrue interest on the principal of the Installment in the same manner and in the same amount as delinquent property taxes. Statutory penalties and statutory interest payable under this paragraph will be retained by Local Government to compensate it for the cost of enforcing the Assessment. Additional interest at any default rate imposed by Lender pursuant to the Financing Documents, along with any other fees and charges that become due pursuant to the Financing Documents may be imposed and retained by Lender. To ensure that the collection of delinquent installments of Assessments is congruent with the collection of delinquent property taxes the following procedures will be followed:

(1) Any delinquent account on which two thirty (30) day notices of delinquency have been mailed as specified herein shall be enforced by means of Judicial Enforcement.

(2) Delinquent installments of Assessment(s) through November 30 of any year will incur penalties and accrue interest as specified in the Financing Documents.

(3) On or after February 1 of any year, the Authorized Representative will notify the County Tax Assessor/Collector and the entity that collects delinquent taxes for the County of the amount due as of January 31 of said year. The amount due on January 31 shall become the base amount of delinquency which will incur penalties and accrue interest and collection fees in the same manner and on the same schedule as delinquent property taxes.

(4) Installments of Assessment(s) becoming delinquent after November 30 of any year will incur penalties and accrue interest as specified in the Financing Documents but, notification of the County Tax Assessor/Collector and the entity that collects delinquent taxes for the County shall not occur until February 1 following delinquency. The amount due on January 31 following delinquency shall become the base amount of delinquency which will incur penalties and accrue interest and collection fees in the same manner and on the same schedule as delinquent property taxes.

(b) The Assessment, together with any penalties and interest thereon,

(1) are a first and prior lien against the Property from the date on which the Notice of Contractual Assessment Lien is recorded in the Official Public

Records of the county in which the Property is located, as provided by Section 399.013 of the PACE Act, until the Assessment, interest, or penalty is paid; and

(2) such lien has the same priority status as a lien for any other ad valorem tax.

(c) The lien created by the Assessment runs with the land, and according to Section 399.014(b) of the PACE Act, any portion of the Assessment that has not yet become due will not be eliminated by foreclosure of (i) a property tax lien, or (ii) the lien for a delinquent Installment of the Assessment. In the event of a sale or transfer of the Property by Property Owner, the obligation for the Assessment and the Property Owner's obligations under the Financing Documents will be transferred to the succeeding owner without recourse to Lender, Local Government or Authorized Representative

(d) In the event of a default by Property Owner in payment of an Installment called for by the Financing Documents or the filing of a case under the U.S. Bankruptcy Code by or against Property Owner, the lien created by the Assessment will be enforced by Local Government for the benefit of Lender according to paragraph 6(c) below in the same manner according to Texas Tax Code Secs. 33.41 to 34.23 that a property tax lien against real property may be enforced by a Local Government, to the extent the enforcement is consistent with Section 50, Article XVI, Texas Constitution.

(e) In a suit to collect a delinquent Installment of the Assessment, Local Government will be entitled to recover costs and expenses, including attorney's fees, penalties, and interest due, in the same manner according to Texas Tax Code Sec. 33.48 as in a suit to collect a delinquent property tax. Lender will be entitled to any additional sums due to it under the Financing Documents in connection with a suit to collect a delinquent Installment of the Assessment.

(f) Notwithstanding any other provisions in this Lender Contract except Section 16 hereof, distribution of Proceeds of a foreclosure sale pursuant to a Judgment ordering foreclosure of Property Tax Lien(s) and delinquent installments(s) of an Assessment Lien shall be disbursed in the following order:

(1) the payment of the costs of suit and sale;

(2) the payment of ad valorem taxes, and associated penalties, interest, and attorney's fees due under the judgment; and

(3) the payment of delinquent installment(s) of the Assessment, and associated penalties, interest, fees, costs, and attorney's fees due under the judgment.

(g) As provided in Section 399.014(a-1) of the PACE Act, after written notice of the Assessment is recorded in the Official Public Records of the county in which the Property is located, the lien created by the Assessment may not be contested on the basis that the improvement is not a "qualified improvement" or the project is not a "qualified project", as such terms are defined in Section 399.002 of the PACE Act.

6. Servicing and Enforcement of Assessment.

(a) Servicing. The Installments and other amounts due under the Financing Documents will be billed, collected, received, and disbursed in accordance with the procedures set out in the Financing Documents. Lender or its designee will be responsible for all servicing duties other than those specifically undertaken by Local Government in this Lender Contract. If this is a HUD-assisted or FHA-insured Project, then the Financing Documents (i) shall provide for Installments to be escrowed in a manner acceptable to the HUD or FHA lender and paid to Lender, and (ii) not make Installments more frequently than semi-annually. Authorized Representative agrees to send an annual notice of assessment to the Property Owner each year there is a PACE lien balance. However, any failure of Local Government or Authorized Representative to deliver an annual notice of assessment to Property Owner will not affect the Assessment or Property Owner's obligations under the Owner Contract.

(b) Remittances. Each of the parties covenants and agrees to promptly remit to the other party any payments incorrectly received by such party with respect to the Assessment after the execution of this Lender Contract.

(c) Default and Enforcement. In the event of a default in payment of any Installment according to the Financing Documents, Lender agrees to take at least the following steps to collect the delinquent Installment:

(1) Mail a written notice of delinquency and demand for payment to the Property Owner by both certified mail, return receipt requested, and first class mail. If this is a HUD-assisted or FHA-insured Project, Lender shall mail a copy of the first notice of delinquency to HUD; and

(2) Mail a second notice of delinquency to the Property Owner by both certified mail, return receipt requested, and first-class mail at least 30 days after the date of the first notice if the delinquency is continuing. If this is a HUD-assisted or FHA-insured Project, Lender shall mail a copy of the second notice of delinquency to HUD.

If this is a HUD-assisted or FHA-insured Project, HUD shall have not less than a sixty (60) day notice and right to cure the delinquency by paying the amount of the delinquent Installment. If the Property Owner fails to cure the delinquency within 30 days after the mailing of the second notice of delinquency, Lender or its designee may notify Authorized Representative in writing of a default in payment by Property Owner. Upon receipt of such notice and after doing its own due diligence, Local Government will enforce the assessment lien for the benefit of Lender pursuant to Sec. 399.014(c) of the PACE Act, in the same manner as a property tax lien against real property may be enforced, to the extent the enforcement is consistent with Section 50, Article XVI, Texas Constitution.

(d) Priority. If the assessment lien is enforced by foreclosure or collected through a bankruptcy or similar proceeding, the assessment balance and any interest or penalties on the assessment will have the same priority status as a lien for any other ad valorem tax, pursuant to Sec. 399.014(a)(2) of the PACE Act.

(e) Final Payment and Release. When the Assessment, Contractual Interest, any prepayment penalty, and any penalties, interest, fees, or costs due under or authorized by the PACE Act or the Financing Documents have been paid in full, Local Government's rights under the Owner Contract will cease and terminate. Upon notice from Lender that all amounts due have been paid in full, Authorized Representative will execute a release of the Assessment and the Owner Contract and record the release.

(f) Limitations on Local Government's Actions. Without the prior written consent of Lender, Local Government will not enter into any amendment or modification of or deviation from the Owner Contract. Local Government or Authorized Representative will not institute any legal action with respect to the Owner Contract, the Assessment, or the assessment lien without the prior written request of Lender.

(g) Limitations of Local Government's Obligations. Local Government undertakes to perform only such duties as are specifically set forth in this Lender Contract, and no implied duties on the part of Local Government are to be read into this Lender Contract. Local Government will not be deemed to have a fiduciary or other similar relationship with Lender. Local Government may request written instructions for action from Lender and refrain from taking action until it receives satisfactory written instructions. Local Government will have no liability to any person for following such instructions, regardless of whether they are to act or refrain from acting.

(h) Costs. No provisions of this Lender Contract will require Local Government to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

7. Lender's Warranties and Representations. With respect to this Lender Contract, Lender hereby warrants and represents that on the date on which Lender executes this Lender Contract:

(a) Lender is a qualified lender under the PACE Program, as defined in paragraph 3(a) above, and is fully qualified under the PACE Program to enter into this Lender Contract and the Financing Documents;

(b) Lender has independently and without reliance upon Local Government conducted its own credit evaluation, reviewed such information as it has deemed adequate and appropriate, and made its own analysis of the Owner Contract, the Project, and Property Owner's financial ability to perform the financial obligations set out in the Financing Documents; and

(c) Lender has not relied upon any investigation or analysis conducted by, advice or communication from, or any warranty or representation by Local Government, Authorized Representative, or any agent or employee of Local Government, express or implied, concerning the financial condition of the Property Owner or the tax or economic benefits of an investment in the Assessment.

8. Written Contract Required by the PACE Act. This Lender Contract constitutes a written contract between Local Government and Lender, as required under Section 399.006 (c) of the PACE Act.

9. Construction and Definitions. This Lender Contract is to be construed in accordance with and with reference to the PACE Program and PACE Act. Terms used herein and not otherwise defined herein have the meanings ascribed to them in the PACE Program, and/or the PACE Act.

10. Binding Effect. This Lender Contract is binding upon and inures to the benefit of the parties hereto and their respective heirs, representatives, successors, and assigns.

11. Notices. Unless otherwise specifically provided herein, all notices and other communications required or permitted hereunder shall be in writing and delivered by first-class mail or by electronic mail, addressed to the other party at the address stated below the signature of such party or at such other address as such party may from time to time designate in writing to the other party, and shall be effective from the date of receipt.

12. Governing Law. This Lender Contract shall in all respects be governed by and construed in accordance with the laws of the State of Texas.

13. Entire Agreement. This Lender Contract constitutes the entire agreement between Local Government and Lender with respect to the subject matter hereof and shall not be amended or altered in any manner except by a document in writing executed by both parties. If this is a HUD-assisted or FHA-insured Project, then HUD or FHA must also consent in writing to any amendment or alteration of this Lender Contract, for as long as the Project remains HUD-assisted or FHA-insured.

14. Captions. Paragraph and section titles are for convenience of reference only and shall not be of any legal effect.

15. Counterparts. This Lender Contract may be executed in any number of counterparts, and each counterpart may be delivered on paper or by electronic transmission, all of which when taken together will constitute one agreement binding on the parties, notwithstanding that all parties are not signatories to the same counterpart.

16. Interest. Interest and penalties in the event of default, as provided above, are explicitly authorized by Section 399.014(d) of the PACE Act. However, in no event will the total amount of interest on the Assessment, including statutory interest payable to Local Government and Contractual Interest payable to Lender under the Financing Documents, exceed the maximum amount or rate of nonusurious interest that may be contracted for, charged, or collected under Texas law (the **"usury limit"**). If the total amount of interest payable to Local Government and Contractual Interest payable to Lender exceeds the usury limit, interest payable to Local

Government will be reduced and any interest in excess of the usury limit will be credited to the amount payable to Local Government or refunded. This provision overrides any conflicting provisions in this Lender Contract.

17. Certification. Local Government certifies that the PACE Program has been duly adopted and is in full force and effect on the date of this Lender Contract. Property Owner has represented to Lender and Local Government that the Project is a "qualified project" as defined in the PACE Program and Section 399.002 of the PACE Act. The Assessment has been imposed on the Property as a lien in accordance with the PACE Owner Contract and the PACE Act. Local Government has not assigned or transferred any interest in the Assessment or the PACE Owner Contract.

18. Costs. No provision of this Lender Contract will require Local Government to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

19. Release. LENDER AGREES TO AND SHALL RELEASE THE LOCAL GOVERNMENT, ITS AUTHORIZED REPRESENTATIVES, AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "RELEASED PERSONS") FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS CONTRACT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE RELEASED PERSON'S SOLE OR CONCURRENT NEGLIGENCE AND/OR THE RELEASED PERSON'S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, AND EVEN IF THE INJURY, DEATH, DAMAGE OR LOSS IS CAUSED BY THE RELEASED PERSON'S WRONGFUL OR NEGLIGENT ENFORCEMENT OF THE ASSESSMENT OR FORECLOSURE. NOTWITHSTANDING THE FOREGOING, LOCAL GOVERNMENT AGREES THAT ITS OBLIGATION TO MAINTAIN, CONTINUE, AND ENFORCE THE ASSESSMENT AS WELL AS ITS OBLIGATION TO REMIT AMOUNTS IN ACCORDANCE WITH THIS AGREEMENT ARE MINISTERIAL ACTS, AND THE LENDER MAY BRING AN ACTION IN MANDAMUS, A CLAIM FOR SPECIFIC PERFORMANCE, OR ANY SIMILAR ACTION OR REMEDY (EXCEPT AN ACTION SEEKING MONETARY DAMAGES FROM THE LOCAL GOVERNMENT) AGAINST ANY NECESSARY PARTY TO ENSURE THE NECESSARY MINISTERIAL ACTS LISTED ABOVE ARE PERFORMED PURSUANT TO THIS AGREEMENT.

20. Indemnification. TO THE MAXIMUM EXTENT ALLOWED BY LAW, LENDER SHALL INDEMNIFY AND HOLD LOCAL GOVERNMENT, AUTHORIZED REPRESENTATIVES, AND THEIR RESPECTIVE AFFILIATES, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS (EACH SUCH PERSON HEREIN REFERRED TO AS AN "INDEMNITEE") ABSOLUTELY HARMLESS FROM AND AGAINST ALL CLAIMS, LIABILITIES, LOSSES, DAMAGES, OBLIGATIONS OR RELATED EXPENSES INCURRED BY OR IMPOSED UPON OR ALLEGED TO BE DUE OF INDEMNITEE IN CONNECTION WITH THE EXECUTION OR DELIVERY OF THIS CONTRACT, THE NOTICE OF CONTRACTUAL ASSESSMENT LIEN, THE FINANCING DOCUMENTS, AND ANY OTHER DOCUMENT OR ANY OTHER AGREEMENT OR INSTRUMENT

CONTEMPLATED HEREBY OR THEREBY, THE PERFORMANCE BY THE PARTIES HERETO OF THEIR RESPECTIVE OBLIGATIONS HEREUNDER OR THEREUNDER, THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, OR, IN THE CASE OF ANY INDEMNITEE, THE ADMINISTRATION OF THIS CONTRACT AND ANY OTHER AGREEMENTS RELATED TO THE PROJECT. NOTWITHSTANDING THE FOREGOING OR ANYTHING CONTAINED HEREIN TO THE CONTRARY, LENDER SHALL HAVE NO OBLIGATION TO INDEMNIFY AND HOLD ANY INDEMNITEE HARMLESS FROM AND AGAINST ALL CLAIMS, LIABILITIES, LOSSES, DAMAGES, OBLIGATIONS OR RELATED EXPENSES INCURRED BY OR IMPOSED UPON OR ALLEGED TO BE DUE OF AN INDEMNITEE IF SUCH CLAIMS, LIABILITIES, LOSSES, DAMAGES, OBLIGATIONS OR RELATED EXPENSES ARE CAUSED BY OR ARISE FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE RELATED TO THE FAILURE TO MAINTAIN, CONTINUE, AND ENFORCE THE ASSESSMENT AS WELL AS ITS OBLIGATION TO REMIT AMOUNTS IN ACCORDANCE WITH THIS AGREEMENT. HOWEVER, IF HUD LATER ACQUIRES TITLE TO ALL OR ANY PORTION OF THE PROPERTY PURSUANT TO A FORECLOSURE, DEED IN LIEU OF FORECLOSURE, OR OTHERWISE, THEN NOTWITHSTANDING ANYTHING IN THIS LENDER CONTRACT TO THE CONTRARY, HUD SHALL NOT BE OBLIGATED TO INDEMNIFY ANY INDEMNITEE OR ENTITY OR BE LIABLE FOR, OR TO CARRY OUT, ANY INDEMNITY.

21. No Personal Liability. Pursuant to Section 399.019 of the PACE Act, the Lender acknowledges that the members of the governing body of a Local Government, other elected officials of a Local Government, employees of a Local Government, and board members, executives, employees, and contractors of a third party who enters into a contract with a Local Government to provide administrative services for a program under this chapter are not personally liable as a result of exercising any rights or responsibilities under the PACE Program or any agreement in furtherance of the PACE Program.

22. Construction Terms. If this Lender Contract includes any additional requirements related to construction of the Project and disbursement of Financing, such requirements are set forth in Exhibit C attached hereto and incorporated herein by reference. Such requirements may include, among other things, (1) the disbursement schedule and (2) any holdback amount to be funded following verification of final project completion.

LENDER:

____

By:___________________________________

Name: ____________________________

Title: ____________________________

Address: ____________________________

Email Address: ________________________

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF ________ §

This PACE Lender Contract pursuant to Property Assessed Clean Energy Act was acknowledged before me on ______________, ________ by ______________________________, ______________________________, on behalf of ________________.

____

_________________________________(print name)

NOTARY PUBLIC, STATE OF ________

LOCAL GOVERNMENT:

CITY OF GARLAND, TEXAS
BY:
ITS: Authorized Representative

____
BY:
ITS:
Pursuant to Tex. Local Gov't Code §399.006(b)

Address:

Email Address:

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF ________ §

This PACE Lender Contract pursuant to Property Assessed Clean Energy Act was acknowledged before me on _______________, _________ by ______________________________, _______________________________, on behalf of _________________, a Texas _______________, as Authorized Representative for the Local Government.

____

________________________________ (print name)

NOTARY PUBLIC, STATE OF TEXAS

LENDER CONTRACT EXHIBIT A

OWNER CONTRACT

LENDER CONTRACT EXHIBIT B

FINANCING DOCUMENTS

Assessment Payment Schedule

Assessment Total:
Payment Frequency:

Payment Date	Total Payment	Principal Paid	Interest Paid	Administration Fee	Remaining Balance

Financing Documents

Document Title	Parties	Date Executed

LENDER CONTRACT EXHIBIT C

CONSTRUCTION TERMS

Retainage or Liquidated Damages:

Lender will retain _________% of the Financing until a report of completion by a qualified Independent Third Party Reviewer ("ITPR") is provided to Authorized Representative.

OR

Property Owner will pay liquidated damages to Lender of $_______ per day for every day after 30 days following completion of the Project that such a report of completion is not provided. Lender will then provide the report of completion to Authorized Representative.

Date	Draw down Amount	Purpose

EXHIBIT 4

FORM NOTICE OF CONTRACTUAL ASSESSMENT LIEN PURSUANT TO PROPERTY ASSESSED CLEAN ENERGY ACT

FORM NOTICE OF CONTRACTUAL ASSESSMENT LIEN
PURSUANT TO
PROPERTY ASSESSED CLEAN ENERGY ACT

STATE OF TEXAS §
§
CITY OF GARLAND §

RECITALS

A. The Property Assessed Clean Energy Act ("**PACE Act**"), Texas Local Government Code Chapter 399, authorizes the governing body of a local government to establish a program and designate a region within the local government's jurisdiction within which an authorized representative of the local government may enter into written contracts with the record owners of privately owned commercial, industrial, and large multifamily residential (5 or more dwelling units) real property to impose assessments on the property to finance the cost of permanent improvements fixed to the property intended to decrease water or energy consumption or demand. Unless otherwise expressly provided herein, all terms used herein have the same meanings ascribed to them in the PACE Act.

B. The City of Garland, Texas ("**Local Government**") has established a program under the PACE Act ("**PACE Program**") pursuant to a resolution dated _________________ adopted by the City Council.

C. Local Government has designated ________________ as a representative of Local Government ("**Authorized Representative**") authorized to enter into and enforce the written contracts with the owners of such property and the providers of such financing described herein, and has designated the entire territory within the City of Garland, Texas jurisdiction as a region (the "**Region**") within which the Authorized Representative and the record owners of such real property may enter into written contracts to impose assessments to repay the financing by owners of qualified improvements on the owners' property pursuant to the PACE Program.

D. **_____________________ ("Property Owner")** is/are the sole legal and record owner of the qualified "real property," as defined in Section 399.002 of the PACE Act, within the Region located at _____________, _____________, Texas _____-____ and more fully described in Exhibit A attached hereto and made a part hereof (the **"Property**").

E. Property Owner has applied to Local Government to participate in the PACE Program by installing or modifying on the Property certain permanent improvements described in Exhibit B attached hereto and made a part hereof, which are intended to decrease water or energy consumption or demand and which are or will be fixed to the Property as "qualified improvements", as defined in Section 399.002 of the PACE Act (the "**Qualified Improvements**"). The installation or modification of such Qualified Improvements on the Property will be a "qualified project" as defined in Section 399.002 of the PACE Act (the **"Project**"). Property Owner has entered into a written contract (the "**Owner Contract**") with Local Government pursuant to the PACE Act and the PACE Program and has requested Local Government to impose an assessment on the Property to repay the financing of such Qualified Improvements.

F. The financing of such Qualified Improvements will be provided to Property Owner by ____________________ ("**Lender**"), a qualified lender selected by Property Owner, pursuant to a written contract executed by Lender and Local Government as required by Section 399.006(c) of the PACE Act (the "**Lender Contract**"). Lender will be responsible for all servicing duties other than those specifically undertaken by Local Government in the Lender Contract.

THEREFORE, Local Government hereby gives notice to the public pursuant to Section 399.013 of the PACE Act that it has imposed an assessment on the Property in the amount of $_______________ as set forth on Exhibit C attached hereto, which together with all interest, fees, penalties, costs and other sums due under and/or authorized by the PACE Act, PACE Program and the financing documents between Property Owner and Lender (the "Financing Documents") is herein referred to as the "Assessment".

Pursuant to Section 399.014 of the PACE Act,

1. The Assessment, including any interest and/or penalties, costs and fees accrued thereon,

   (i) is a first and prior lien against the Property from the date on which this Notice of Contractual Assessment Lien is recorded in the Official Public Records of ____________County, Texas, until such Assessment, interest, penalties, costs, and fees are paid; and

   (ii) such lien has the same priority status as a lien for any other ad valorem tax.

2. The lien created by the Assessment runs with the land, and according to Section 399.014(b) of the PACE Act, any portion of the Assessment that has not yet become due will not be eliminated by foreclosure of: (i) a property tax lien, or (ii) the lien for any past due portion of the Assessment. In the event of a sale or transfer of the Property by Property Owner (including, without limitation, a foreclosure sale for a past due portion of the Assessment), the obligation for the Assessment and the Property Owner's obligations under the Financing Documents (including, without limitation, the portion of the Assessment that has not yet become due) will be transferred to the succeeding owner without recourse to Local Government, or Authorized Representative and with recourse on Property Owner only for any unpaid installments of the Assessment that became due during Property Owner's period of ownership.

   As provided in Section 399.014(a-1) of the PACE Act, after this Notice of Contractual Assessment Lien is recorded in the Official Public Records of the county in which the Property is located, the lien created by the Assessment may not be contested on the basis that the improvement is not a "qualified improvement" or the project is not a "qualified project", as such terms are defined in Section 399.002 of the PACE Act.

EXECUTED on _________________, _______.

LOCAL GOVERNMENT:
CITY OF GARLAND, TEXAS
BY:
ITS: Authorized Representative

____
BY:
ITS:
Pursuant to Tex. Local Gov't Code §399.006(b)

Address:

Email Address:

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF _________ §

This Notice of Contractual Assessment Lien pursuant to Property Assessed Clean Energy Act was acknowledged before me on ______________, ________ by ____________________________, ______________________________, on behalf of ________________, a Texas ______________, as Authorized Representative for the Local Government.

____

______________________________ (print name)

NOTARY PUBLIC, STATE OF TEXAS

NOTICE OF LIEN EXHIBIT A

PROPERTY DESCRIPTION

NOTICE OF LIEN EXHIBIT B

QUALIFIED IMPROVEMENTS

NOTICE OF LIEN EXHIBIT C

FINANCING DOCUMENTS

Assessment Payment Schedule

Assessment Total:
Payment Frequency:

Payment Date	Total Payment	Principal Paid	Interest Paid	Administration Fee	Remaining Balance

Financing Documents

Document Title	Parties	Date Executed

INDEXING INSTRUCTION:

Grantor: ___________________________, Property Owner
Grantees: ___________________________, Local Government
___________________________, Lender

After recording, return to-

____
____
____

GARLAND

CITY COUNCIL STAFF REPORT

4

Meeting Date:	September 2, 2025
Title:	Resolution Confirming the Appointment of Civil Service Commissioners and Recognizing Staggered Terms of Office
Submitted by:	Brian England, City Attorney
Strategic Focus Area:	Future-Focused City Organization Sound Governance and Finances

Issue / Summary

Pursuant to Chapter 143 of the Texas Local Government Code, Council is requested to confirm the appointment of three individuals as commissioners of the Firefighter's and Police Officer's Civil Service Commission and re-establish staggered terms.

Background

In September of 1958, the City of Garland established its initial Firefighters' and Police Officers' Civil Service Commission ("Commission"). When the City originally established the Commission, the terms of office of the three commissioners were intended to be staggered with the term of one member expiring each year. Over the past several decades, certain former commissioners have resigned or vacated their office prior to their terms expiring, which resulted in the erosion of the staggered-terms of office structure of the Commission. This is a "clean-up" resolution intended to reestablish staggered-terms, with the term of one commissioner expiring each year.

Consideration / Recommendation

Confirm the appointment of Ricky McNeal (Seat 1), Rick Parra (Seat 2), and Marisol Trevizo (Seat 3) with the terms of office expiring as indicated within the proposed resolution.

Attachments

None

GARLAND

CITY COUNCIL STAFF REPORT

5

Meeting Date: September 2, 2025

Title: Consider Approving "Clean-up" Amendments to the Garland Development Code

Submitted by: Brian England, City Attorney

Strategic Focus Area: Sound Governance and Finances
Customer-Focused City Services
Future-Focused City Organization

Issue / Summary

Council is requested to consider "clean-up" amendments to certain provisions of the GDC to: (1) align local ordinances with state law and regulations, (2) provide for regulatory efficiency, and (3) allow for more efficient enforcement and prosecution. The proposed amendments are either related to changes in state law or are primarily process-oriented and technical in nature. Except as required by state law, they are not intended to effectuate substantial shifts in overall public policy, as approved by Council.

Background

The following is a summary of the proposed amendments to the GDC:

Section 1: Published & Written Notice of Zoning Amendments. The Texas Legislature amended state law to require certain publication and notice requirements for public hearings related to zoning applications. This amendment aligns the GDC with state law.

Section 2: Posted Notice and Super-majority vote. The Texas Legislature amended state law (1) to require certain posted notice requirements on properties related to zoning changes and (2) regarding super-majority votes. This amendment aligns the GDC with state law.

Sections 3 and 4: Residential Development Standards. The Texas Legislature amended state law to establish certain development standards related to residential districts platted after September 1, 2025. These amendment aligns the GDC with state law.

Section 5: Mult-family/mixed use Development Locations. The Texas Legislature amended state law to allow multi-family and mixed-use developments in districts where commercial, business, retail, and office uses are allowed. This amendment aligns the Land Use Matrix with state law.

Sections 6 and 7: Home-based Businesses. The Texas Legislature amended state law to allow low-impact home-based businesses to operate, under state regulations, within residential neighborhoods. These amendments align the GDC with state law.

Section 8: Special Development Standards for Multi-family/mixed-use Developments. The Texas Legislature amended state law to allow multi-family and mixed-use developments in districts where commercial, business, retail, and office uses are allowed. This amendment provides for special standards related to multi-family/mixed-use developments, that are in alignment with state law.

Section 9: Detail and Concept Plans. At the direction of City Council, the City has generally moved away from the requirement of developers to provide detailed plans for zoning applications. This policy decision was made to ease the financial risk of early development costs of developers desiring to invest in the City. City staff has applied that philosophy in its interpretation of older PD requirements related to detailed plans. This amendment aligns this practice with the City Council's direction.

Consideration / Recommendation

Approve the GDC amendments as presented within the attached document.

Attachments

A. Ord No ____ GDC Clean-Up Amendments Post 2025 Leg Session

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 1.24(A), "PUBLISHED & WRITTEN NOTICE," OF CHAPTER 1, "GENERAL PROVISIONS," OF THE GARLAND DEVELOPMENT CODE; SECTION 2.05, "PROCESSING OF ZONING APPLICATION, PLAT, PLAN, AND DECISION," OF CHAPTER 2, "ZONING REGULATIONS," OF THE GARLAND DEVELOPMENT CODE; SECTION 2.34, "REGULATIONS APPLICABLE TO ALL RESIDENTIAL DISTRICTS," OF CHAPTER 2, "ZONING REGULATIONS," OF THE GARLAND DEVELOPMENT CODE; SECTION 2.40, "(RESERVED)," OF ARTICLE IV, "ZONING DISTRICTS," OF CHAPTER 2, "ZONING REGULATIONS," OF THE GARLAND DEVELOPMENT CODE; THE "LAND USE MATRIX," OF CHAPTER 2, OF THE GARLAND DEVELOPMENT CODE; SECTION 6.02, "DEFINITIONS IN OTHER LOCATIONS WITHIN THE GDC," OF CHAPTER 6, "DEFINITIONS," OF THE GARLAND DEVELOPMENT CODE; SECTION 2.61 "HOME OCCUPATIONS AND RELATED PROHIBITED ACTIVITIES IN RESIDENTIAL ZONING DISTRICTS," OF CHAPTER 2 OF THE GARLAND DEVELOPMENT CODE; SECTION 2.52, "SPECIAL STANDARDS FOR CERTAIN USES," OF CHAPTER 2, "ZONING REGULATIONS," OF THE GARLAND DEVELOPMENT CODE; SECTION 2.08, "AUTHORIZED USES; CONSISTENCY WITH CONCEPT OR DETAIL PLAN," OF CHAPTER 2, "ZONING REGULATIONS," OF THE GARLAND DEVELOPMENT CODE; PROVIDING A SAVINGS CLAUSE; PROVIDING A PENALTY UNDER THE PROVISIONS OF SECTION 10.05 OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A SEVERABILITY CLAUSE; AND SETTING AN EFFECTIVE DATE.

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

Section 1

That Section 1.24(A), "Published & Written Notice," of Chapter 1, "General Provisions," of the Garland Development Code, is hereby amended to read as follows:

Section 1.24 Published & Written Notice

(A) Published Notice. Whenever published notice of a public hearing before a board, commission, or the City Council is required under this GDC or controlling law, the responsible official shall cause notice to be published and posted in accordance with controlling law prior to the date set for the required hearing; such notice shall be published and posted according to the time frame provided by controlling law for the particular development application for which the public hearing is to be held. For a hearing related to the City exercising its authority relating to zoning regulations and zoning district boundaries, and pursuant to Section 211.006(a) of the Texas Local Government Code, the City shall publish notice in an official newspaper or a newspaper of general circulation in the City and on the City's website, before the 15th calendar day before the date of the hearing. The notice shall set forth the date, time, place and purpose of the hearing, as well as identification of the subject property where the decision concerns an individual tract or parcel of land.

. . ."

Section 2

Those subsections 2.05(C), "Posted Notice," and (J), "Super-Majority Vote (Twenty-Percent Rule)," of Section 2.05, "Processing of Zoning Application, Plat, Plan, and Decision," of Chapter 2, "Zoning Regulations," of the Garland Development Code, are hereby amended to read as follows:

". . .

(C) Posted Notice. For any requested change of zoning on a specific parcel, a sign must be posted on the property, in accordance with procedures set forth in ~~the Development Application Packet~~Section 211.0073 of the Texas Local Government Code~~, as may be amended from time to time~~.

. . ."

(J) ~~Super-Majority Vote (Twenty-Percent Rule)~~Protest Procedures for Change of Zoning.

(1) Definition. In this subsection (J), "proposed comprehensive zoning change" means a municipal proposal to:

(a) Change an existing zoning regulation that:

(i) will have the effect of allowing more residential development than the previous regulation; and

(ii) will apply uniformly to each parcel in one or more zoning districts;

(b) adopt a new zoning code or zoning map that will apply to the entire City; or

(c) adopt a zoning overlay district that:

(i) will have the effect of allowing more residential development than allowed without the overlay; and

(ii) will include an area along a major roadway, highway, or transit corridor.

~~(1)~~ (2) Where a written protest against ~~the~~ a proposed comprehensive zoning change ~~of zoning application~~ is filed in accordance with Section 211.006(d) of the Texas Local Government Code (as amended), ~~a~~ the comprehensive zoning change ~~of zoning~~ does not become effective except by the favorable vote of three-fourths of all members of the full City Council. For the purposes of this subsection, the following apply:

(~~1~~a) The protest must be written and signed by the owners of at least 20 percent of either the area of the lots or land covered by the proposed change or the area of the lots or land immediately adjoining the area covered by the proposed change and extending 200 feet from that area.

(~~2~~b) The written protest of any one owner of land owned by two or more persons is presumed to be the protest of all such owners.

(~~3~~c) The written protest must be submitted to the Planning Director, or submitted directly to the Commission or Council prior to the close of the public hearing at which the proposed change of zoning is to be considered.

(~~4~~d) A person who wishes to withdraw a written protest must submit a signed, written request, or a request by e-mail with an electronic signature, for the withdrawal to the Planning Director by the deadline for submitting a written protest. A protest may not be otherwise withdrawn.

(3) This subsection (3) applies only to a proposed change to a zoning regulation or district boundary that is not a proposed comprehensive zoning change.

(a) A protest of a proposed change to a zoning regulation or district boundary must be written and signed by the owners of:

(i) at least 20 percent of the area of the lots or land covered by the proposed change;

(ii) except as provided by subsection (iii), at least 20 percent of the area of the lots or land immediately adjoining the area covered by the proposed change and extending 200 feet from that area; or

(iii) at least 60 percent of the area of the lots or land immediately adjoining the area covered by the proposed change and extending 200 feet from that area if the proposed change has the effect of allowing more residential development than the existing zoning regulation or district boundary and does not have the effect of allowing additional commercial or industrial uses unless the additional use is limited to the first floor of any residential development and does not exceed 35 percent of the overall development.

(b) If a proposed change to a regulation or district boundary is protested in accordance with above subsection (a), the proposed change must receive, in order to take effect, the affirmative vote of at least:

(i) Three-fourths of all members of the governing body for a protest described by (a)(i) or (ii); or

~~(i)~~ (ii) a majority of all members of the governing body for a protest described by (a)(iii).

Section 3

That Section 2.34, "Regulations Applicable to all Residential Districts," of Chapter 2, "Zoning Regulations," of the Garland Development Code, is hereby amended to change the title of Section 2.34 and to read as follows:

Section 2.34 Regulations Applicable to all Residential Districts for Property Platted before September 1, 2025.

Section 4

That Section 2.40, "(Reserved)," of Article IV, "Zoning Districts," of Chapter 2, "Zoning Regulations," of the Garland Development Code of the City of Garland, Texas, is hereby amended to read as follows:

Section 2.40 Regulations Applicable to All Residential Districts for Property Platted On or After September 1, 2025.

(A) Applicability.

(1) This Section shall apply only to a tract of land within the City consisting of at least five (5) acres or more and was not previously platted prior to September 1 ,2025.

(2) Notwithstanding Subsection (1), this Section shall not apply to a tract of land within one (1) mile of the campus of the perimeter of a law enforcement training center.

(B) Development Standards for all Residential Districts. The development standards for each residential district to which this section applies are as follows:

(1) Minimum Lot Area. No main building or structure may be constructed or placed on a lot or land parcel containing less area three thousand square feet (3,000 SF).

(2) Minimum Lot Width. The minimum lot width shall be at least thirty feet (30').

(3) Minimum Lot Depth. The minimum lot depth shall be at least seventy-five feet (75').

(4) Maximum Density. The maximum density of a residential development shall be so that each lot contains at least three thousand square feet (3,000 SF).

(5) Standards for Lots containing four thousand square feet (4,000 SF) or less. The following standards shall apply only to lots containing four thousand square feet (4,000 SF) or less.

(a) Maximum Lot Coverage. Buildings or structures (or parts thereof) may not be erected, expanded, or placed so as to cover more than seventy percent (70%) of the surface of the lot.

(b) Minimum Yard Setbacks. Buildings or structures may not be erected, expanded, or placed within:

(i) Fifteen feet (15') from the front of the lot;

(ii) Ten feet (10') from the rear of the lot; and

(iii) Five feet (5') from the side of the lot.

(c) Minimum Parking Requirements. Each lot shall have at least one (1) parking space per unit.

(d) Minimum Building Height. There is no minimum building height requirement.

(e) Maximum Building Bulk. There is no maximum building bulk requirement.

(f) Wall Articulation Requirement. There is no wall articulation requirement.

(6) Other Development Standards. All development standards of each residential district not specifically altered in this Section shall

remain in full force and effect for development of lots in the applicable district.

Section 5

That the "Land Use Matrix," of Chapter 2, of the Garland Development Code of the City of Garland, Texas, is hereby amended *in part* under "Residential Uses," as more particularly depicted and described in Exhibit "A," which is attached hereto and incorporated herein by reference.

Section 6

That Section 6.02, "Definitions in Other Locations within the GDC," of Chapter 6, "Definitions," of the Garland Development Code, is hereby amended, *in part*, to read as follows:

". . .

Home-based business: A business that is operated (1) from a residential property, (2) by the owner or tenant of the property; and (3) for the purpose of: manufacturing, providing, or selling a lawful good or providing a lawful service.

Home Improvement Center:(x) The indoor retail sale of building materials that are primarily oriented toward home improvements (such as, lumber, drywall, paint, electrical supplies, plumbing fixtures, prepackaged concrete and mortars, doors, windows, siding, landscaping materials, tools, or hardware) rather than toward the wholesale building construction industry. The term does not include outside display or storage, unless such is allowed (by right or by SUP) and approved in the zoning district wherein the business is located. (Also see the various types of *Outside Display* and *Outside Storage*.)

~~*Home Occupation*. Any activity conducted by a resident of a dwelling unit on the premises of the residence. It includes, without limitation, any activity that results in the manufacturing, repair, or provision of goods or services.~~

. . ."

Section 7

That Section 2.61 "Home Occupations and Related Prohibited Activities in Residential Zoning Districts," of Chapter 2 of the Garland Development Code of the City of Garland, Texas, is hereby amended to read as follows:

§ 2.61. Home Occupations and Related Prohibited Activities in Residential Zoning Districts.

~~(A) Definition. A Home Occupation may be lawfully conducted only as a secondary, accessory use.~~

(A) Definitions:

(1) "Home-based business" is defined in Section 6.02 of this GDC and Section 229.902 of the Texas Local Government Code.

(2) "No-impact home-based business" mean a home-based business that:

(a) has at any time on the property where the business is operated a total number of employees and clients or patrons of the business that does not exceed the municipal occupancy limit for the property;

(b) does not generate on-street parking or a substantial increase in traffic through the area;

(c) operates in a manner in which none of its activities are visible from a street; and

(d) does not substantially increase noise in the area or violate a municipal noise ordinance, regulation, or rule.

(B) General Prohibition. ~~A Home Occupation is prohibited, unless: (i) it is conducted entirely indoors, only by a person residing in the home; (ii) it offers no goods for sale or display on the premises; and (iii) it does not require the delivery or shipment of goods from the residence.~~ A Home-based business is prohibited unless it is being operated as a No-impact home-based business.

(C) Criteria. ~~It is an affirmative defense to prosecution under Section 2.61(B) above, that the Home Occupation meets each of the following criteria:~~ A home-based business operating as a no-impact home-based business must be:

(1) ~~Only one person, other than occupants of the residence, is engaged in the Home Occupation at the residence regardless whether that person is a volunteer, an employee or is otherwise compensated;~~

in compliance with all federal, state, and local laws, including:

(a) all applicable municipal fire and building codes; and

(b) all municipal regulations related to health and sanitation, transportation or traffic control, solid or hazardous waste, or pollution and noise control.

(2) ~~There is no outside storage of materials connected with the Home Occupations.~~ compatible with the residential use of the property where the business is located; and

(3) a secondary use of the property as a residential dwelling.

~~(1) There is no outside storage of materials connected with the Home Occupation;~~

~~(2) There is not more than one vehicle used in connection with the Home Occupation located on the premises or on an adjacent residential street. A vehicle used in the operation of the home occupation may be no larger than a passenger van or pick-up truck;~~

~~(3) There is no change in the outside appearance of the building or premises, or other visible evidence of the conduct of the Home Occupation;~~

~~(4) There is no substantial increase in traffic and no need for additional parking;~~

~~(5) The Home Occupation does not create noxious conditions to abutting or neighboring property such as noise, odor, light, or smoke; and~~

~~(6) The business is conducted completely indoors, except where the business activities conducted outdoors do not unreasonably disturb or interfere with the peace, comfort, and repose of neighboring persons of ordinary sensibilities.~~

(D) Prohibited Activities. Notwithstanding any other provision of this Section 2.61, the following home-based businesses are hereby expressly prohibited~~ in a residential zoning district~~:

(1) Vehicle sales. It shall be an offense for any person ~~within view from a public right-of- way in a residential zoning district~~ to cause, allow, suffer, or permit the sale or advertising for sale of a motor vehicle that is located, parked, or stored on the premises of where is home-based business is operating and which is not registered to a person who~~ owns~~ has a property interest in the property (or named on the electric utility bill) on which the motor vehicle is located, parked, or stored. It is an affirmative defense to prosecution under this section that the vehicle being sold or advertised for sale is registered to a relative of the owner of the property (or person named on the electric utility bill) by blood, adoption, or marriage within two degrees of affinity or consanguinity, and that the registered owner of the vehicle resides at the property on which the vehicle is located, parked, or stored, according to the address listed on a current driver's license or state identification card.

(2) Vehicle repairs.

(a) It shall be an offense for any person, within view from a public right-of-way in a residential zoning district, to cause, conduct, allow, suffer, or permit Major Automobile Repair, as defined in Chapter 6 of the Garland Development Code.

(b) It shall be an offense for any person in a residential zoning district to cause, conduct, allow, suffer, or permit Major or Minor Automobile Repair, as defined in Chapter 6 of the Garland Development Code, to a motor vehicle if the vehicle being repaired is not registered to a person who owns the property (or named on the electric utility bill) on which the motor vehicle is located. It is an affirmative defense to prosecution under this section that the vehicle being repaired is registered to a relative of the owner of the property (or person named on the electric utility bill) by blood, adoption, or marriage within two degrees of affinity or consanguinity.

(3) Wrecker services;

(4) ~~Animal breeding~~The sale of alcohol or illegal drugs; and

(5) Contracting or construction services.

(a) It shall be an offense for any person, within view from a public right-of-way in a residential zoning district, to cause, conduct, allow, suffer, or permit the storage, parking, or staging of construction equipment or materials, or a trailer or motor vehicle loaded with construction equipment or materials, where the equipment and materials are primarily used for a commercial enterprise.

(b) It is an affirmative defense to prosecution under 2.61(D)(5)(a) that the construction equipment, construction materials, or vehicle or trailer loaded with the construction equipment or materials is lawfully parked or stored on property in which there is ongoing, lawfully permitted, construction or remodeling activities for which the equipment or materials are necessary to complete the project.

(6) Sexually oriented businesses.

Section 8

That Section 2.52, "Special Standards for Certain Uses," of Division 2, "Land Use Matrix," of Article V, "Use Regulations," of Chapter 2, "Zoning Regulations," of the Garland Development Code of the City of Garland, Texas, is hereby amended *in part* by adding subsection (A)(40) to read as follows:

(40) Mixed-use and Multifamily Residential Use. Mixed-use and Multifamily residential use must comply with the following provisions of this Subsection (39):

(a) Definitions. For purposes of this Subsection:

(i) For purposes of this subsection, "Mixed-use residential" shall have the definition set forth in Section 218.001 of the Texas Local Government Code.

(ii) For purposes of this subsection, "Multifamily residential" shall have the definition set forth in Section 218.001 of the Texas Local Government Code.

(b) The purpose of this section (39) is to ensure that local regulations related to Mixed-use and Multifamily Residential Use development within the City of Garland are consistent with the laws of the state. Provisions of this GDC should not be construed or interpreted in a manner that is inconsistent with state law or attempts to regulate an activity that is preempted by state law. In the event that a provision conflicts with, or attempts to regulate a subject matter preempted by state law, such provision shall be considered invalid and unenforceable to the extent of the conflict or attempted regulation.

(c) In accordance with Section 218.101 of the Texas Local Government Code and notwithstanding any other provision of this Garland Development Code to the contrary, Mixed-use residential and Multifamily residential uses and development are allowed in zones NO, CO, NS, CR, LC, HC, UR, UB, and DT, subject to the following restrictions:

(i) The maximum density shall be thirty-six (36) units per acre.

(ii) The maximum building height shall be the greater of:

(1) The highest height that is allowed under the applicable base zoning for the site; or

(2) Forty-five feet (45’).

(iii) The maximum setback requirement shall be the lesser of:

(1) The maximum setback distance requirement allowed under the applicable based zoning for the site; or

(2) Twenty-five feet (25’).

(iv) The parking requirement shall be one space per dwelling unit.

(v) Mixed-use residential and Multifamily residential use shall not be permitted within:

(1) One thousand feet (1,000’) of an existing heavy industrial use or development site;

(2) Three thousand feet (3,000’) of an airport or military base; or

3) Within an area which has been designated as a clear zone or accident potential zone.

Section 9

That Section 2.08 “Authorized Uses; Consistency with Concept or Detail Plan,” of Chapter 2, Article 2, “Zoning Procedures,” of the Garland Development Code of the City of Garland, Texas, is hereby amended, in part, to read as follows:

“**Section 2.08 Authorized Uses; Consistency with Concept or Detail Plan.**

(A) Base Zoning District Uses.

(1) Any use allowed by right in the Land Use Matrix in Article 5 of this Chapter 2 for the base district(s) of the PD is allowed in the PD district, unless the use is prohibited or otherwise conditioned in the regulations adopted for the PD district.

(2) Uses designated as specific uses in the Land Use Matrix in Article 5 of this Chapter 2 for the base district(s) of the PD may be authorized in the PD district unless such uses are otherwise conditioned in the regulations adopted for the PD district.

(B) Planned Development Zoning District Uses. The PD district may provide for uses not normally allowed in the base zoning district(s) provided that the uses are compatible with the other uses allowed in the district. The ordinance establishing the PD district shall expressly state any uses that are allowed in the PD district but are not allowed uses in the base zoning district.

(C) Location and Arrangement of Buildings. Subject to below subsection (D), ~~t~~the location and arrangement of all buildings in the PD district must be generally consistent with the Detail or Concept Plan, if any, approved with the district.

(D) Consistency Required. All development applications within a PD district must be generally consistent with the Detail or Concept Plan that is part of the PD Ordinance. However, for any PD District that was established prior to April 16, 2024, the Planning Director may accept a Concept Plan in lieu of a property owner or developer providing, or amending, a Detail Plan that is part of a PD Ordinance upon a determination by the Planning Director, in his or her sole discretion, that the Concept Plan (1) does not fundamentally alter the type of land use depicted in the Detail Plan, (2) does not negatively impact surrounding properties within the PD District, and (3) is consistent with the purpose and nature of the PD District as described within the PD Ordinance.

Section 10

That a violation of any provision of this Ordinance shall be a misdemeanor punishable in accordance with Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas.

Section 11

That the terms and provisions of this Ordinance are severable and are governed by Sec. 10.06 of the Code of Ordinances of the City of Garland, Texas.

Section 12

That this Ordinance shall be and become effective immediately upon and after its passage and approval.

PASSED AND APPROVED this the _____ day of ____________, 2025.

CITY OF GARLAND, TEXAS

____
Mayor

ATTEST:

____
City Secretary

PUBLISHED:

EXHIBT “A” – LAND USE MATRIX (RESIDENTIAL USES)

	AG	SF-E	SF-10	SF-7	SF-5	SFA	2F	MF (MF-0, MF-1 and MF-2)	NO	CO	NS	CR	LC	HC	IN	UR	UB	DT (see Ch. 7)	Parking Requirements	Cross-Reference(s) for Special Standards
Dwelling, Two-Family (duplex)							P	P										-	2 enclosed/ dwelling unit	Sec. 2.38
Dwelling, Industrialized Housing Unit	P	P	P	P	P	P	P											-	2 enclosed/ dwelling unit	Sec. 2.52(A)(5)(d)
Dwelling, Manufactured/HUD-Code Home	S																	-	2 enclosed/ dwelling unit	-
Dwelling, Mobile Home	S																	-	2 enclosed/ dwelling unit	-
Dwelling, Multifamily								P	*	*	*	*	*	*		P	P	-	Efficiency: 1 space 1 bedroom: 1.5 spaces 2+ bedrooms: 2 spaces	Sec. 2.39; Sec. 2.52(A)(39)
Dwelling, Live/Work																P	P	-	2 spaces, plus nonresidential requirement	Sec. 2.52(A)(5)(e)
Dwelling, Zero-Lot-Line Home					P			P										-	2 enclosed/dwelling unit	Sec. 2.36(C)
Dwelling, Single-Family Detached	P	P	P	P	P	P	P	P										-	2 enclosed/ dwelling unit	Sec. 2.36
Dwelling, Single-Family Attached (Townhouse)						P		P								P	P	-	2.25 enclosed/dwelling unit	Sec. 2.37
Dwelling, Apartment									*	*	*	*	*	*		P	P	-	Efficiency: 1 space 1 bedroom: 1.5 spaces 2+ bedrooms: 2 spaces	-Sec. 2.52(A)(39)
Manufactured/Mobile Home Park or Subdivision																		-	-	-
ACCESSORY & TEMPORARY USES																				
Accessory Building	P	P	P	P	P	P	P	P										-	N/A	Sec. 2.58
Convenience Facilities:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2 ATTACHMENT 1:4

GARLAND

CITY COUNCIL STAFF REPORT

6

Meeting Date: September 2, 2025

Title: "Clean-up" Amendments to the Code of Ordinances

Submitted by: Brian England, City Attorney

Strategic Focus Area: Safe Community
Sound Governance and Finances
Vibrant Neighborhoods and Commercial Centers

Issue / Summary

Council is requested to consider "clean-up" amendments to certain provisions of the GDC to: (1) align local ordinances with state law and regulations, (2) provide for regulatory efficiency, and (3) allow for more efficient enforcement and prosecution. The proposed amendments are primarily process-oriented and technical in nature. They are not intended to effectuate substantial shifts in overall public policy, as approved by Council.

Background

The following is a summary of the proposed amendments to the GDC:

1. Section 1: This amendment removes the requirement to have a current safety inspection sticker on vehicles parked in public roadways. State law no longer requires, or provides for, safety inspection stickers.

2. Section 2: This amendment corrects a typo in which the word "not" was left out of a circumstance in which a property owner will be presumed to be permitting the operation of a sound amplification system.

3. Section 3: This amendment removes the requirement to have a current safety inspection sticker in determining whether a vehicle qualifies as a "junked vehcil." State law no longer requires, or provides for, safety inspection stickers.

Consideration / Recommendation

Attachments

A. Ord No ___ COO Clean-Up Amendments Post 2025 Leg Session

ORDINANCE NO.

AN ORDINANCE AMENDING SECTION 26.01, "UNATTENDED VEHICLES IN PUBLIC PLACES," OF CHAPTER 26, "POLICE MISCELLANEOUS," OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; SECTION 26.09, "SOUND AMPLIFICATION ON VEHICLES," OF CHAPTER 26, "POLICE MISCELLANEOUS;" SECTION 32.81, "DEFINITIONS," OF CHAPTER 32, "PROPERTY SANITATION AND HOUSING SERVICES," OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND SETTING AN EFFECTIVE DATE.

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

Section 1

That Section 26.01, "Unattended vehicles in public places," of Chapter 26, "Police Miscellaneous," of the Code of Ordinances of the City of Garland, Texas, is hereby amended to read as follows:

Section 26.01. Unattended vehicles in public places.

(A) No person shall allow a vehicle to remain unattended in any place maintained by any governmental entity for a period of time in excess of forty-eight hours. A peace officer or other city official designated to enforce parking laws and regulations may take into custody any vehicle found to be in violation of this subsection. Prior to taking a violating vehicle into custody, a notice of violation shall be securely attached to the vehicle for a minimum of forty-eight hours, specifying the violation, the date, the approximate time, and the location of the violation.

(B) No person shall park or allow a vehicle to remain in any place maintained by any governmental entity unless such vehicle is currently in operable condition or in a state of good repair. A peace officer or other city official designated to enforce parking laws and regulations may take into custody any vehicle found in violation of this subsection.

(C) For the purposes of this section:

(1) Vehicle means and includes a motor vehicle, trailer, wagon, boat or other similar item.

(2) Place maintained by any governmental entity means and includes, but is not limited to, a street, alley, highway, park or public parking area including the grounds of a public school.

(3) State of good repair means the absence of such items as broken glass, substantial body damage (including, but not limited to, crushed or missing fenders, body panels, doors, hoods, or trunk deck) or missing parts otherwise necessary for operable condition.

(4) Currently in operable condition means presently capable of being lawfully operated on the streets and highways of this state; being currently registered with proper license plates displayed; ~~having a current safety inspection;~~ and being in running condition without the necessity of first being repaired such as, but not limited to, the inflating of tires or charging of the battery.

Section 2

That Section 26.09, "Sound amplification on vehicles," of Chapter 26, "Police Miscellaneous," of the Code of Ordinances of the City of Garland, Texas, is hereby amended to read as follows:

Section 26.09. Sound amplification on vehicles.

(A) No person shall operate or permit the operation of any sound amplification system from or near a vehicle, other than an emergency vehicle, so that the sound can be heard at a distance of 50 feet or more from the vehicle.

(B) There shall be a rebuttable presumption that the following persons are operating or permitting the operation of the sound amplification system:

(1) Any operator or owner of the vehicle present at the time of the offense;

(2) An owner or tenant of the property present at the time the violation occurs;

(3) An absent owner or tenant who has not taken reasonable and prudent steps to prevent violations of this section on the property upon which the violation occurred by doing at least three of the following actions:

(a) Posting clearly visible signs and/or placards;

(b) Providing written instructions to individuals using the property;

(c) Filing noise complaints against offenders; or

(d) Installing noise abatement equipment and/or structures; and

(4) The registered owner of that vehicle.

Section 3

That Section 32.81, "Definitions," of Chapter 32,"Property Sanitation and Housing Services," of the Code of Ordinances of the City of Garland, Texas, is hereby amended to read as follows:

Section 32.81. Definitions.

In this division:

Antique vehicle. A passenger car or truck that is at least 25 years old.

Inoperable. Not in running condition without the necessity of being repaired by, for example but without limitation, installing a part or parts, removing or replacing a damaged or missing part or parts, inflating a tire or tires, or charging of the vehicle's battery.

Junked all-terrain vehicle. An all-terrain vehicle that is wrecked, discarded, partially dismantled or inoperable.

Junked boat. A boat or personal watercraft that is wrecked, partially dismantled, discarded, lacking a watertight hull, or inoperable.

Junked off-road motorcycle. An off-road motorcycle that is wrecked, partially dismantled, discarded or inoperable.

Junked trailer. A trailer that is wrecked, dismantled, partially dismantled or inoperable.

Junked vehicle. A vehicle that is self-propelled and:

(1) Does not have lawfully attached to it both:

(a) A~~n~~ ~~unexpired~~ current ~~license plate~~vehicle registration sticker; and

(b) ~~A valid motor vehicle safety inspection certificate~~Properly displayed license plates; and

(2) That is:

(a) Wrecked, dismantled, partially dismantled, or discarded; or

~~a)~~

(b) Has remained inoperable for more than thirty consecutive days.

Section 4

That Chapters 26 and 32 of the Code of Ordinances of the City of Garland, Texas, as amended, shall be and remain in full force and effect save and except as amended by this Ordinance.

Section 5

That the terms and provisions of this Ordinance are severable and are governed by Sec. 10.06 of the Code of Ordinances of the City of Garland, Texas.

Section 6

That this Ordinance shall be and become effective immediately upon and after its passage and approval.

PASSED AND APPROVED this the ____ day of September, 2025.

CITY OF GARLAND, TEXAS

____
Mayor

ATTEST:

____
City Secretary

PUBLISHED:

GARLAND

CITY COUNCIL STAFF REPORT

7

Meeting Date: September 2, 2025

Title: Atmos Rate Review Mechanism Settlement

Submitted by:

Strategic Focus Area: Reliable / Cost-Efficient Utility Services
Sound Governance and Finances

Issue / Summary

Atmos filed a rate request pursuant to the Rate Review Mechanism (RRM) in April 2025. The city, along with 181 other mid-Texas cities served by Atmos, have negotiated a settlement through consultants hired by the Atmos Cities Steering Committee.

Background

The City, along with 181 other Mid-Texas cities served by Atmos Energy Corporation, Mid-Tex Division ("Atmos Mid-Tex" or "Company"), is a member of the Atmos Cities Steering Committee ("ACSC"). In 2007, ACSC and Atmos Mid-Tex settled a rate application filed by the Company pursuant to Section 104.301 of the Texas Utilities Code for an interim rate adjustment commonly referred to as a GRIP filing (arising out of the Gas Reliability Infrastructure Program legislation). That settlement created a substitute rate review process, referred to as Rate Review Mechanism ("RRM"), as a substitute for future filings under the GRIP statute.

Since 2007, there have been several modifications to the original RRM Tariff. The most recent iteration of an RRM Tariff was reflected in an ordinance adopted by ACSC members in 2018. On or about April 1, 2025, the Company filed a rate request pursuant to the RRM Tariff adopted by ACSC members. The Company claimed that its cost-of-service in a test year ending December 31, 2024, entitled it to additional system-wide revenues of $245.2 million.

Application of the standards set forth in ACSC's RRM Tariff reduces the Company's request to $225.6 million, $163.5 million of which would be applicable to ACSC members. After reviewing the filing and conducting discovery, ACSC's consultants concluded that the system-wide deficiency under the RRM regime should be $185.6 million instead of the claimed $245.2 million.

After several settlement meetings, the parties agreed to settle the case for $205.6 million. This is a reduction of $20 million to the Company's initial request. This includes payment of ACSC's expenses. The impact of the settlement on average residential rates is an increase of $7.83 on a monthly basis, or 9.27%. The increase for average commercial usage will be $25.73 or 6.56%.

The effective date for new rates is October 1, 2025. ACSC members must take action approving the Resolution before October 1, 2025.

Consideration / Recommendation

Unless otherwise directed by City Council this item will be considered on the September 16, 2025 Regular Meeting

Attachments

A. Atmos Mid-Tex 2025 RRM Settlement Resolution

B. CY24 MTX RRM - Average Bill

RESOLUTION NO. ___________

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF _________________________, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE ("ACSC") AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2025 RATE REVIEW MECHANISM FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; APPROVING AN ATTACHMENT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; REQUIRING THE COMPANY TO REIMBURSE ACSC'S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND THE ACSC'S LEGAL COUNSEL.

WHEREAS, the City of ____________________, Texas ("City") is a gas utility customer of Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company"), and a regulatory authority with an interest in the rates, charges, and services of Atmos Mid-Tex; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee ("ACSC"), a coalition of similarly-situated cities served by Atmos Mid-Tex ("ACSC Cities") that have joined together to facilitate the review of, and response to, natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

WHEREAS, ACSC and the Company worked collaboratively to develop a Rate Review Mechanism ("RRM") tariff that allows for an expedited rate review process by ACSC Cities as a substitute to the Gas Reliability Infrastructure Program ("GRIP") process instituted by the

Legislature, and that will establish rates for the ACSC Cities based on the system-wide cost of serving the Atmos Mid-Tex Division; and

WHEREAS, the current RRM tariff was adopted by the City in a rate ordinance in 2018; and

WHEREAS, on about April 1, 2025, Atmos Mid-Tex filed its 2025 RRM rate request with ACSC Cities based on a test year ending December 31, 2024; and

WHEREAS, ACSC coordinated its review of the Atmos Mid-Tex 2025 RRM filing through its Executive Committee, assisted by ACSC's attorneys and consultants, to resolve issues identified in the Company's RRM filing; and

WHEREAS, the Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve an increase in base rates for Atmos Mid-Tex of $245.2 million on a system-wide basis with an Effective Date of October 1, 2025; and

WHEREAS, ACSC agrees that Atmos' plant-in-service is reasonable; and

WHEREAS, with the exception of approved plant-in-service, ACSC is not foreclosed from future reasonableness evaluation of costs associated with incidents related to gas leaks; and

WHEREAS, the attached tariffs (Attachment 1) implementing new rates are consistent with the recommendation of the ACSC Executive Committee, are agreed to by the Company, and are just, reasonable, and in the public interest; and

WHEREAS, the settlement agreement sets a new benchmark for pensions and retiree medical benefits (Attachment 2); and

WHEREAS, the RRM Tariff contemplates reimbursement of ACSC's reasonable expenses associated with RRM applications.

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

Section 1. That the findings set forth in this Resolution are hereby in all things approved.

Section 2. That, without prejudice to future litigation of any issue identified by ACSC, the City Council finds that the settled amount of an increase in revenues of $205.6 million on a system-wide basis represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos Mid-Tex within the municipal limits arising from Atmos Mid-Tex's 2025 RRM filing, is in the public interest, and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

Section 3. That despite finding Atmos Mid-Tex's plant-in-service to be reasonable, ACSC is not foreclosed in future cases from evaluating the reasonableness of costs associated with incidents involving leaks of natural gas.

Section 4. That the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable. The new tariffs attached hereto and incorporated herein as Attachment 1, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional $205.6 million on a system-wide basis, over the amount allowed under currently approved rates. Such tariffs are hereby adopted.

Section 5. That the ratemaking treatment for pensions and retiree medical benefits in Atmos Mid-Tex's next RRM filing shall be as set forth on Attachment 2, attached hereto and incorporated herein.

Section 6. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's 2025 RRM filing.

Section 7. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Resolution, it is hereby repealed.

Section 8. That the meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 9. That if any one or more sections or clauses of this Resolution is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this Resolution, and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

Section 10. That consistent with the City Ordinance that established the RRM process, this Resolution shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after October 1, 2025.

Section 11. That a copy of this Resolution shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs Mid-Tex Division, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Thomas Brocato, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF ____________________, TEXAS, BY A VOTE OF ____ TO ____, ON THIS THE __________ DAY OF ______________________, 2025.

____
Mayor

ATTEST:

____
City Secretary

APPROVED AS TO FORM:

____
City Attorney

ATMOS ENERGY CORP., MID-TEX DIVISION
MID-TEX RATE REVIEW MECHANISM
AVERAGE BILL COMPARISON - BASE RATES
TEST YEAR ENDING DECEMBER 31, 2024

Line No.	Description	Average Volumes	Current Rates	Proposed Rates	Current Average Bill	Proposed Average Bill	Amount Change	Percent Change
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	**Rate R @ 42.1 Ccf**							
2	Base Rates:							
3	Customer Charge		$ 22.95	$ 23.65	$ 22.95	$ 23.65	$ 0.70	
4	Consumption Charge (Ccf)	42.1	$ 0.58974	$ 0.74748	24.80	31.44	6.64	
5	Total Base Rates				$ 47.75	$ 55.09	$ 7.34	15.37%
6								
7	Gas Cost:							
8	Rider GCR Part A (Ccf)	42.1	$ 0.20875	$ 0.20875	$ 8.78	$ 8.78	$ -	
9	Rider GCR Part B (Ccf)	42.1	$ 0.53838	$ 0.53838	22.64	22.64	-	
10	Total Gas Cost				$ 31.42	$ 31.42	$ -	0.00%
11								
12	Total Base with Gas Cost				$ 79.17	$ 86.51	$ 7.34	
13	Rider FF & Rider TAX		0.06725	0.06725	5.32	5.82	0.49	9.27%
14								
15	**Total Residential Average Bill**				**$ 84.49**	**$ 92.33**	**$ 7.83**	**9.27%**
16								
17	**Rate C @ 367.6 Ccf**							
18	Base Rates:							
19	Customer Charge		$ 81.75	$ 94.00	$ 81.75	$ 94.00	$ 12.25	
20	Consumption Charge (Ccf)	367.6	$ 0.19033	$ 0.22261	69.97	81.83	11.86	
21	Total Base Rates				$ 151.72	$ 175.83	$ 24.11	15.89%
22								
23	Gas Cost:							
24	Rider GCR Part A	367.6	$ 0.20875	$ 0.20875	$ 76.74	$ 76.74	$ -	
25	Rider GCR Part B	367.6	$ 0.37860	$ 0.37860	139.18	139.18	-	
26	Total Gas Cost				$ 215.92	$ 215.92	$ -	0.00%
27								
28	Total Base with Gas Cost				$ 367.64	$ 391.75	$ 24.11	
29	Rider FF & Rider TAX		0.06725	0.06725	24.72	26.35	1.62	6.56%
30								
31	**Total Commercial Average Bill**				**$ 392.36**	**$ 418.10**	**$ 25.73**	**6.56%**
32								

ATMOS ENERGY CORP., MID-TEX DIVISION
MID-TEX RATE REVIEW MECHANISM
AVERAGE BILL COMPARISON - BASE RATES
TEST YEAR ENDING DECEMBER 31, 2024

Line No.	Description	Average Volumes	Current Rates	Proposed Rates	Current Average Bill	Proposed Average Bill	Amount Change	Percent Change
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
33	**Rate I at 1277 MMBTU**							
34	Base Rates:							
35	Customer Charge		$1,587.75	$ 1,848.75	$ 1,587.75	$ 1,848.75	$ 261.00	
36	Block 1 - Consumption Charge (MMBtu)	1,277	$ 0.6553	$ 0.7678	836.99	980.69	143.69	
37	Block 2 - Consumption Charge (MMBtu)	-	$ 0.4799	$ 0.5623	-	-	-	
38	Block 3 - Consumption Charge (MMBtu)	-	$ 0.1029	$ 0.1206	-	-	-	
39	Total Base Rates	1,277			$ 2,424.74	$ 2,829.44	$ 404.69	16.69%
40								
41	Gas Cost:							
42	Rider GCR Part A (MMBtu)	1,277	$ 2.07711	$ 2.07711	$ 2,653.03	$ 2,653.03	$ -	
43	Rider GCR Part B (MMBtu)	1,277	$ 0.88986	$ 0.88986	1,136.59	1,136.59	-	
44	Total Gas Cost				$ 3,789.63	$ 3,789.63	$ -	0.00%
45								
46	Total Base with Gas Cost				$ 6,214.37	$ 6,619.07	$ 404.69	
47	Rider FF and Rider TAX		0.06725	0.06725	417.92	445.14	27.22	6.51%
48								
49	**Total Industrial Average Bill**				**$ 6,632.29**	**$ 7,064.20**	**$ 431.91**	**6.51%**
50								
51	**Rate T at 4534 MMBTU**							
52	Base Rates:							
53	Customer Charge		$1,587.75	$ 1,848.75	$ 1,587.75	$ 1,848.75	$ 261.00	
54	Block 1 - Consumption Charge (MMBtu)	1,500	$ 0.6553	$ 0.7678	982.95	1,151.70	168.75	
55	Block 2 - Consumption Charge (MMBtu)	3,034	$ 0.4799	$ 0.5623	1,456.19	1,706.22	250.03	
56	Block 3 - Consumption Charge (MMBtu)	-	$ 0.1029	$ 0.1206	-	-	-	
57	Total Base Rates	4,534			$ 4,026.89	$ 4,706.67	$ 679.78	16.88%
58								
59	Gas Cost:							
60	Rider GCR Part B (MMBtu)	4,534	$ 0.88986	$ 0.88986	$ 4,034.96	$ 4,034.96	$ -	
61	Total Gas Cost				$ 4,034.96	$ 4,034.96	$ -	0.00%
62								
63	Total Base with Gas Cost				$ 8,061.85	$ 8,741.63	$ 679.78	
64	Rider FF and Rider TAX		0.06725	0.06725	542.17	587.88	45.72	8.43%
65								
66	**Total Transportation Average Bill**				**$ 8,604.01**	**$ 9,329.51**	**$ 725.50**	**8.43%**

GARLAND

CITY COUNCIL STAFF REPORT

8

Meeting Date: September 2, 2025

Title: Investment Portfolio Report

Submitted by: Matthew Watson, Managing Director-Financial Services

Strategic Focus Area: Sound Governance and Finances

Issue / Summary

The June 30th, 2025 quarterly Investment Portfolio Summary is attached for City Council review. The report is in compliance with the requirements of the Public Funds Investment Act. Management of the City portfolios is maintained in accordance with the City Council Financial Policy, Statement of Investment Policy and Statement of Investment Strategy.

Background

Staff is required by the Public Funds Investment Act to present a quarterly Investment Report to City Council. Staff will be available to answer any questions on the report.

Consideration / Recommendation

This item is informational only and does not require any formal action.

Attachments

A. 06-30-2025 FINAL Quarterly Investment Report for Council

GARLAND

August 18, 2025

To: Members of the City Council,
City Manager,
and City of Garland Residents

The Portfolio Summary report is presented to Council each quarter. We certify that the June 30, 2025 report complies with the requirements of the Public Funds Investment Act. Management of the City's portfolios is maintained in accordance with the City Council Financial Policy, Statement of Investment Policy and Statement of Investment Strategy.

Matt Watson
Finance Director

Kathryn Ritchie
Controller

Don Daugherty
Cash & Debt Manager

City of Garland
Portfolio Summary

The City of Garland Portfolio Summary presents investment portfolio information on eight portfolios. Each portfolio has a purpose with unique investment management characteristics and objectives.

All portfolios and funds on hand are managed in compliance with the requirements of the Public Funds Investment Act. Management of the City's portfolios is conducted in accordance with the City Council Financial Policy, Statement of Investment Policy, and Statement of Investment Strategy.

Treasury Portfolio

The Treasury Portfolio is the primary source of funding City operation and maintenance expenditures. All budgeted revenues as well as bond proceeds are deposited into the Treasury Portfolio. The portfolio is managed so that sufficient liquidity is achieved at all times to support the ongoing operations, maintenance and capital improvements of the City.

General Obligation Interest & Sinking Portfolio

The General Obligation Interest & Sinking Portfolio pays periodic debt service on tax supported debt. Ad Valorem tax collections is the major revenue source. The portfolio is managed to ensure that debt is paid when it becomes due.

Rate Mitigation Portfolio

The Rate Mitigation Portfolio was established in 1997. The assets in the portfolio may be used to either pay Garland Power & Light Electric Utility debt service or to offset rate increases of the Electric Utility. The portfolio is managed according to forecasted funding requirements.

Economic Development Portfolio

The Economic Development Portfolio serves as a funding source for economic development initiatives. The portfolio maintains ample liquidity since a major expenditure can occur within a short amount of time.

CMH Landfill Portfolio

The CMH Landfill Portfolio holds invested funds that will be used to expand the Hinton Landfill when a current refuse cell reaches its capacity. The portfolio is managed so that funding is available when needed.

Water & Sewer Reserve Portfolio

The Water & Sewer Reserve Portfolio is required by Water & Sewer bond covenants. The City is required to set aside a reserve which serves as additional assurance to a bond holder that Water & Sewer debt will be paid when due.

CIP Interim Financing Portfolio

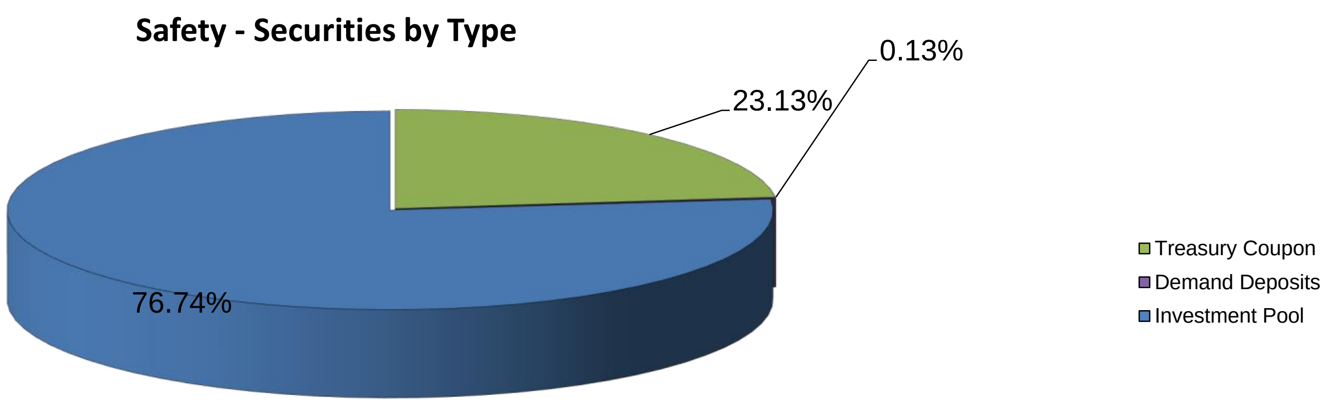
The CIP Interim Financing Portfolio is comprised of funds which will be spent in the General Obligation, the Electric Utility and the Water & Sewer Utility Capital Improvement Programs. The funds are managed to achieve maximum liquidity.

Grants & Other Portfolio

The Grants & Other Portfolio is comprised of funds that have been granted to the City by Federal or State agencies which are yet unspent. Maximum liquidity is required in this portfolio.

Safety - Securities by Type
City of Garland, Texas
June 30, 2025

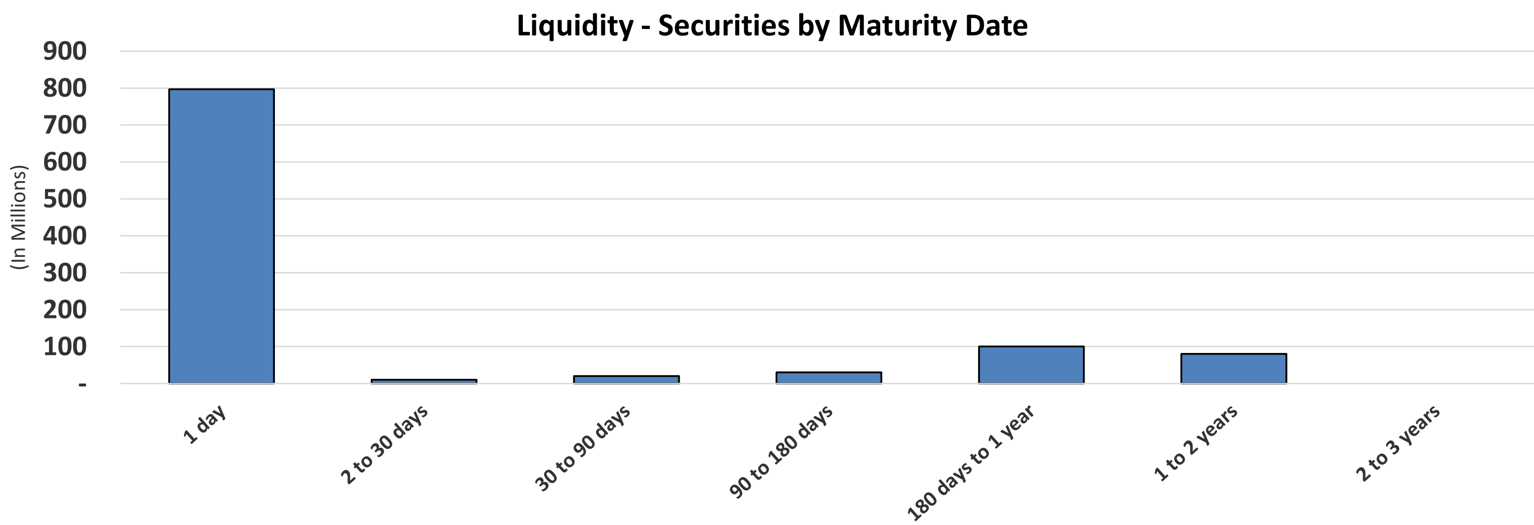
Security Type	Treasury	GO I & S	Rate Mitigation	Economic Development	CMH Landfill	Water & Sewer Reserve	CIP Interim Financing	Grants & Other	Total Book Value	Percent
Treasury Coupon	$ 119,867,318	$ -	$ 119,867,318	$ -	$ -	$ -	$ -	$ -	$ 239,734,637	23.13%
Demand Deposits	1,314,657	-	-	-	-	-	-	-	1,314,657	0.13%
Investment Pool	569,488,823	8,894,649	162,305,005	2,019,647	12,081,740	603,418	7,915,393	31,993,898	795,302,572	76.74%
Total	$ 690,670,798	$ 8,894,649	$ 282,172,323	$ 2,019,647	$ 12,081,740	$ 603,418	$ 7,915,393	$ 31,993,898	$ 1,036,351,866	100.00%



Note:
Safety and preservation of capital are the foremost objectives of the investment program. Types of securities held in the investment portfolio must be authorized by the Texas Government Code and City Council Policy.

Liquidity - Securities by Maturity Date
City of Garland, Texas
June 30, 2025

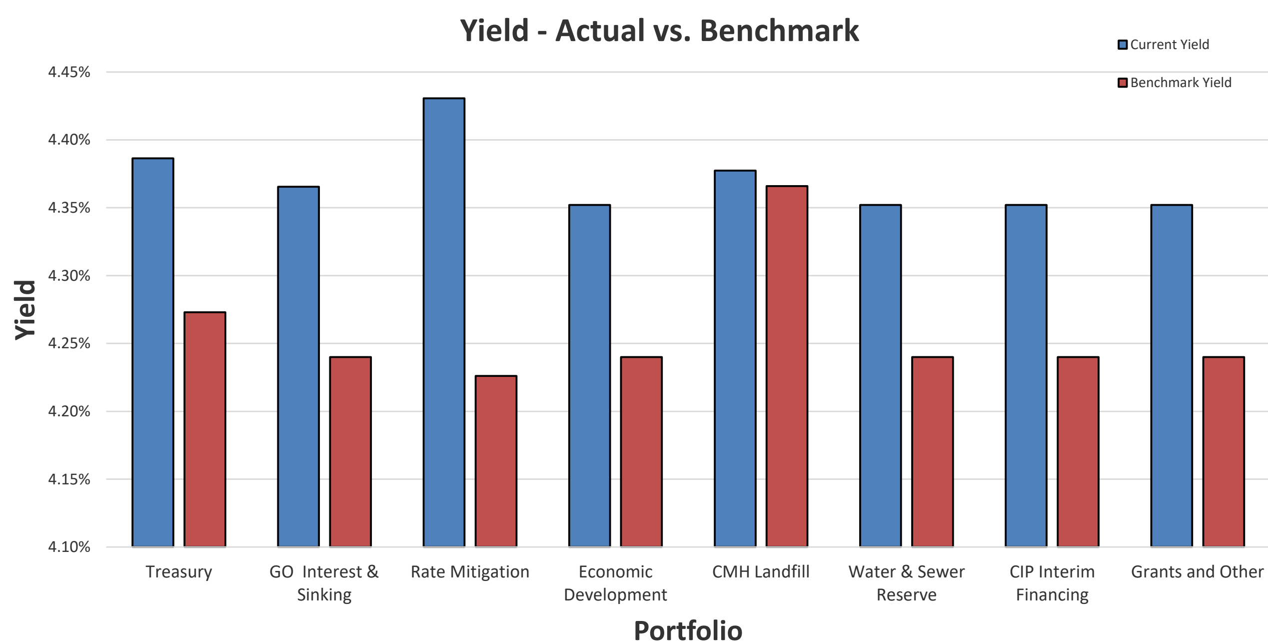
	Treasury	GO I & S	Rate Mitigation	Economic Development	CMH Landfill	Water & Sewer Reserve	CIP Interim Financing	Grants & Other	Total Par Value	Percent
1 day - Pools & Demand Deposits	$ 570,803,480	$ 8,894,649	$ 162,305,005	$ 2,019,647	$ 12,081,740	$ 603,418	$ 7,915,393	$ 31,993,898	$ 796,617,229	76.85%
2 to 30 days	5,000,000	-	5,000,000	-	-	-	-	-	10,000,000	0.96%
31 to 90 days	10,000,000	-	10,000,000	-	-	-	-	-	20,000,000	1.93%
91 to 180 days	15,000,000	-	15,000,000	-	-	-	-	-	30,000,000	2.89%
181 days to 1 year	50,000,000	-	50,000,000	-	-	-	-	-	100,000,000	9.65%
1 to 2 years	40,000,000	-	40,000,000	-	-	-	-	-	80,000,000	7.72%
Total	$ 690,803,480	$ 8,894,649	$ 282,305,005	$ 2,019,647	$ 12,081,740	$ 603,418	$ 7,915,393	$ 31,993,898	$ 1,036,617,229	100.00%
Weighted Average Maturity Days	50	1	120	1	1	1	1	1	66	



Note:
Liquidity is maintained in the investment portfolio to ensure that all operating expenditures are paid when due. Securities with varing maturities comprise the investment portfolio so that sufficient funds are always available.

Yield - Interest Income
City of Garland, Texas
June 30, 2025

Portfolio	Interest Income Fiscal YTD	Current Yield	Benchmark Yield	Over (Under) Benchmark	Benchmark Source
Treasury	$ 21,716,710	4.386%	4.273%	0.113%	Average 6 month CMT
GO Interest & Sinking	917,895	4.365%	4.240%	0.125%	Average 1 month CMT
Rate Mitigation	9,323,419	4.431%	4.226%	0.205%	Average 1 year CMT
Economic Development	66,300	4.352%	4.240%	0.112%	Average 1 month CMT
CMH Landfill	389,297	4.377%	4.366%	0.011%	Average 3 month CMT
Water & Sewer Reserve	18,749	4.352%	4.240%	0.112%	Average 1 month CMT
CIP Interim Financing	400,103	4.352%	4.240%	0.112%	Average 1 month CMT
Grants and Other	1,289,092	4.352%	4.240%	0.112%	Average 1 month CMT
Total Portfolios	$ 34,121,565				



Note:

The investment program is designed to attain a market average rate of return taking into account the cash flow characteristics of each portfolio. Investment securities are held to maturity. Consequently, losses are not incurred.

City of Garland
Texas Compliance Summary
Sorted by Issuer
October 1, 2024 - June 30, 2025

Issuer			Par Value	Market Value	Book Value	Accrued Interest
Federal Farm Credit Bank	Value beginning	10/01/2024	30,000,000.00	30,018,918.95	29,993,283.37	419,166.67
	Net Change		-30,000,000.00	-30,018,918.95	-29,993,283.37	-419,166.67
	Value ending	06/30/2025	0.00	0.00	0.00	0.00
Federal Home Loan Bank	Value beginning	10/01/2024	10,000,000.00	10,000,111.80	10,004,302.12	109,791.66
	Net Change		-10,000,000.00	-10,000,111.80	-10,004,302.12	-109,791.66
	Value ending	06/30/2025	0.00	0.00	0.00	0.00
Federally Insured Cash Accunt	Value beginning	10/01/2024	12,771.09	12,771.09	12,771.09	0.00
	Net Change		411.85	411.85	411.85	0.00
	Value ending	06/30/2025	13,182.94	13,182.94	13,182.94	0.00
Insured Cash Shelter Account	Value beginning	10/01/2024	1,260,821.48	1,260,821.48	1,260,821.48	35.09
	Net Change		40,652.81	40,652.81	40,652.81	0.00
	Value ending	06/30/2025	1,301,474.29	1,301,474.29	1,301,474.29	35.09
TEXPOOL Investement Pool	Value beginning	10/01/2024	685,974,351.36	685,974,351.36	685,974,351.36	45.24
	Net Change		18,904,420.15	18,904,420.15	18,904,420.15	-43.43
	Value ending	06/30/2025	704,878,771.51	704,878,771.51	704,878,771.51	1.81
Texpool Prime Investment Pool	Value beginning	10/01/2024	64,796,980.11	64,796,980.11	64,796,980.11	0.00
	Net Change		2,259,161.75	2,259,161.75	2,259,161.75	0.00
	Value ending	06/30/2025	67,056,141.86	67,056,141.86	67,056,141.86	0.00

Issuer			Par Value	Market Value	Book Value	Accrued Interest
TXSTAR	Value beginning	10/01/2024	**22,602,117.68**	**22,602,117.68**	**22,602,117.68**	**0.00**
	Net Change		**765,540.91**	**765,540.91**	**765,540.91**	**0.00**
	Value ending	06/30/2025	**23,367,658.59**	**23,367,658.59**	**23,367,658.59**	**0.00**
United States Treasury	Value beginning	10/01/2024	**160,000,000.00**	**159,163,562.55**	**158,197,589.81**	**1,322,186.90**
	Net Change		**80,000,000.00**	**81,267,036.65**	**81,537,046.71**	**1,287,983.74**
	Value ending	06/30/2025	**240,000,000.00**	**240,430,599.20**	**239,734,636.52**	**2,610,170.64**
Total	Value beginning	10/01/2024	**974,647,041.72**	**973,829,635.02**	**972,842,217.02**	**1,851,225.56**
	Net Change		**61,970,187.47**	**63,218,193.37**	**63,509,648.69**	**758,981.98**
	Value ending	06/30/2025	**1,036,617,229.19**	**1,037,047,828.39**	**1,036,351,865.71**	**2,610,207.54**

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City of Garland
Texas Compliance Details
Sorted by Issuer
June 30, 2025

CUSIP	Investment #	Fund	Investment Type	Investment Class	Par Value	Maturity Date	Call Date	Current Rate	Market Price	Market Date	Market Value	Book Value
Issuer: Federally Insured Cash Accunt												
FICA1	1944	100	CD's Rolling	< 1 Y	13,182.94			4.081	100.000	04/30/2021	13,182.94	13,182.94
				Subtotal	**13,182.94**						**13,182.94**	**13,182.94**
Issuer: Insured Cash Shelter Account												
ICSA	1991	100	CD's Rolling	< 1 Y	1,301,474.29			4.080	100.000	04/30/2021	1,301,474.29	1,301,474.29
				Subtotal	**1,301,474.29**						**1,301,474.29**	**1,301,474.29**
Issuer: TEXPOOL Investement Pool												
TREASURY	1825	100	Investment Pool Accounts	< 1 Y	497,631,970.89			4.352	100.000	10/30/2020	497,631,970.89	497,631,970.89
DEBTSVC	1814	111	Investment Pool Accounts	< 1 Y	7,752,261.46			4.352	100.000	10/30/2020	7,752,261.46	7,752,261.46
RATE	1815	214	Investment Pool Accounts	< 1 Y	147,799,752.95			4.352	100.000	10/30/2020	147,799,752.95	147,799,752.95
LANDFILL	1812	635	Investment Pool Accounts	< 1 Y	9,162,430.82			4.352	100.000	10/30/2020	9,162,430.82	9,162,430.82
HCV	1865	822-01	Investment Pool Accounts	< 1 Y	1,469,107.15			4.352	100.000	10/30/2020	1,469,107.15	1,469,107.15
FSS ESCROW	1866	822-02	Investment Pool Accounts	< 1 Y	272,144.18			4.352	100.000	10/30/2020	272,144.18	272,144.18
SEIZURE OTHR	1905	923	Investment Pool Accounts	< 1 Y	75,364.13			4.352	100.000	10/30/2020	75,364.13	75,364.13
ED FD	2186	694	Investment Pool Accounts	< 1 Y	2,019,647.08			4.352	100.000	10/30/2020	2,019,647.08	2,019,647.08
GO CP	2268	601	Investment Pool Accounts	< 1 Y	27.14			4.352	100.000	10/30/2020	27.14	27.14
ELEC CP	2269	210	Investment Pool Accounts	< 1 Y	3,106,047.32			4.352	100.000	10/30/2020	3,106,047.32	3,106,047.32
WATER CP	2270	220	Investment Pool Accounts	< 1 Y	832,203.71			4.352	100.000	10/30/2020	832,203.71	832,203.71
SEWER CP	2271	230	Investment Pool Accounts	< 1 Y	3,539,852.18			4.352	100.000	10/30/2020	3,539,852.18	3,539,852.18
JAG-2018	2469	871-18	Investment Pool Accounts	< 1 Y	37,729.26			4.352	100.000	10/30/2020	37,729.26	37,729.26
TWDB ESCROW	2475	228-02	Investment Pool Accounts	< 1 Y	181,574.57			4.352	100.000	10/30/2020	181,574.57	181,574.57
TWDB RESERVE	2477	228-03	Investment Pool Accounts	< 1 Y	603,417.85			4.352	100.000	10/30/2020	603,417.85	603,417.85
COVID 19	2502	941	Investment Pool Accounts	< 1 Y	60,512.80			4.352	100.000	10/30/2020	60,512.80	60,512.80
RTR PROJECT	2504	692	Investment Pool Accounts	< 1 Y	255,687.66			4.352	100.000	10/30/2020	255,687.66	255,687.66
JAG-2019	2521	871-19	Investment Pool Accounts	< 1 Y	1.39			4.352			1.39	1.39
JAG-2020	2522	871-20	Investment Pool Accounts	< 1 Y	2.27			4.352			2.27	2.27
ARP	2524	943	Investment Pool Accounts	< 1 Y	30,079,036.70			4.352			30,079,036.70	30,079,036.70
				Subtotal	**704,878,771.51**						**704,878,771.51**	**704,878,771.51**

CUSIP	Investment #	Fund	Investment Type	Investment Class	Par Value	Maturity Date	Call Date	Current Rate	Market Price	Market Date	Market Value	Book Value
Issuer: Texpool Prime Investment Pool												
SYS2417	2417	100	Investment Pool Accounts	< 1 Y	48,489,193.41			4.457	100.000	10/30/2020	48,489,193.41	48,489,193.41
SYS2418	2418	214	Investment Pool Accounts	< 1 Y	14,505,251.81			4.457	100.000	10/30/2020	14,505,251.81	14,505,251.81
SYS2418	2419	635	Investment Pool Accounts	< 1 Y	2,919,309.59			4.457	100.000	10/30/2020	2,919,309.59	2,919,309.59
SYS2418	2420	111	Investment Pool Accounts	< 1 Y	1,142,387.05			4.457	100.000	10/30/2020	1,142,387.05	1,142,387.05
				Subtotal	**67,056,141.86**						**67,056,141.86**	**67,056,141.86**
Issuer: TXSTAR												
TEXSTAR	1822	100	Investment Pool Accounts	< 1 Y	23,367,658.59			4.284	100.000	10/30/2020	23,367,658.59	23,367,658.59
				Subtotal	**23,367,658.59**						**23,367,658.59**	**23,367,658.59**
Issuer: United States Treasury												
91282CEY3	2619	214	Treasury Coupon Securities	> 1 Y	5,000,000.00	07/15/2025		3.000	99.946	06/30/2025	4,997,332.30	4,996,476.75
91282CEY3	2620	100	Treasury Coupon Securities	> 1 Y	5,000,000.00	07/15/2025		3.000	99.946	06/30/2025	4,997,332.30	4,996,476.75
91282CFE6	2621	214	Treasury Coupon Securities	> 1 Y	5,000,000.00	08/15/2025		3.125	99.829	06/30/2025	4,991,486.00	4,989,478.13
91282CFE6	2622	100	Treasury Coupon Securities	> 1 Y	5,000,000.00	08/15/2025		3.125	99.829	06/30/2025	4,991,486.00	4,989,478.13
91282CFK2	2623	214	Treasury Coupon Securities	> 1 Y	5,000,000.00	09/15/2025		3.500	99.859	06/30/2025	4,992,968.75	4,986,206.38
91282CFK2	2624	100	Treasury Coupon Securities	> 1 Y	5,000,000.00	09/15/2025		3.500	99.859	06/30/2025	4,992,968.75	4,986,206.38
91282CFP1	2617	214	Treasury Coupon Securities	> 1 Y	5,000,000.00	10/15/2025		4.250	99.978	06/30/2025	4,998,925.80	4,991,613.92
91282CFP1	2618	100	Treasury Coupon Securities	> 1 Y	5,000,000.00	10/15/2025		4.250	99.978	06/30/2025	4,998,925.80	4,991,613.92
91282CFW6	2614	214	Treasury Coupon Securities	> 1 Y	5,000,000.00	11/15/2025		4.500	100.051	06/30/2025	5,002,587.90	4,993,860.37
91282CFW6	2616	100	Treasury Coupon Securities	> 1 Y	5,000,000.00	11/15/2025		4.500	100.051	06/30/2025	5,002,587.90	4,993,860.37
91282CGA3	2613	100	Treasury Coupon Securities	> 1 Y	5,000,000.00	12/15/2025		4.000	99.924	06/30/2025	4,996,240.25	4,982,522.71
91282CGA3	2615	214	Treasury Coupon Securities	> 1 Y	5,000,000.00	12/15/2025		4.000	99.924	06/30/2025	4,996,240.25	4,982,522.71
91282CGE5	2625	100	Treasury Coupon Securities	> 1 Y	5,000,000.00	01/15/2026		3.875	99.867	06/30/2025	4,993,359.40	4,969,508.71
91282CGE5	2626	214	Treasury Coupon Securities	> 1 Y	5,000,000.00	01/15/2026		3.875	99.867	06/30/2025	4,993,359.40	4,969,508.71
91282CGL9	2627	100	Treasury Coupon Securities	> 1 Y	5,000,000.00	02/15/2026		4.000	99.868	06/30/2025	4,993,408.20	4,969,476.68
91282CGL9	2628	214	Treasury Coupon Securities	> 1 Y	5,000,000.00	02/15/2026		4.000	99.868	06/30/2025	4,993,408.20	4,969,476.68
91282CGR6	2629	100	Treasury Coupon Securities	> 1 Y	10,000,000.00	03/15/2026		4.625	100.352	06/30/2025	10,035,253.90	10,015,285.82
91282CGR6	2630	214	Treasury Coupon Securities	> 1 Y	10,000,000.00	03/15/2026		4.625	100.352	06/30/2025	10,035,253.90	10,015,285.82
91282CGV7	2631	100	Treasury Coupon Securities	> 1 Y	10,000,000.00	04/15/2026		3.750	99.737	06/30/2025	9,973,730.50	9,952,780.47
91282CGV7	2632	214	Treasury Coupon Securities	> 1 Y	10,000,000.00	04/15/2026		3.750	99.737	06/30/2025	9,973,730.50	9,952,780.47
91282CHB0	2633	100	Treasury Coupon Securities	> 1 Y	10,000,000.00	05/15/2026		3.625	99.629	06/30/2025	9,962,988.30	9,946,509.89
91282CHB0	2634	214	Treasury Coupon Securities	> 1 Y	10,000,000.00	05/15/2026		3.625	99.629	06/30/2025	9,962,988.30	9,946,509.89
91282CHH7	2635	100	Treasury Coupon Securities	> 1 Y	10,000,000.00	06/15/2026		4.125	100.119	06/30/2025	10,011,979.20	9,987,440.02
91282CHH7	2636	214	Treasury Coupon Securities	> 1 Y	10,000,000.00	06/15/2026		4.125	100.119	06/30/2025	10,011,979.20	9,987,440.02

CUSIP	Investment #	Fund	Investment Type	Investment Class	Par Value	Maturity Date	Call Date	Current Rate	Market Price	Market Date	Market Value	Book Value
Issuer: United States Treasury												
91282CHM6	2637	100	Treasury Coupon Securities	> 1 Y	10,000,000.00	07/15/2026		4.500	100.521	06/30/2025	10,052,148.40	10,022,569.76
91282CHM6	2638	214	Treasury Coupon Securities	> 1 Y	10,000,000.00	07/15/2026		4.500	100.521	06/30/2025	10,052,148.40	10,022,569.76
91282CHU8	2639	100	Treasury Coupon Securities	> 1 Y	10,000,000.00	08/15/2026		4.375	100.433	06/30/2025	10,043,359.40	10,000,886.48
91282CHU8	2640	214	Treasury Coupon Securities	> 1 Y	10,000,000.00	08/15/2026		4.375	100.433	06/30/2025	10,043,359.40	10,000,886.48
91282CHY0	2641	100	Treasury Coupon Securities	> 1 Y	10,000,000.00	09/15/2026		4.625	100.804	06/30/2025	10,080,468.80	10,030,665.09
91282CHY0	2642	214	Treasury Coupon Securities	> 1 Y	10,000,000.00	09/15/2026		4.625	100.804	06/30/2025	10,080,468.80	10,030,665.09
91282CJC6	2643	100	Treasury Coupon Securities	> 1 Y	10,000,000.00	10/15/2026		4.625	100.890	06/30/2025	10,089,062.50	10,032,037.08
91282CJC6	2645	214	Treasury Coupon Securities	> 1 Y	10,000,000.00	10/15/2026		4.625	100.890	06/30/2025	10,089,062.50	10,032,037.08
				Subtotal	**240,000,000.00**						**240,430,599.20**	**239,734,636.52**
				Total	**1,036,617,229.19**						**1,037,047,828.39**	**1,036,351,865.71**

GARLAND

CITY COUNCIL STAFF REPORT

9

Meeting Date:	September 2, 2025
Title:	FY 2025-26 Civil Service Classifications and Compensation Ordinance
Submitted by:	Kristen Smith, Managing Director-Human Resources
Strategic Focus Area:	Future-Focused City Organization

Issue / Summary

Council is requested to consider the approval of the FY 25-26 Civil Service Classifications and Compensation Ordinance, pursuant to Chapter 143 of the Texas Local Government Code. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the September 2, 2025 Regular Meeting.

Background

Each year, sworn Firefighter and Police Officer classifications and compensation are adopted via ordinance during the annual budget process, pursuant to Chapter 143 of the Texas Local Government Code.

Consideration / Recommendation

The ordinance outlines position ranks, pay, and special incentives as required by regulation or other guidelines. For FY 25-26, allotted positions as well as compensation and incentives remain unchanged from the prior year.

As such, City Council is asked to consider and approve the ordinance as submitted.

Attachments

A. FY 25-26 Civil Service Classifications and Compensation_eff Oct 1_2025
B. Written Briefing_FY 25_26 Civil Service Classifications and Compensation Ordinance

ORDINANCE NO. _________

AN ORDINANCE OF THE CITY OF GARLAND, TEXAS, ESTABLISHING CIVIL SERVICE CLASSIFICATIONS WITHIN THE POLICE AND FIRE DEPARTMENTS; PRESCRIBING THE NUMBER OF POSITIONS IN EACH CLASSIFICATION; PRESCRIBING THE BASE SALARY AND TYPES OF PAY FOR THOSE CLASSIFICATIONS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, pursuant to Chapter 143 of the Texas Local Government Code, the City Council shall establish certain classifications and shall prescribe the number of positions in each of these classifications by ordinance;

WHEREAS, the City Council has reviewed and approved a budget for the City for the fiscal year beginning October 1, 2025, and ending September 30, 2026; and

WHEREAS, the budget contains a program of planned expenditures for the police and fire departments, including changes to the operations and human resources of those departments.

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

Section 1

That the City Council of the City of Garland, Texas, hereby establishes the classifications and number of authorized positions within each classification and the base salary and types of pay for those classifications as specified on "Exhibits A-1 through A-4" attached hereto and made a part hereof as if fully set forth herein.

Section 2

That this Ordinance shall take effect on October 1, 2025.

PASSED AND APPROVED this the ____ day of __________________, 2025.

THE CITY OF GARLAND, TEXAS

By: ___________________________
Mayor

ATTEST:

____
City Secretary

EXHIBIT "A-1"

CIVIL SERVICE

Budgeted Positions

POLICE → **Total: 357**

Classification	Number of Positions Effective 10-01-2025
Police Officer	303
Police Supervisor	40
Police Captain	9
Assistant Police Chief	4
Police Chief	1
Total	**357**

FIRE → **Total: 285**

Classification	Number of Positions Effective 10-01-2025
Firefighter	148
Fire Driver	72
Fire Lieutenant	13
Fire Captain	38
Battalion Chief	10
Assistant Fire Chief	3
Fire Chief	1
Total	**285**

EXHIBIT “A-2”

Civil Service

Salary Schedules

Effective 10/1/2025

Police

Years	Step	Classification/Seniority Pay Level	Hourly	Annual
Hire	1	Police Officer 1 (Recruit)	$39.65	$82,482
Year 1	2	Police Officer 2	$42.07	$87,513
Year 2	3	Police Officer 3	$44.06	$91,645
Year 3	4	Police Officer 4	$46.15	$95,988
Year 4	5	Police Officer 5	$47.80	$99,416
Year 5	6	Police Officer 6	$49.46	$102,883
Year 6	7	Police Officer 7	$50.70	$105,447
Year 7	8	Police Officer 8	$52.05	$108,259
Year 8	9	Police Officer 9	$53.24	$110,733
Year 1	1	Police Supervisor 1	$60.60	$126,046
Year 2	2	Police Supervisor 2	$65.53	$136,303
Year 1	1	Police Captain 1	$70.94	$147,552
Year 2	2	Police Captain 2	$76.44	$158,994
Year 1	1	Assistant Chief 1	$87.25	$181,479
Year 2	2	Assistant Chief 2	$92.96	$193,356

Fire

Years	Step	Classification/Seniority Pay Level	Staff*	Shift**	Annual
Hire	1	Firefighter Recruit 1	$37.30	$26.64	$77,575
6 Months	2	Firefighter Recruit 2	$37.84	$27.03	$78,717
Year 1	3	Firefighter 3	$39.65	$28.32	$82,478
Year 2	4	Firefighter 4	$41.70	$29.79	$86,740
Year 3	5	Firefighter 5	$43.36	$30.97	$90,184
Year 5	6	Firefighter 6	$46.64	$33.31	$97,008
Year 7	7	Firefighter 7	$47.55	$33.97	$98,913
Year 8.5	8	Firefighter 8	$48.18	$34.41	$100,214
Year 1	1	Fire Driver 1	$50.59	$36.13	$105,224
Year 2	2	Fire Driver 2	$52.34	$37.39	$108,871
Year 1	1	Fire Lieutenant 1	$54.99	$39.28	$114,369
Year 2	2	Fire Lieutenant 2	$57.83	$41.31	$120,291
Year 1	1	Fire Captain 1	$60.72	$43.37	$126,306
Year 2	2	Fire Captain 2	$64.23	$45.88	$133,594
Year 1	1	Battalion Chief 1	$68.90	$49.22	$143,315
Year 2	2	Battalion Chief 2	$73.07	$52.19	$151,983
Year 1	1	Assistant Fire Chief 1	$85.80	$61.28	$178,458
Year 2	2	Assistant Fire Chief 2	$90.39	$64.57	$188,020

* Staff - hourly rate calculated from 2080 hours per year

** Shift - hourly rate calculated from 2912 hours per year

EXHIBIT "A-3"

POLICE DEPARTMENT

INCENTIVE PAY PLANS

Effective 10/1/2025

ELIGIBILITY:

Must be a full-time, paid, and duly sworn peace officer within the Garland Police Department.

CERTIFICATION AND EDUCATION INCENTIVE PAY:

1. **CERTIFICATION INCENTIVE**

a) Certification level as set forth per TCOLE Rules.

b) Available to all classifications.

c) Pay is not cumulative within Police Certification Incentives; eligible for the highest level achieved only.

Description	Amount Per Month
1) Advanced Certification	$75 per month
2) Master Certification	$95 per month

2. **EDUCATION INCENTIVE**

a) Available to all classifications.

b) Pay is not cumulative within Police Education Incentives; eligible for the highest level achieved only.

Description	Amount Per Month
1) Bachelor's Degree	$125 per month
2) Master's or Doctoral Degree	$150 per month

EXHIBIT "A-3" (Continued)

ASSIGNMENT PAY:

1. FIELD TRAINING OFFICER (FTO) ASSIGNMENT PAY

a) Available to Police Officers assigned as a Field Training Officer.

b) Must be a graduate of the Police Academy for the Garland Police Department.

Description	Amount Per Month
1) Officers designated by the Chief of Police as Field Training Officers (FTO) shall receive FTO Pay in compensation for this job assignment. The number of FTOs shall be determined by the Chief of Police. This job assignment is of a temporary nature and can be removed at the discretion of the Chief of Police.	$250 per month

2. PATROL ASSIGNMENT PAY

a) Available to Police Officers and Police Supervisor classifications assigned to the Patrol Division for the majority of calendar year.

b) Must be a graduate of the Police Academy for the Garland Police Department.

Description	Annual Amount
1) Patrol Officers and Patrol Supervisors who spend the majority of the calendar year in that assignment.	$1,000 per year

SPECIAL PAY:

1. **BILINGUAL PAY**
   a) Available to all classifications.
   b) Pay is not cumulative within the Bilingual Pay; eligible for the highest level achieved only.

Description	Amount Per Month
1) Certification by the State of Texas indicating proficiency in verbal bilingual skills.	$100 per month
2) Certification by the State of Texas indicating proficiency in verbal and written bilingual skills.	$150 per month

EXHIBIT "A-4"

FIRE DEPARTMENT

INCENTIVE PAY PLANS

Effective 10/1/2024 unless otherwise noted

ELIGIBILITY:

Must be a Certified Texas Commission on Fire Protection (TCFP) Firefighter.

CERTIFICATION AND EDUCATIONAL INCENTIVE PAY:

1. **CERTIFICATION INCENTIVE**

a) Certification levels as set forth per TCFP Rules.

b) Available to all classifications.

c) Must have completed the Garland Way Fire Academy.

d) Pay is not cumulative within TCFP Fire Certification Incentives; eligible for the highest level achieved only.

Description	Amount Per Month
1) Intermediate	$45 per month
2) Advanced	$85 per month
3) Master	$125 per month

2. **PARAMEDIC CERTIFICATION INCENTIVE**

a) Per Texas Department of State Health Services and credentialed by the Medical Director.

b) Available to Operations and Staff Firefighter, Fire Driver, Fire Lieutenant, and Fire Captain classifications only. Personnel assigned to the Fire Marshal's Office in the Inspector or Fire/Arson Investigator sections are not eligible for this pay.

Description	Amount Per Month
1) **Paramedic** Must be certified by the State and be accepted by the City Medical Control Director and assigned to the position.	$150 per month
2) Paramedics who staff an ambulance or work in the capacity of EMS SDO receive.	$45 per shift

EXHIBIT "A-4" (Continued)

3. EDUCATION INCENTIVE

a) Available to all classifications.

b) Certification levels as set forth per TCFP rules.

c) Pay is not cumulative within TCFP Fire Education Incentives; eligible for the highest level achieved only.

Description	Amount Per Month
1. Bachelor's or Master's Degree + Intermediate Certification	$50 per month
2. Bachelor's or Master's Degree + Advanced Certification	$100 per month
3. Bachelor's Degree + Master Certification	$150 per month
4. Master's Degree + Master Certification	$200 per month

ASSIGNMENT PAY:

1. TRAINING DIVISION ASSIGNMENT PAY

a) Instructor levels as set forth per TCFP rules.

b) Available to Training Division Staff Firefighter, Fire Driver, Fire Lieutenant, and Fire Captain classifications only.

c) Must be in a non-probationary status and assigned to the Training Division.

d) Pay is not cumulative within the Fire Instructor Assignment Pay; eligible for the highest level achieved only.

Description	Amount Per Month
1) **Instructor II** Requires an annual minimum of twenty (20) hours of documented instruction for the GFD, in approved Fire or EMS subjects. Hours of instruction will be totaled from October 1st to September 30th of each fiscal year to qualify for the next fiscal year.	$25 per month
2) **Instructor III** Must be assigned full time to Training Division	$100 per month

EXHIBIT "A-4" (Continued)

2. FIRE MARSHAL'S OFFICE ASSIGNMENT PAY

a) Instructor, inspector, or investigator levels as set forth TCFP rules.

b) Available to Fire Marshal's Office Staff Firefighter, Fire Driver, Fire Lieutenant, and Fire Captain ranks only.

c) Assigned personnel may receive both Inspector and Investigator Pay, if assigned to regular duties as an Investigator and Inspector.

Description	Amount Per Month
1) Instructor III Must be assigned full time to the Public Education Section of the Fire Marshal's Office.	$100 per month
2) Fire Inspector Must be certified and assigned to Inspection and Prevention Section of Fire Marshal's Office.	$100 per month
3) Fire/Arson Investigator Must be certified and assigned to the Arson and Investigation Section of Fire Marshal's Office.	$100 per month

3. STAFF ASSIGNMENT PAY

a) Available to all Firefighter, Fire Driver, Fire Lieutenant, Fire Captain, and Battalion Chief classifications assigned to Staff positions.

b) Must be in a non-probationary status.

Description	% Pay
1) Staff Assignment Pay shall be for all listed non-exempt classifications assigned to a Staff position performing duties in the Fire Administration, Support Services, Training, or Fire Prevention Divisions of the Fire Department.	2.7815% of Staff hourly rate

EXHIBIT "A-4" (Continued)

4. HAZMAT ASSIGNMENT PAY

a) Hazmat Technician as set forth per TCFP rules.

b) Available to Firefighter, Fire Driver, and Fire Captain classifications only.

c) Must be assigned to the HazMat Station (Station 2).

Description	Amount Per Month
1) **HazMat Technician** Must be assigned full time to the HazMat Station (Station 2).	$100 per month

5. RESCUE ASSIGNMENT PAY

a) Available to Firefighter, Fire Driver, and Fire Captain classifications only.

b) Must be assigned to the Rescue Station (Station 8).

c) Must be certified to the Technician level in both Swiftwater Rescue and Rope Rescue.

d) Certifications must meet NFPA 1006 and 2500 standards.

Description	Amount Per Month
1) **Rescue Technician** Must be assigned full time to the Rescue Station (Station 8) and certified as both swiftwater and rope rescue technician.	$75 per month

EXHIBIT "A-4" (Continued)

SPECIAL PAY:

1. **BILINGUAL PAY**
   a) Available to all classifications.
   b) Pay is not cumulative within the Bilingual Pay; eligible for the highest level achieved only.

Description	Amount Per Month
1) Certification by the State of Texas indicating proficiency in verbal bilingual skills.	$100 per month
2) Certification by the State of Texas indicating proficiency in verbal and written bilingual skills.	$150 per month

GARLAND

City Council Work Session Agenda

Meeting Date:	Tuesday, September 2, 2025
Item Title:	FY 25-26 Civil Service Classifications and Compensation Ordinance
Submitted By:	Kristen Smith, Managing Director

BACKGROUND

Each year, sworn Firefighter and Police Officer classifications and compensation are adopted via ordinance during the annual budget process, pursuant to Chapter 143 of the Texas Local Government Code.

The ordinance outlines position ranks, pay, and special incentives as required by regulation or other guidelines. For FY 25-26, allotted positions as well as compensation and incentives remain unchanged from the prior year.

RECOMMENDATION

At this time, City Council is asked to consider and approve the ordinance as submitted.

An item for formal consideration will be included on the September 2, 2025, Regular Session agenda.

GARLAND

CITY COUNCIL STAFF REPORT

10

Meeting Date: September 2, 2025

Title: Discuss & Provide Final Direction on 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

Opportunity for City Council to discuss and provide final direction to staff on the FY 2025-26 Proposed Annual Operating 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. Copies of the Proposed Budget have been available in each City Library, in the Office of the City Secretary, and on the City's website for public review and inspection since August 5, 2025.

The FY 2025-26 Proposed Annual Operating Budget was presented to City Council on August 4, 2025, at the City Council Work Session. A Special Budget Work Session was held Saturday, August 16, 2025, to discuss the FY 2025-26 Proposed Operating Budget. Continued budget discussions occurred at the City Council Work Session on Monday, August 18, 2025. Public Hearings on the Proposed Operating Budget and Proposed Tax Rate were held on Tuesday, August 19, 2025.

Consideration / Recommendation

Provide final direction to staff on the FY 2025-26 Proposed Annual Operating Budget. Public Hearings on the Proposed Operating Budget and Proposed Tax Rate will be held on Tuesday, September 2, 2025, beginning at 7:00 P.M. Following the public hearings, City Council is scheduled to adopt the FY 2025-26 Proposed Annual Operating Budget and Tax Rate on September 2, 2025.

Attachments

A. 10 - CCWS - Final Direction on FY26 Budget

GARLAND

FY 2025-26 Proposed Budget

September 2, 2025

FY26 Budget Considerations

General Fund, GO Debt Service Fund, Utility Funds,
Other Enterprise Funds, and Grant Funds

Consolidated Budget – $1.1 Billion

Increase of $32.8 Million

General Fund – $257.2 Million

Increase of $10.3 Million

FY26 Budget Process Summary

City Council Calendar

Date	Day	Meeting Type	Activity
Aug. 4	Mon.	Work Session	City Manager presentation of FY26 Proposed Budget
Aug. 16	Sat.	Special session	Budget Work Session – Staff Presentations & Council Discussion
Aug. 18th	Mon.	Work Session	Council Discussion
Aug. 19th	Tues.	Regular Session	**Public Hearing on Proposed Budget & Tax Rate**
Sep. 2nd	Tues.	Work Session	Council Discussion and Final Direction to Staff
Sep. 2nd	Tues.	Regular Session	**Public Hearing on Proposed Budget & Tax Rate** Scheduled Adoption of Budget & Tax Rate

Note: The last day for City Council to take final action on the Annual Operating Budget is the 21st day of September per the Garland Charter.

FY26 Budget Process Summary

Upcoming Actions – Regular Meeting

1. Consent Agenda - Consider adoption of FY 2025-26 Civil Service Ordinance
2. Public Hearing on 2025-26 Proposed Tax Rate
3. Public Hearing on 2025-26 Proposed Annual Operating Budget
4. Consider adoption of an ordinance to ratify the property tax revenue for FY26
5. Consider adoption of the 2025-26 Annual Operating Budget by ordinance
6. Consider adoption of the 2025-26 Tax Rate by ordinance
7. Consider adoption of the 2025-26 Rate and Fee changes by ordinance

Thank You

Discussion & Provide
Final Direction to Staff

GARLAND

CITY COUNCIL STAFF REPORT

11

Meeting Date: September 2, 2025

Title: Amendments to Chapters 26 and 32 of the Code of Ordinances - Short-Term Rentals

Submitted by: Brian England, City Attorney

Strategic Focus Area: Safe Community
Vibrant Neighborhoods and Commercial Centers

Issue / Summary

Approve amendments to Chapters 26 and 32 of the Code of Ordinances related to the regulation of Short-term rental properties.

Background

The Office of the City Attorney briefed City Council on case law, legislative actions, and litigation risks associated with regulating short-term rentals at the August 4, 2025 Work Session during executive session.

Consideration / Recommendation

Approve the amendments to Chapters 26 and 32 as presented in the attachment.

Attachments

A. Ord No _____ Amend Short Term Rentals 08-05-2025

ORDINANCE NO.

AN ORDINANCE AMENDING CHAPTER 26, "POLICE—MISCELLANEOUS PROVISIONS AND OFFENSES", OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS, BY ADOPTING ARTICLE VI THEREOF RELATING TO SHORT-TERM RENTALS; AMENDING CHAPTER 32, "PROPERTY SANITATION AND HOUSING SERVICES", OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS, BY ADDING PROVISIONS RELATED TO THE REGULATION OF SHORT-TERM RENTALS; PROVIDING A PENALTY UNDER THE PROVISIONS OF SEC. 10.05 OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1

That Chapter 26, Article VI, "Short-Term Rentals," Section 26.64, "Prohibited conduct," of the Code of Ordinances of the City of Garland, Texas, is hereby amended to read as follows:

Section 26.64 Prohibited conduct.

(A) The following conduct is Prohibited Conduct by an Owner, manager, operator, host, resident, guest, patron, invitee, or client of the Short-term rental while on the Premises:

(1) A violation of Chapter 26, Section 26.09, "Sound Amplification on vehicles," of this Code of Ordinances on or within 50 feet of a property line of the Premises where the violating vehicle is owned, controlled, or operated by a resident, patron, guest, sponsor, invitee, client, or owner of the Short-term rental;

(2) A violation of Chapter 22, Article V., "Noise Control," of this Code of Ordinance;

(3) A violation of Chapter 26, Section 26.14, "Fireworks prohibited," of this Code of Ordinance;

(4) A violation of Chapter 32, Article II., "Property Maintenance and Nuisance Abatement," of this Code of Ordinance;

(5) ~~A violation of Chapter 33, Article IV., "Stopping, standing, and Parking," on or within 50 feet of the property lines of the Premises~~On-street parking of any vehicle ~~where the violating vehicle is~~ owned,

leased, controlled, or operated by ~~a~~ an agent, contractor, employee, owner, resident, guest, patron, invitee, or client of the Short-term rental;

(6) Any violation of Sections 106.05 (Possession of Alcohol by Minor) or 106.06 (Furnishing Alcohol to Minor) of the Texas Alcoholic Beverage Code;

(7) Any violation of state or federal law that is classified as a class B misdemeanor or higher; or

(B) In the event a guest, patron, invitee, or client of the Short-term rental engages in conduct which the resident, person in charge of the Premises, or the organizer or sponsor could not reasonably foresee and the conduct is an isolated instance of an invited guest of the Premises violating the law which the resident, person in charge of the Premises, or the organizer or sponsor is unable to reasonably control without the intervention of a peace officer and the resident, person in charge of the Premises, or organizer or sponsor is the person who calls the police, the unlawful conduct of the guest, patron, invitee, or client shall not be attributable to the Owner, resident, person in charge of the premises, or the organizer or sponsor for the purpose of determining whether the event constitutes Prohibited conduct that may negatively impact the Short-term rental's permit.

(C) There shall be a presumption that the same type of Prohibited conducted occurring on the Premises by any guest, patron, invitee, or clients of the Short-term rental more than three times within a ~~6~~12-month period is reasonably foreseeable and is not an isolated occurrence.

Section 2

That Chapter 26, Article VI, "Short-Term Rentals," Sections 26.66 and 26.67 of the Code of Ordinances of the City of Garland, Texas, are hereby amended to read as follows:

Section 26.66. ~~Criminal offenses.~~Maximum stay; minimum stay.

~~(A) An Owner commits an offense if he allows, suffers, or operates a short-term rental without a valid single-family permit for the premises on which the short-term rental use occurs.~~

~~(B) An Owner commits an offense if he allows, suffers, or operates a short-term rental and fails to provide the City with accurate and up-to-date registration information required by section~~

~~32.09 in a timely manner.~~

~~(C) A Responsible Party commits an offense if he violates, allows, or suffers a violation of any provision of this article by a manager, host, resident, guest, patron, invitee, or client of a short-term rental.~~

~~(D) A person commits an offense if he is a guest, invitee, patron, or manager, host, or client of a short-term rental and commits, participates in, allows, or suffers any prohibited conduct on the premises of a short-term rental, or in the case of a violation of chapter 33, article IV, "stopping, standing, and parking," or chapter 26, section 26.09, "sound amplification on vehicles," on or within 500 feet of the property lines of the premises.~~

It shall be unlawful for an owner to rent or lease a short-term rental for a period of more than thirty (30) days or less than 48 hours.

Section 26.67 Criminal Penalties

(A) An Owner commits an offense if he allows, suffers, or operates a short-term rental without a valid single-family permit for the premises on which the short-term rental use occurs.

(B) An Owner commits an offense if he allows, suffers, or operates a short-term rental and fails to provide the City with accurate and up-to-date registration information required by section 32.09 in a timely manner.

(C) A Responsible Party commits an offense if he violates, allows, or suffers a violation of any provision of this article by a manager, host, resident, guest, patron, invitee, or client of a short-term rental.

~~(A)~~(D) A person commits an offense if he is a guest, invitee, patron, or manager, host, or client of a short-term rental and commits, participates in, allows, or suffers any prohibited conduct on the premises of a short-term rental, or in the case of a violation of chapter 33, article IV, "stopping, standing, and parking," or chapter 26, section 26.09, "sound amplification on vehicles," on or within 500 feet of the property lines of the premises.

(E) On-street parking violations contained within this Article may be enforced as a civil offense pursuant to the provisions of Articles II and III of Chapter 24 of this code, in addition to being subject to the criminal penalties and procedures established in chapters 26 and 32 of this Code.

Section 3

That Chapter 32, Article 1, "Minimum Property Standards," Sections 32.09 (B) and(C) of the Code of Ordinances of the City of Garland, Texas, is hereby amended in part to read as follows:

. . .

(B) Eligibility; application; form. An applicant for a single-family rental permit shall not be eligible for a permit if:

(1) the applicant has claimed or received a homestead exemption on more than one residential property in or outside of the state; or

(2) the applicant does not have a valid liability insurance policy for the property with a minimum of $250,000 liability coverage per person and a minimum $1,000,000 liability coverage per event. The applicant must maintain the minimum coverage amounts throughout the term of the permit.

(3) An applicant for a single-family rental permit shall file with the City a written application, on the form provided for that purpose, signed by the owner (or the owner's authorized agent) of the single-family dwelling to be permitted. An applicant who owns more than one single-family residential dwelling shall file a separate application for each dwelling.

(C) Form; contents. The application shall include:

(1) The name, physical street address, telephone number, and driver's license or other government-issued identification number of the owner, and the name, street address, and telephone number of any property manager of the property for which an application is being submitted;

(2) If the owner is other than an individual, the legal name, all trade names, and the registered agent, managing partner, or other person authorized to accept service of process on behalf of the owner;

(3) A statement as to whether the property will be used as short-term rental facility; if it is to be used as a short-term rental facility, then a diagram depicting the floorplan (to scale) shall be included in the application prior to inspection;

(4) A statement as to whether the owner is using the property as

the owner's principal residence;

(5) A statement as to whether the owner has claimed a homestead exemption on the property;

(6) A statement as to whether the owner has claimed a homestead exemption on another residence homestead in or outside of Texas; and

(7) A name and telephone number of the tenant or lessee that is responsible for the dwelling, if available, at the time of application.

Section 4

That Chapter 32, Article 1, "Minimum Property Standards," Sections 32.09(I)-(M) of the Code of Ordinances of the City of Garland, Texas, is hereby amended in part to read as follows:

. . .

(I) Permit term and fee.

~~(1) A single-family rental permit issued under this section shall be valid for one year from its date of issuance, unless suspended or revoked.~~

(1) Applications for permit shall include an annual permit fee in the amount designated in the Master Fee and Rate Schedule, Article VII, Section 10.85, of Chapter 10. However, notwithstanding any amount to the contrary, the annual permit fee for short-term rentals shall be a minimum of $500.

(2) Applications for permit shall include an annual permit fee in the amount designated in the Master Fee and Rate Schedule, Article VII, Section **10.85**, of Chapter **10**. However, notwithstanding any amount to the contrary, the annual permit fee for short-term rentals shall be a minimum of $500.

(J) Short-term rentals; temporary tenancies.

~~(a)~~ (1) Short-term rentals. ~~No person shall rent a single-family dwelling unit as a short-term rental, or portion thereof, without first obtaining a single-family rental permit issued under the provisions of this section. The owner, agent, or representative of a short-term rental, as defined in above section **32.01**, may elect to be exempt from the provisions and requirements of subsection **(H)** "inspection," and subsection **(O)** "certified rental properties" of this section **32.09**. However, a single-family dwelling must be~~

~~fully inspected by the City prior to a single-family permit being issued by the City for use as a short-term rental.~~

(a) No person shall rent a single-family dwelling unit as a short-term rental, or portion thereof, without first obtaining a single-family rental permit issued under the provisions of this section.

(b) The owner, agent, or representative of a short-term rental, as defined in above section **32.01**, may elect to be exempt from the provisions and requirements of subsection **(H)** "inspection," and subsection **(O)** "certified rental properties" of this section **32.09.**

(c) A single-family dwelling must be fully inspected by the City prior to a single-family permit being issued by the City for use as a short-term rental.

(d) A short-term rental must be re-inspected each year prior to any single-family permit renewals.

(K) Suspension of permit.

(1) A single-family rental permit may be temporarily suspended by the City:

(a) If a life safety violation exists on the premises of the permitted single-family dwelling;

(b) If, after notice and a period of correction as provided by section 32.02(F), a critical violation remains on the premises of the permitted single-family dwelling;

(c) If, after a change in tenancy, not including short-term rentals, the City has not received a request for inspection or a certification of compliance within 60 days of application for utilities;

(d) If an ~~the Garland Police Department~~official of the City of Garland, including but not limited to police officers, city marshals, health officers, building inspection, or code enforcement, is requested by a member of the public, other than the owner, manager, organizer or sponsor of a short-term rental, to respond to the premises of the short-term rental more than three times within a ~~6~~12-month period because of alleged prohibited conduct (as defined in Chapter 26, Article VI, of this Code) occurring on the premises and ~~the responding officers determine that~~ there is probable cause to believe prohibited conduct has occurred or is occurring; or

(e) If the property is receiving a homestead exemption and:

(i) There is probable cause to believe that the property is not the owner's principal residence; or

(ii) The owner of the property is receiving a homestead exemption on another property located in or outside the state.

(f) Failure to timely pay hotel occupancy taxes owed, where applicable, pursuant to Chapter 40, Article II, of this Code of Ordinances.

(2) The City shall notify the holder of the permit in writing, stating the reasons for which the permit is ~~subject to suspension~~ suspended and stating that the permit shall remain suspended until such time as the property owner:

(a) Prevails in an appeal of the suspension to the Property Standards Board; or

(b) Meets with the Director of Code Enforcement, pays all outstanding fines, enters into a compliance agreement with the City, and satisfies the terms and conditions of the compliance agreement.

~~(3) The compliance agreement shall, among other things, address occupancy limits, parking, inspections, parties, prohibited hours for outside activities, and any other violations that were the basis for the suspension.~~

(3) The compliance agreement may, among other things:

(a) Limit the occupancy of the premises, including grounds and yards, at any one time to a maximum of 10 people or 2 persons per bedroom, whichever is less;

(b) Prohibit on-street parking for any vehicles associated with the short-term rental, or with any person located on the premises of the short-term rental:

(c) Prohibit any outdoor activities on the premises between the hours of 9:00 p.m. and 9:00 a.m.; and

(d) Require the installation, maintenance, and continuous operation of city-approved, weatherproof, outdoor noise sensors with real time remote monitoring and alert capabilities, along each property line of the premises.

(i) The city shall provide the holder of the permit city-approved noise sensors after receiving payment from the permit holder for the costs associated with the purchase of the sensors.

(ii) The permit holder shall be responsible for the installation of the sensors, which once completed shall be inspected by the city.

(iii) The permit holder shall remotely monitor the premises and set the noise sensors to alert the permit holder in real time of any noises that exceed the sound levels measured at the property boundary allowed by Section 22.69 of this Code.

(iv) The permit holder shall provide the city, within 3 business days of a request, access to any and all reports and data generated by the noise sensors for the previous 30 calendar days.

(e) Limit any trash or debris set out for collection to (i) being contained in a maximum of two city approved trash containers and one city approved recycling bin and (ii) only on regularly scheduled collection days.

(L) Reinstatement of suspended permit. ~~A person whose permit has been suspended may, at any time, make written application for a reinspection for the purpose of reinstating the permit. Within ten (10) days following receipt of a request, which shall include a statement signed by the applicant that in the applicant's opinion, all of the violations that caused suspension of the permit have been corrected, the City shall make a reinspection. Upon reinspection, if all life safety, critical, and noncritical violations have been corrected, the permit shall be reinstated.~~

(1) A person whose permit has been suspended for any violations other than "prohibited conduct" under Section 26.64 of this code of ordinances or violations of the terms of a compliance agreement, may make written application for a reinspection for the purpose of reinstating the permit. Within ten (10) days following receipt of a request, which shall include a statement signed by the applicant that in the applicant's opinion, all of the violations that caused suspension of the permit have been corrected, the City shall make a reinspection. Upon reinspection, if all life safety, critical, and noncritical violations have been corrected, the permit shall be reinstated.

(2) A person whose permit has been suspended for "prohibited conduct" or violations of the terms of a compliance agreement, may appeal his or her suspension to the Property Standards Board. In the case of a violation of the terms of a compliance agreement, the permit holder has 10 calendar days (from the date notice is mailed) to appeal a suspension of his or her permit.

(M) Revocation of permit. A single-family rental permit may be ~~permanently~~ revoked for up to 24-months after the City has provided an opportunity for a hearing for the following reasons:

(1) For serious or repeated violations of any of the requirements of this article;

(2) For interference with the City or any of its agents in the performance of their duties;

(3) For three or more violations of the terms and conditions of a compliance agreement;

(4) For any unpermitted real property improvements that are inconsistent with the floor plan filed as part of the single-family rental permit application; or

(5) Three or more criminal convictions (or three or more failures to appear) for prohibited conduct, or offenses related to the operation of a short-term rental under Chapter 26, Article VI of this Code within a 12- month period.

Prior to revocation, the City shall notify the holder of the permit in writing, stating the reasons for which the permit is subject to revocation and stating that the permit shall be permanently revoked at the end of ten (10) days from the service of such notice unless a request for a hearing is filed with the City, by the permit holder, within such ten-day period. A permit shall be suspended for cause pending its revocation or a hearing relative thereto.

Section 5

That a violation of any provision of this Ordinance shall be a misdemeanor punishable in accordance with Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas.

Section 6

That Chapters 26, "Police-Miscellaneous Provisions and Offenses" and Chapter 32, "Property Sanitation and Housing," of the Code of Ordinances of the City of Garland, Texas, as amended, shall be and remain in full force and effect save and except as amended by this Ordinance.

Section 7

That the terms and provisions of this Ordinance are severable and are governed by Sec. 10.06 of the Code of Ordinances of the City of Garland, Texas.

Section 8

That this Ordinance shall be and become effective immediately upon and after its passage and approval.

PASSED AND APPROVED this the _____ day of September, 2025.

CITY OF GARLAND, TEXAS

____
Mayor

ATTEST:

____
City Secretary

Published:

GARLAND

CITY COUNCIL STAFF REPORT

12

Meeting Date: September 2, 2025

Title: Amendments to Chapter 22, Article II of Garland City Ordinance, Food and Food Establishments

Submitted by: Mandy Pippen, Health Director

Strategic Focus Area: Safe Community

Issue / Summary

Council is requested to consider amendments to Chapter 22, Article II of the Code of Ordinances of the City of Garland, changing the scoring threshold for food establishment permit revocation from three scores of 59 or below in an 18-month period to three scores of 69 or below in a 24-month period and assigning the appeal process from one heard by City Council to an appeal heard by the Property Standards Board. Additionally, details surrounding permit revocation duration will be defined in departmental policy, and will no longer be a 3-year revocation that prevents the owner from operating another food establishment in Garland. A new fee of $200 per reinspection is being requested for reinspections to determine compliance after a permit suspension (if no reasonable effort was made to correct violations). Wording has been also added to further define where a food establishment must post their inspection score.

Background

Currently, food establishments scoring 59 (out of 100) or below on a food inspection three times in an 18-month period are subject to permit revocation. This current score paradigm leaves a gap between scores of 59 and 69, where establishments are failing, but there is no incentive to improve to a passing score. As the ordinance is written now, the establishment owner could not operate another food establishment in the City of Garland for 3 years. It is requested that this be removed from the ordinance and a shorter duration be determined through departmental policy. Additionally, if the establishment appeals the revocation, the ordinance currently assigns the appeal to be heard before City Council. This assignment is requested to be moved to the Property Standards Board.

Consideration / Recommendation

Unless otherwise directed by City Council, this item will be formally considered at the September 2, 2025 Regular Meeting.

Attachments

A. City Council Work Session 8-18-25

B. Ordinance Amending Ch 22 re Food Establishment Rules re Hearings- 8-25 rev (004)

GARLAND

Amendments to Chapter 22, Article II, Food and Food Establishments

City Council Work Session
August 18, 2025

Score Threshold

Current situation

A food establishment that scores **59** or below on three inspections in an 18-month period is subject to permit revocation.

Proposed Change

A food establishment that scores **69** or below on three inspections in an 18-month period is subject to permit revocation.

Appeal Process

Current situation

The establishment facing revocation can request for an appeal to be heard before **City Council**.

Proposed Change

The establishment facing revocation can request for an appeal to be heard before the **Property Standards Board**.

Revocation Duration and Reach

Current situation

An establishment that has its permit revoked may not operate any food establishment in Garland for 3 years.

Proposed Change

Establishment owner has the ability to operate a food establishment at a different address in Garland.

Reinspection Fee

Current situation

No recheck fee.

Proposed Change

$100 recheck fee for a closed establishment.

The Why

Mission

The mission of the Environmental Health Department is to protect the health of Garland residents and visitors by minimizing the risk of disease and injury. Through various inspections, vector control, and outreach, we promote safe, health places to eat, play, and live.

Thank You

Questions?

ORDINANCE NO. _____

AN ORDINANCE AMENDING IN PART SECTION 228.247, "PERMITS," OF THE TEXAS FOOD ESTABLISHMENT RULES AMENDMENTS, AS ATTACHED TO SECTION 22.26, "AMENDMENTS MADE TO THE TEXAS FOOD ESTABLISHMENT RULES," OF CHAPTER 22, "HEALTH," OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A SAVINGS CLAUSE; PROVIDING A PENALTY UNDER THE PROVISIONS OF SECTION 10.05 OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A SEVERABILITY CLAUSE; AND SETTING AN EFFECTIVE DATE.

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

Section 1

That Section 228.247(e), "Denial of permit," of Section 228.247, "Permits," of the Texas Food Establishment Rules Amendments attached to Section 22.26, "Amendments made to the Texas Food Establishment Rules," of Chapter 22, "Health," of the Code of Ordinances of the City of Garland, Texas, is hereby amended *in part* to read as follows:

(e) Denial of permit. The regulatory authority may deny issuance of a permit to applicants who have not met the standards of this article; intentionally provide false information to the regulatory authority; or filed incomplete permit applications. Any person who has had their permit application denied shall, upon written request to the regulatory authority, be afforded a hearing before the Property Standards Board as soon as practicable, but not later than thirty (30) days from the denial.

Section 2

That Section 228.247(f), "Suspension of permits," of Section 228.247, "Permits," of the Texas Food Establishment Rules Amendments attached to Section 22.26, "Amendments made to the Texas Food Establishment Rules," of Chapter 22, "Health," of the Code of Ordinances of the City of Garland, Texas, is hereby amended *in part* to read as follows:

(f) Suspension of permits. Permits may be suspended by the regulatory authority for repeated failure of the permit holder to comply with the requirements of this article. Whenever a permit holder or operator has failed to correct a violation after receiving two (2) written notices for the violation or received a score of sixty-nine (69) or below on an unannounced food service inspection, the regulatory authority may suspend the permit. The permit holder or operator shall be notified in writing that the permit is, upon service of the notice, immediately suspended and that an opportunity for a hearing will be provided if a written request for a hearing is filed with the regulatory authority by the permit holder. Notwithstanding the other provisions of this article, whenever the regulatory authority finds unsanitary or other conditions in the operation of a food service establishment which constitute a substantial hazard to the public health, a written notice may be issued to the permit holder or operator citing such condition, specifying the corrective action to be taken, and specifying the time period within which such action shall be taken. If necessary, such order may state that the permit is immediately suspended and all food service operations are to be immediately discontinued. If the permit is suspended, a "Closed by Order of Garland Health Department" sign shall be placed on the entrance to the food establishment in plain view of the public. No person may remove, cover, alter, deface, or otherwise make unreadable said sign. Any person to whom such an order is issued shall comply immediately therewith, but, upon written request to the regulatory authority, shall be afforded a hearing before the City Manager or his or her designee as soon as practical, but not later than thirty (30) days from the suspension. Upon a suspension under this section, the permit holder or operator shall pay a reinspection fee as authorized by Section 437.0126, as may be amended, of the Health and Safety Code prior to reopening the food service establishment following suspension.

Section 3

That Section 228.247(h), "Revocation of permits," of Section 228.247, "Permits," of the Texas Food Establishment Rules Amendments attached to Section 22.26, "Amendments made to the Texas Food Establishment Rules," of Chapter 22, "Health," of the Code of Ordinances of the City of Garland, Texas, is hereby amended *in part* to read as follows:

(h) Revocation of permits. A permit may be revoked for serious or repeated violations of any of the requirements of this article, for interference with an employee of the regulatory authority in the performance of his or her duties, or for having scored sixty-nine (69) or below on three or more unannounced food service inspections within a twenty-four (24) month period. Prior to such action, the regulatory authority shall notify the permit holder in writing, stating with reasonable particularity the reasons for which the permit is subject to revocation, and advising that the permit shall be revoked at the end of five days following service of such notice, unless a request for a hearing appealing the decision is filed with the regulatory authority within such five day period. The appellate hearing pursuant to this section shall be heard by the Property Standards Board ("PSB"). Upon the filing of the permit holder's request for appeal, the PSB shall set a time and place for the hearing with thirty (30) days of such request. At the hearing, either side may present testimony and evidence supporting its position. At the conclusion of the hearing, the PSB shall either (1) affirm the decision to revoke the permit, or (2) reverse the decision to revoke the permit. The decision by the PSB is final. A permit shall be suspended pending its revocation or pending any hearing contesting the proposed revocation.

Section 3

That Section 228.247(i), "Hearings," of Section 228.247, "Permits," of the Texas Food Establishment Rules Amendments attached to Section 22.26, "Amendments made to the Texas Food Establishment Rules," of Chapter 22, "Health," of the Code of Ordinances of the City of Garland, Texas, is hereby amended *in part* to read as follows:

(i) Hearings. Unless otherwise specified, the hearings provided for in this section shall be conducted by the Property Standards Board at a time and place designated by it. The Property Standards Board shall make a finding and shall either sustain, modify, or rescind any official notice or order considered in the hearing. A written report of the hearing decision shall be furnished upon request to the permit holder by the regulatory authority.

Section 4

That Section 228.247(j), "Future operations prohibited," of Section 228.247, "Permits," of the Texas Food Establishment Rules Amendments attached to Section 22.26, "Amendments made to the Texas Food Establishment Rules," of Chapter 22, "Health," of the Code of Ordinances of the City of Garland, Texas, is hereby amended *in part* to read as follows:

(j) Future operations prohibited. Any person whose food establishment permit has been revoked shall for a period of three years be prohibited from operating, being employed within, or in any way being associated with the operation of any food establishment located at the address of the food establishment whose permit was revoked .

Section 5

That Section 228.247(l), "Posting of food inspection scores," of Section 228.247, "Permits," of the Texas Food Establishment Rules Amendments attached to Section 22.26, "Amendments made to the Texas Food Establishment Rules," of Chapter 22, "Health," of the Code of Ordinances of the City of Garland, Texas, is hereby amended *in part* to read as follows:

(l) Posting of food inspection scores. All food establishments shall post, on a form provided by the regulatory authority to be printed in landscape format on 8.5"x11" paper, the most recent unannounced inspection score or scores (if two or more scores are available for the food establishment). The form shall be placed on or near the front entrance of the food establishment as that it is easily visible to the public. No person may remove, cover, alter, deface, or otherwise make unreadable the posted form. The form shall remain posted until a new scoring form is issued by the regulatory authority for the food establishment, at which time the new scoring form shall be posted.

Section 6

That Chapter 22 of the Code of Ordinances for the City of Garland, Texas, as amended, shall be and remain in full force and effect save and except as amended by this Ordinance.

Section 7

That a violation of any provision of this Ordinance shall be a misdemeanor punishable in accordance with Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas.

Section 8

That the terms and provisions of this Ordinance are severable and are governed by Sec. 10.06 of the Code of Ordinances of the City of Garland, Texas.

Section 9

That this Ordinance shall be and become effective immediately upon and after its passage and approval.

PASSED AND APPROVED this the _____ day of ____________, 2025.

CITY OF GARLAND, TEXAS

____
Mayor

ATTEST:

____
City Secretary

PUBLISHED: