



GARLAND

Mission

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

CITY OF GARLAND REGULAR MEETING 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.

LEGISLATIVE PRAYER AND PLEDGE OF ALLEGIANCE

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MAYORAL PROCLAMATIONS, RECOGNITIONS AND ANNOUNCEMENTS

The Mayor may present proclamations, recognize attendees or accomplishments, and make announcements regarding City events or other matters of interest to citizens including but not limited to listed items. There will be no Council discussion or votes on these matters.

- Proclamation Recognizing National Service Dog Month
- Proclamation Recognizing Hispanic Heritage Month

CONSENT AGENDA

All items under this section are recommended for approval by a single motion of Council, without discussion. Council has had the opportunity to review each of these items at a previous Work Session, and approval of the consent agenda authorizes the City Manager or his designee to execute each item. The Mayor will announce the consent agenda and provide an opportunity for members of the audience, as well as Council, to request that any item be removed and considered separately.

1. Approve the minutes of the September 2, 2025 Regular Meeting

2. Approve the following bids:

- a. GP&L and TMPA Transmission Line As-Built Modeling and Clearance Verification** **Bid No. REQ00000111**

Burns & McDonnell Engineering Company, Inc. \$394,000.00

This request is to obtain as-built PLS-CADD models of the GP&L and TMPA transmission systems to verify and document line to ground clearances and crossing circuits. Expenses associated with TMPA will be reimbursed at 100%.

- b. GP&L King Mountain Switch Station Relay Panels** **Bid No. REQ00000307**

KBS Electrical Distributors, Inc. \$400,000.00

This request is for the purchase of relay panels to be used in the GP&L King Mountain Switch Station. This is part of the approved GP&L King Mountain Terminal to Grandfalls CIP project.

- c. GP&L Forced Draft Fan Motor** **Bid No. REQ00000307**

Brandon & Clark, Inc. \$346,528.83

This request is for the purchase of a forced draft fan motor for GP&L Olinger Unit 3. This is part of the approved GP&L Olinger 3 - FD Fan Motor CIP project.

- d. GP&L Packaged Substation** **Bid No. REQ00000260**

Keasler Sales, LLC \$501,000.00

This request is for the purchase of a packaged substation for the low side of the 138kV/12.5kV transformer at the GP&L Ben Davis Substation. This is part of the approved GP&L Substation Upgrades CIP project.

3. Atmos Energy Rate Review Mechanism Settlement

Council is requested to consider a resolution approving a negotiated settlement with Atmos Energy regarding the companies' 2025 rate review mechanism filing. Council was briefed on this item at the September 2, 2025 Work Session.

4. Parking Restrictions on Towngate Blvd

Vehicles are parked along Towngate Boulevard causing delays getting in and out of the Towngate

townhome neighborhood. Approve parking restrictions on the west side of Towngate Boulevard. Council was briefed on this item at the September 2, 2025 Work Session.

5. Parking Restrictions on Heather Glen Drive and Birchwood Drive

Recent temporary increases in enrollment at Heather Glen Elementary School necessitate parking restrictions on adjacent streets. Approve parking restrictions along Heather Glen Drive and Birchwood Drive due to increased traffic at Heather Glen Elementary School. Council was briefed on this item at the September 2, 2025 Work Session.

6. Household Hazardous Waste Interlocal Agreement Renewal FY2025-26

Funding for the household hazardous waste program is included in the FY 2025-26 Stormwater Management Fund. The request for FY 2025-26 in the amount of \$350,000 is above the approved budget of \$270,000 and will leave a remaining balance of \$(80,000). A FY 2025-26 Budget Amendment will be brought forward to City Council at a future date to appropriate the additional \$80,000 from fund balance reserves available in the Stormwater Management Fund for this program. Council was briefed on this item at the September 15, 2025 Work Session.

7. 2025 Capital Improvement Program (CIP) Budget Amendment No. 2

Approve an ordinance amending the 2025 Capital Improvement Program to adopt CIP Budget Amendment No. 2 for the Existing Facility Improvements Program, the Drainage Improvements Prior to Street Replacement, the Parks and Recreational Equipment new project, and the Signs and Markings new program. Council was briefed on the proposed CIP Budget Amendment No. 2 at the August 18, 2025 and September 15, 2025 Work Sessions.

8. A public hearing was previously conducted for the zoning case(s) below. Council approved the zoning request(s) and instructed staff to bring forth the following ordinances:

a. Z 25-26 Purchasing Fund 2023 2 LLC (District 3)

Approve an ordinance amending the Garland Development Code of the City of Garland, Texas, by approving a Specific Use Provision for an Accessory Dwelling (Guest House) Use and a Concept Plan for a Guest house on a 28,156 square feet tract of land addressed as 2813 Seminary Circle; providing for conditions, restrictions, and regulations; providing a penalty under the provisions of Sec. 10.05 of the Code of Ordinances of the City of Garland, Texas; providing a Notice of Conditions of Compliance Clause; providing a Savings Clause and a Severability Clause; and providing an effective date.

ITEMS FOR INDIVIDUAL CONSIDERATION

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9. Hold public hearings on the following Cases:

a. Consider a request by The Dimension Group, requesting approval of 1) a Specific Use Provision (SUP) for Fuel Pumps, Retail use on property zoned Planned Development (PD) District 86-45 with a base zoning of Community Retail (CR) District and 2) a Concept Plan for

Fuel Pumps, Retail use. The site is located at 730 West Centerville Road in District 4.

Consider and take appropriate action on the application of The Dimension Group, requesting approval 1) a Specific Use Provision (SUP) for Fuel Pumps, Retail use on property zoned Planned Development (PD) District 86-45 with a base zoning of Community Retail (CR) District and 2) a Concept Plan for Fuel Pumps, Retail use. The site is located at 730 West Centerville Road. (District 4) (File Z 25-25)

Presenter: Nabila Nur, Planning & Development Director

10. Approval of a Resolution of Intent to Establish a City of Garland Property Assessed Clean Energy (PACE) Program; and Setting 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 October 6, 2025 Regular Meeting. At the Public hearing, all interested persons shall be allowed to be heard for or against the Resolution of Intent to Establish a City of Garland PACE Program.

Presenter: Ayako Schuster, Economic Development Director

CITIZEN COMMENTS

Members of the audience wishing to address issues not on the meeting agenda may have three minutes to speak. However, according to the Texas Open Meetings Act, Council is prohibited from discussing any item not on the posted agenda.

ADJOURN

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

1. Pending/contemplated litigation, settlement offer(s), and matters concerning privileged and unprivileged client information deemed confidential by Rule 1.05 of the Texas Disciplinary Rules of Professional Conduct. Sec. 551.071, Tex. Gov't Code.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.072, Tex. Gov't Code.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Sec. 551.073, Tex. Gov't Code.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Sec. 551.074, Tex. Gov't Code.
5. The deployment, or specific occasions for implementation of security personnel or devices. Sec. 551.076, Tex. Gov't Code.
6. Discussions or deliberations regarding commercial or financial information that the City has received from a business prospect that 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

CITY COUNCIL STAFF REPORT

1

Meeting Date: September 16, 2025

Title: Approve the minutes of the September 2, 2025 Regular Meeting

Submitted by: Jennifer Stubbs, City Secretary

Strategic Focus Area: Future-Focused City Organization

Issue / Summary

Approve the September 2, 2025 Regular Meeting minutes.

Background

N/A

Consideration / Recommendation

Consider approving the September 2, 2025 Regular Meeting minutes.

Attachments

A. September 2, 2025 Regular Meeting Minutes



GARLAND

MINUTES

The City Council of the City of Garland convened in regular session at 7:00 PM on September 2, 2025, in the Council Chambers at the William E. Dollar Municipal Building, 200 North Fifth Street, Garland, Texas, with the following members present:

Present: Mayor Dylan Hedrick
Mayor Pro Tem Margaret Lucht
Deputy Mayor Pro Tem Christopher Ott
Councilmember Jeff Bass
Councilmember Kris Beard
Councilmember Ed Moore
Councilmember BJ Williams
Councilmember Carissa Dutton
Councilmember Joe Thomas Jr.

Staff Present: Jud Rex, City Manager
Mitch Bates, Deputy City Manager
Crystal Owens, Assistant City Manager
Brian England, City Attorney
Matt Watson, Chief Financial Officer
Allyson Bell Steadman, Budget and Financial Strategy Director
Jennifer Stubbs, City Secretary
Nabila Nur, Planning Director
Courtney Vanover, Public Information Coordinator

LEGISLATIVE PRAYER AND PLEDGE OF ALLEGIANCE

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Councilmember Beard provided the legislative prayer and led those in attendance in reciting the Pledge of Allegiance to the Flag of the United States of America.

MAYORAL PROCLAMATIONS, RECOGNITIONS AND ANNOUNCEMENTS

The Mayor may present proclamations, recognize attendees or accomplishments, and make announcements regarding City events or other matters of interest to citizens including but not limited to listed items. There will be no Council discussion or votes on these matters.

- Pet of the Month

Alberto Maldonado announced the pet of the month; Fritos.

CONSENT AGENDA

All items under this section are recommended for approval by a single motion of Council, without discussion. Council has had the opportunity to review each of these items at a previous Work Session, and approval of the consent agenda authorizes the City Manager or his designee to execute each item. The Mayor will announce the consent agenda and provide an opportunity for members of the audience, as well as Council, to request that any item be removed and considered separately.

Councilmember Beard made a motion to approve the consent agenda as presented. Mayor Pro Tem Lucht seconded the motion. All voted in favor. The motion carried.

1. Approve the minutes of the August 16, 2025 Budget Workshop

2. Approve the minutes of the August 19, 2025 Regular Meeting

3. Approve the following bids:

a. Shelf-Ready Books & Materials for Libraries

Bid No. RFQ00000157

Brodart Co.

\$600,000.00

This request is for the purchase of shelf-ready physical books and materials for the use of Garland Library patrons. This approval is for a Term Agreement with four optional renewals.

4. Grant Disbursement Agreement - Garland Housing Finance Corporation

Accept a \$325,000 grant from the Garland Housing Finance Corporation (GHFC) for the Where The Heart Is program with the City of Garland and authorize the City Manager to sign and execute a disbursement agreement for deployment of these funds. Council was briefed on this item at the August 4, 2025 Work Session.

Speakers on the item: Bob Duckworth.

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

Approve 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. Council was briefed on this item at the September 2, 2025 Work Session.

6. Amendment to the Tax Roll

Approve an Ordinance to amend the tax roll by \$79,585.29 by removing uncollectible ad valorem taxes as recommended by generally accepted accounting principles. Council was briefed on this item at the September 2, 2025 Work Session.

7. "Clean-up" Amendments to the Garland Development Code

Approve "clean-up" amendments to certain provisions of the GDC to align local ordinances with recently enacted state law and regulations. 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

directed by City Council. Council was briefed on this item at the September 2, 2025 Work Session.

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

Approve "clean-up" amendments to certain provisions of the Code of Ordinances 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. Council was briefed on this item at the September 2, 2025 Work Session.

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

Council is requested to adopt the FY 2025-26 Civil Service Classifications and Compensation Ordinance, pursuant to Chapter 143 of the Texas Local Government Code.

ITEMS FOR INDIVIDUAL CONSIDERATION

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10. Hold public hearings:

a. Public Hearing on Proposed FY 2025-26 Tax Rate

The Texas Property Tax Code, Section 26.05 (d), provides that a governing body may not adopt a tax rate that exceeds the lower of the voter approval rate or the no-new-revenue tax rate until the governing body has held a public hearing on the proposed tax rate and has otherwise complied with Section 26.06 and Section 26.065 of the Texas Property Tax Code. At the Public Hearing, all interested persons shall be allowed to be heard for or against the 2025-26 proposed tax rate.

Presenter: Corey Worsham, Tax Administrator

Mayor Hedrick opened the public hearing. There were no speakers on this item. Mayor Hedrick closed the public hearing.

b. Public Hearing on the FY 2025-26 Proposed Annual Operating Budget

Section 5, Article VIII, of the City Charter, requires that a Public Hearing be held on the Proposed Budget for the coming fiscal year. At the Public Hearing, all interested persons shall be allowed to be heard for or against any item contained in the Proposed Budget.

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

Mayor Hedrick opened the public hearing. There were no speakers on this item. Mayor Hedrick closed the public hearing.

11. Ordinance to Ratify the Property Tax Revenue for 2025-26

As required by Local Government Code 102.007, the adoption of a Budget that raises more property tax revenue than was generated the previous year requires three votes by the City Council: (a) one vote to "ratify" the property tax revenue increase reflected in the Budget, (b) one

vote to adopt the Budget, and (c) one vote to adopt the tax rate. This Ordinance ratifies the property tax revenue increase as reflected in the 2025-26 Annual Operating Budget by adding the following statement:

This budget will raise more revenue from property taxes than last year's budget by an amount of \$10,269,877, which is a 5.75 percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$3,805,763.

An ordinance reflecting the ratification of the property tax revenue increase will be prepared for the Mayor's signature upon final vote and approval from the City Council.

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

Councilmember Beard made a motion that the City Council ratify a property tax revenue increase of \$10,269,877 from last fiscal year's budget, of which \$3,805,763 is tax revenue to be raised from new property added to the tax roll. Councilmember Dutton seconded the motion. All voted in favor. The motion carried.

12. Adoption of the 2025-26 Annual Operating Budget

In accordance with the City Charter, the City Manager presented his recommended Budget for fiscal year 2025-26 to the City Council on August 4, 2025. Copies were made available for public inspection at the City libraries, the City Secretary's Office, and on the City's website. Public Hearings on the FY 2025-26 Proposed Budget were held on August 19, 2025, and September 2, 2025. An ordinance reflecting final decisions regarding the Budget for 2025-26 and revised budgets will be prepared for the Mayor's signature upon final direction from the City Council.

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

Councilmember Beard made a motion to ratify the property tax rate presented by staff and reflected in this budget. Councilmember Dutton seconded the motion.

Councilmember Beard made a motion to approve the City Manager's Budget as proposed. Councilmember Bass seconded the motion. All voted in favor. The motion carried.

13. Adoption of 2025-26 Property Tax Rate

The City Council has considered an ad valorem tax rate of 68.9746 cents per \$100 of valuation for the fiscal year beginning October 2, 2025. All meetings, notices and public hearing requirements related to the adoption of the tax rate have been met in accordance with state law.

Presenter: Corey Worsham, Tax Administrator

Councilmember Beard made a motion that the property tax rate be increased by the adoption of a tax rate of 68.9746 cents per \$100 of valuation in which is effectively a 4.70% increase in the tax rate. My motion will be in two parts:

First, I move that the rate for debt service be approved in the amount of forty and ten hundredths of a cent. Councilmember Moore seconded the motion. All voted in favor. The motion carried.

Second, I move that the rate for maintenance and operations be approved in the amount of twenty-eight and eighty-six hundredths of a cent. Councilmember Dutton seconded the motion. All voted in favor. The motion carried.

14. Rate and Fee Changes for 2025-26

In considering the 2025-26 Annual Operating Budget, the City Council reviewed adjustments to existing rates and fees, the addition of new fees, and the elimination of certain fees, as outlined in

the Master Fee and Rate Schedule. Revenue estimates included in the 2025-26 Annual Operating Budget are based on these actions. An ordinance will be prepared for the Mayor's signature once final direction has been given by the Council.

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

Councilmember Beard made a motion to approve the Fee and Rate Ordinance as presented with the budget and discussed with City Council. Councilmember Dutton seconded the motion. All voted in favor. The motion carried.

Mayor Hedrick thanked staff for their work and efforts on the budget.

15. Hold public hearings:

- a. **Consider a request by Resource One Credit Union, requesting approval of 1) a Planned Development amendment to allow an Automobile Repair, Minor use by right on property currently zoned Planned Development 02-28 (PD-02-28) with a base zoning district of Community Retail (CR) and 2) a Concept Plan for an Automobile Repair, Minor use on the subject site. The site is located at 2401 Arapaho Road in District 7.**

Consider and take appropriate action on the application of Resource One Credit Union, requesting approval of 1) a Planned Development amendment to allow an Automobile Repair, Minor use by right on property currently zoned Planned Development 02-28 (PD-02-28) with a base zoning district of Community Retail (CR) and 2) a Concept Plan for an Automobile Repair, Minor use on the subject site. The site is located at 2401 Arapaho Road. (District 7) (File Z 25-23)

Presenter: Nabila Nur, Planning & Development Director

Ms. Nur provided a presentation on the item. She stated that staff and the Plan Commission recommended denial.

Applicant speaking on the item: Dallas Cothrum.

Councilmember Thomas Jr. made a motion to deny the request. Mayor Pro Tem Lucht seconded the motion. The vote was: Councilmember Thomas Jr., yes; Mayor Hedrick, no; Mayor Pro Tem Lucht, yes; Deputy Mayor Pro Tem Ott, yes; Councilmember Bass, yes; Councilmember Beard, yes; Councilmember Moore, yes; Councilmember Williams, yes; and Councilmember Dutton, yes. The motion carried.

- b. **Consider a request by Purchasing Fund 2023 2, LLC., requesting approval of a Specific Use Provision (SUP) for an existing Guest House use on the subject site and 2) a Concept plan for a Guest House use. The site is located at 2813 Seminary Circle in District 3.**

Consider and take appropriate action on the application of Purchasing Fund 2023 2, LLC., requesting approval of a Specific Use Provision (SUP) for an existing Guest House use on the subject site and 2) a Concept plan for a Guest House use. The site is located at 2813 Seminary Circle. (District 3) (File Z 25-26)

Presenter: Nabila Nur, Planning & Development Director

Ms. Nur provided a presentation on the item and answered questions of the Council. Mr. England provided comments.

Councilmember Moore made a motion to approve the request as presented. Councilmember Williams seconded the motion. All voted in favor. The motion carried.

- c. **Consider a request by Kimley-Horn, requesting approval of 1) a Specific Use Provision (SUP) for Fuel Pumps, Retail use on property zoned Community Retail (CR) District and 2) a**

Concept Plan for Fuel Pumps, Retail use. The site is located at 2000 East Centerville Road in District 2.

Consider and take appropriate action on the application of Kimley-Horn, requesting approval of 1) a Specific Use Provision (SUP) for Fuel Pumps, Retail use on property zoned Community Retail (CR) District and 2) a Concept Plan for Fuel Pumps, Retail use. The site is located at 2000 East Centerville Road. (District 2) (File Z 25-20)

Presenter: Nabila Nur, Planning & Development Director

Ms. Nur provided a presentation on the item. She stated that staff and the Plan Commission recommended denial. Ms. Nur answered questions of the Council.

Applicant speaking on the item: Marcisco Lura.

Speakers on the item: Melody LeClair.

Councilmember Beard made a motion to deny the request. Councilmember Williams seconded the motion. All voted in favor. The motion carried.

Mayor Hedrick announced that the Council was retiring into recess at 8:49 p.m. Mayor Hedrick reconvened the meeting at 9:00 p.m.

- d. Consider a request by Kang Lin, requesting approval of 1) a Specific Use Provision (SUP) for Personal Services use on property zoned Planned Development (PD) District 23-20 for Industrial Uses and 2) a Concept Plan for Personal Services Use. The site is located at 1914 South Jupiter Road, Suite A in District 6.**

Consider and take appropriate action on the application of Kang Lin, requesting approval of 1) a Specific Use Provision (SUP) for Personal Services use on property zoned Planned Development (PD) District 23-20 for Industrial Uses and 2) a Concept Plan for Personal Services Use. The site is located at 1914 South Jupiter Road, Suite A. (District 6) (File Z 25-27)

Presenter: Nabila Nur, Planning & Development Director

Ms. Nur provided a presentation. She stated that the Plan Commission recommended denial and staff had no recommendation. Ms. Nur answered questions of the Council.

Councilmember Dutton made a motion to deny the request. Mayor Pro Tem Lucht seconded the motion. All voted in favor. The motion carried.

16. Amend Chapters 26 & 32 Code of Ordinances Related to Short-Term Rental Regulations

Approve an ordinance amending Chapters 26 and 32 of the Code of Ordinances related to the regulation of short-term rentals. Council was briefed on this item at the August 18, 2025 and September 2, 2025 Work Sessions.

Presenter: Brian England, City Attorney

Speakers on the item: Roxanne Seibert, Jeff Lucido, Kristin Lucido and Dr. Jonathan Dehn.

Mayor Pro Tem Lucht made a motion to approve the ordinance as presented. Councilmember Dutton seconded the motion. All voted in favor. The motion carried.

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

Approve 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. Council was briefed on

this item at the August 18, 2025 and September 2, 2025 Work Sessions.

Presenter: Mandy Pippen, Health Director, Mitch Bates, Deputy City Manager

Councilmember Beard made a motion to approve the ordinance as presented. Councilmember Williams seconded the motion. All voted in favor. The motion carried.

CITIZEN COMMENTS

Members of the audience wishing to address issues not on the meeting agenda may have three minutes to speak. However, according to the Texas Open Meetings Act, Council is prohibited from discussing any item not on the posted agenda.

Carl Smith.

ADJOURN

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Mayor Hedrick adjourned the meeting at 9:31 p.m.

Submitted By:

Dylan Hedrick, Mayor

Jennifer Stubbs, City Secretary



GARLAND

PURCHASING REPORT

2.a

Meeting Date: September 16, 2025

Title: GP&L and TMPA Transmission Line As-Built Modeling and Clearance Verification

Submitted by: Chuck Chapman, Director of Transmission Services

Bid Number: REQ00000111

Strategic Focus Area: Safe Community
Reliable / Cost-Efficient Utility Services

Purchase Justification

This request is to obtain as-built PLS-CADD models of the GP&L and TMPA transmission systems to verify and document line to ground clearances and crossing circuits. Expenses associated with TMPA will be reimbursed at 100%.

Evaluation

Burns & McDonnell was selected as the Most Qualified firm for this project from RFQ 0832-24. As competitive bids were not received, a Bid Recap is not included.

Award Recommendation

Vendor	Bid No.	Item	Amount	Basis for Award	Purchase Requisition #
Burns & McDonnell Engineering Company, Inc.	REQ00000111	All	\$394,000.00	Most Qualified	REQ00000111

Fiscal Impact

This item will be expensed from GP&L Transmission Operating accounts as appropriate. Expenses associated with TMPA will be reimbursed at 100%.

Attachments

None

Budget Type: Operating
Fiscal Year: FY 2024-25
Document Location: Page 262

Routing

Perla Cruz, Management Services Coordinator
Lauri Vornberg, Electric Budget & Procurement Analyst
Gary Holcomb, Procurement & Material Management Director
Allyson Bell Steadman, Director of Budget & Research
Jennifer Stubbs, City Secretary

Created/Initiated - 8/21/2025
Approved - 8/22/2025
Approved - 8/25/2025
Approved - 8/26/2025
Final Approval - 8/27/2025



GARLAND

PURCHASING REPORT

2.b

Meeting Date: September 16, 2025

Title: GP&L King Mountain Switch Station Relay Panels

Submitted by: Chuck Chapman, Director of Transmission Services

Bid Number: REQ00000307

Strategic Focus Area: Reliable / Cost-Efficient Utility Services

Purchase Justification

This request is for the purchase of relay panels to be used in the GP&L King Mountain Switch Station. This is part of the approved GP&L King Mountain Terminal to Grandfalls CIP project. A 10% Owner's contingency has been included for any unforeseen material items needed.

Evaluation

A request for bids was issued in accordance with Purchasing procedures. Two (2) bids were received and evaluated with KBS Electrical Distributors, Inc. submitting the Lowest Responsible Bid.

Award Recommendation

Vendor	Bid No.	Item	Amount	Basis for Award	Purchase Requisition #
KBS Electrical Distributors, Inc.	REQ00000307	All	\$400,000.00	Lowest Responsible Bid	REQ00000307

Fiscal Impact

Funding is available in the GP&L Substations Upgrades CIP Program, for the construction award in the amount of \$400,000, which is within the approved budget of \$4,000,000 and will leave a remaining balance of \$2,242,323.

Attachments

A. Bid Recap

Budget Type: CIP
Fiscal Year: 2025
Document Location: Page 284

Routing

Lauri Vornberg, Electric Budget & Procurement Analyst
Gary Holcomb, Procurement & Material Management Director
Allyson Bell Steadman, Director of Budget & Research
Jennifer Stubbs, City Secretary

Created/Initiated - 8/28/2025
Approved - 8/29/2025
Approved - 8/29/2025
Final Approval - 9/5/2025

[illegible]



GARLAND

PURCHASING REPORT

2.c

Meeting Date: September 16, 2025

Title: GP&L Forced Draft Fan Motor

Submitted by: David Bernard, Administrator

Bid Number: REQ00000307

Strategic Focus Area: Reliable / Cost-Efficient Utility Services

Purchase Justification

This request is for the purchase of forced draft fan motor for GP&L Olinger Unit 3. This is part of the approved GP&L Olinger 3 - FD Fan Motor CIP project.

Evaluation

A request for bids was issued in accordance with Purchasing procedures. Four (4) bids were received and evaluated based on the published criteria. Flanders CR Acquisition, Inc. was deemed non-responsive for not meeting specifications. Brandon and Clark, Inc. received the highest evaluated score, offering the Best Value for the City.

Award Recommendation

Vendor	Bid No.	Item	Amount	Basis for Award	Purchase Requisition #
Brandon & Clark, Inc.	REQ00000307	All	\$346,528.83	Best Value	REQ00000253

Fiscal Impact

Funding is available in the GP&L Production CIP Program, for the forced draft fan motor in the amount of \$346,529, which is within the approved budget of \$368,500 and will leave a remaining balance of \$4,921.

Attachments

A. Bid Recap

Budget Type: CIP
Fiscal Year: 2025
Document Location: Page 282

Routing

Lauri Vornberg, Electric Budget & Procurement Analyst
Gary Holcomb, Procurement & Material Management Director
Allyson Bell Steadman, Director of Budget & Research
Jennifer Stubbs, City Secretary

Created/Initiated - 8/28/2025
Approved - 8/29/2025
Approved - 8/29/2025
Final Approval - 9/5/2025

[illegible]



GARLAND

PURCHASING REPORT

2.d

Meeting Date: September 16, 2025

Title: GP&L Packaged Substation

Submitted by: Chuck Chapman, Director of Transmission Services

Bid Number: REQ00000260

Strategic Focus Area: Reliable / Cost-Efficient Utility Services

Purchase Justification

This request is for the purchase of a packaged substation for the low side of the 138kV/12.5kV transformer at the GP&L Ben Davis Substation. This is part of the approved GP&L Substation Upgrades CIP project. A 10% Owner's contingency has been included for any unforeseen material items needed.

Evaluation

Keasler Sales, LLC is the Sole Source provider for the specified Dis-Tran packaged substation. As competitive bids were not received, a Bid Recap is not included.

Award Recommendation

Vendor	Bid No.	Item	Amount	Basis for Award	Purchase Requisition #
Keasler Sales, LLC	REQ00000260	All	\$501,000.00	Sole Source	REQ00000260

Fiscal Impact

Funding is available in the GP&L Substations Upgrades CIP Program, for the packaged substation in the amount of \$501,000, which is within the approved budget of \$1,135,024 and will leave a remaining balance of \$558,677.

Attachments

None

Budget Type: CIP
Fiscal Year: 2025
Document Location: Page 284

Routing

Lauri Vornberg, Electric Budget & Procurement Analyst
Gary Holcomb, Procurement & Material Management Director
Allyson Bell Steadman, Director of Budget & Research
Jennifer Stubbs, City Secretary

Created/Initiated - 8/28/2025
Approved - 9/3/2025
Approved - 9/5/2025
Final Approval - 9/9/2025



GARLAND

CITY COUNCIL STAFF REPORT

3

Meeting Date: September 16, 2025

Title: Atmos Energy Rate Review Mechanism Settlement

Submitted by: Matthew Watson, Managing Director-Financial Services

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

Issue / Summary

City Council will consider a resolution to approve a settlement agreement with Atmos regarding the companies' 2025 rate review mechanism.

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

Staff recommends approving the resolution

Attachments

A. Atmos Mid-Tex 2025 RRM Settlement Resolution

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



GARLAND

CITY COUNCIL STAFF REPORT

4

Meeting Date: September 16, 2025

Title: Parking Restrictions on Towngate Blvd

Submitted by: Paul Luedtke, Director of Transportation

Strategic Focus Area: Safe Community
Well-Maintained City Infrastructure
Vibrant Neighborhoods and Commercial Centers

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

- A. Towngate Blvd Parking Restrictions
- B. Towngate (Parking Restriction) Rev1

ORDINANCE NO.

AN ORDINANCE AMENDING CHAPTER 33, "TRANSPORTATION" OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A PENALTY CLAUSE, 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 Section 33.48, Paragraph A, "Prohibited at all times", of Article IV, "Stopping, Standing, and Parking", of Chapter 33, "Transportation", of the Code of Ordinances, City of Garland, Texas, is hereby amended by the addition of the following:

<u>Street</u>	<u>Extent</u>	<u>Side</u>
Towngate Boulevard	Towngate Drive To Millay Boulevard	West

SECTION 2

That violation of the provisions of this Ordinance shall constitute a misdemeanor punishable in accordance with Section 10.01 through 10.06 of Chapter 10 of the Code of Ordinances, City of Garland, Texas.

SECTION 3

That Chapter 33 of the Code of Ordinances, City of Garland, Texas, shall remain in full force and effect, save and except as amended by this Ordinance.

SECTION 4

That the terms and provisions of this Ordinance are severable and are governed by Section 10.01 through 10.06 of the Code of Ordinances of the City of Garland, Texas.

SECTION 5

That this Ordinance shall become and be effective on and after the date of adoption and publication in accordance with law.

PASSED AND APPROVED this _____

THE CITY OF GARLAND, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

PROPOSED PARKING RESTRICTION TOWNGATE BOULEVARD



LEGEND



PROPOSED RESTRICTION



GARLAND

CITY COUNCIL STAFF REPORT

5

Meeting Date: September 16, 2025

Title: Parking Restrictions on Heather Glen Drive and Birchwood Drive

Submitted by: Paul Luedtke, Director of Transportation

Strategic Focus Area: Vibrant Neighborhoods and Commercial Centers
Well-Maintained City Infrastructure
Safe Community

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 700 feet south of Heather Glen Drive (approximately at Overcrest Drive).

Attachments

- A. Birchwood Dr and Heather Glen Dr Parking Restrictions
- B. Heather Glen Elem Mitigations

ORDINANCE NO.

AN ORDINANCE AMENDING CHAPTER 33, "TRANSPORTATION" OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A PENALTY CLAUSE, 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 Section 33.48, Paragraph A, "Prohibited at all times", of Article IV, "Stopping, Standing, and Parking", of Chapter 33, "Transportation", of the Code of Ordinances, City of Garland, Texas, is hereby amended by the addition of the following:

<u>Street</u>	<u>Extent</u>	<u>Side</u>
Birchwood Drive	Heather Glen Drive To 700 feet southwest of Heather Glen Drive	Southeast
Heather Glen Drive	Birchwood Drive To Barcelona Drive	Both

SECTION 2

That violation of the provisions of this Ordinance shall constitute a misdemeanor punishable in accordance with Section 10.01 through 10.06 of Chapter 10 of the Code of Ordinances, City of Garland, Texas.

SECTION 3

That Chapter 33 of the Code of Ordinances, City of Garland, Texas, shall remain in full force and effect, save and except as amended by this Ordinance.

SECTION 4

That the terms and provisions of this Ordinance are severable and are governed by Section 10.01 through 10.06 of the Code of Ordinances of the City of Garland, Texas.

SECTION 5

That this Ordinance shall become and be effective on and after the date of adoption and publication in accordance with law.

PASSED AND APPROVED this _____

THE CITY OF GARLAND, TEXAS

By: _____
Mayor

ATTEST:

City Secretary



2025 BUILD CONDITIONS



EXHIBIT 4 - MITIGATIONS EXHIBIT

LINDA L. GRIFFIN ELEMENTARY SCHOOL

CITY OF GARLAND

DALLAS COUNTY, TEXAS

Drawn:	Checked:	Date	Job No.
HWL	HWL	8/07/25	25-093

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GARLAND

CITY COUNCIL STAFF REPORT

6

Meeting Date: September 16, 2025

Title: Household Hazardous Waste Interlocal Agreement Renewal FY2025-26

Submitted by: Amber Thompson, Environmental Compliance Director

Strategic Focus Area: Safe Community
Well-Maintained City Infrastructure

Issue / Summary

Garland's current interlocal agreement with Dallas County, for the collection and disposal of household hazard waste (HHW) generated by the Garland citizens, expires on September 30th, 2025, and must be renewed to continue to allow Garland citizens to drop off their HHW for proper disposal.

Background

The Environmental Protection Agency (EPA) requires largely populated cities to obtain a stormwater permit before the city can allow its rainwater to enter creeks or lakes. Texas Commission on Environmental Quality (TCEQ) issues and regulates Garland's stormwater permit. Part of this regulation requires Garland to maintain a stormwater management plan, which includes a HHW Management Program. HHW generally consists of unwanted home chemicals, including insecticides, herbicides, antifreeze, latex and oil-based paints, which are not allowed to be disposed of in the regular trash.

For over 25 years, the City Council has approved Garland to renew its interlocal agreement with Dallas County to allow Garland citizens to participate in the Dallas Area HHW Network, which operates at a fixed disposal facility near Garland, located at 11234 Plano Road, Dallas, Texas.

Consideration / Recommendation

The Director of Environmental Compliance and the Stormwater Manager recommend that the City Council authorize the City Manager or designee to execute the interlocal agreement between Dallas County and the City of Garland, which defines the terms and conditions for Dallas County and the City of Garland to participate in the Dallas Area HHW Network.

Attachments

- A. Dallas County Household Hazardous Waste ILA Court Order 2025-0849
- B. 2026 HHW ILA Renew - GARLAND



COURT ORDER 2025-0849

Proposed FY2026 Budget/Continuation of Household Hazardous Waste Program

On a motion made by Commissioner Dr. Elba Garcia, and seconded by Commissioner Andrew Sommerman, the following order was passed and adopted by the Commissioners Court of Dallas County, State of Texas:

BRIEFING DATE: August 5, 2025
FUNDING SOURCE: NA

Be it resolved and ordered that the Dallas County Commissioners Court does hereby approve the continuation of the Household Hazardous Waste program, its FY2026 interlocal agreement with participating cities, and its proposed FY2026 budget of \$2,868,712

It is further resolved and ordered that the County Judge is authorized to sign the aforementioned FY2026 Interlocal agreement on behalf of the County.

Done in open Court August 5, 2025 by the following vote:

IN FAVOR:	County Judge Clay Jenkins, Commissioner Dr. Theresa Daniel, Commissioner John Wiley Price, Commissioner Dr. Elba Garcia, and Commissioner Andrew Sommerman
OPPOSED:	None
ABSTAINED:	None
ABSENT:	None

Recommended by: Christopher Hooper
Originating Department: Consolidated Services

STATE OF TEXAS §
 §
 COUNTY OF DALLAS §

**AMENDMENT NO. 3
 TO THE HOUSEHOLD HAZARDOUS WASTE INTERLOCAL AGREEMENT
 (The "Agreement")
 BETWEEN
 DALLAS COUNTY
 AND
 CITY OF GARLAND
 (The "City")
 A MEMBER CITY OF
 THE DALLAS AREA HOUSEHOLD HAZARDOUS WASTE NETWORK**

WHEREAS, on, __August 5, 2025_____, the Dallas County Commissioners Court was briefed on a request from the cities of the Dallas Area Household Hazardous Waste Network to renew and revise the effective term and specify new fiscal year budgets for the Household Hazardous Waste Program Interlocal Agreement ("Agreement") that permits four additional one-year renewals for a five-year total contract term and was authorized by Court Order 2022-0661; and

WHEREAS, the proposed Amendment No.3, along with the attachment C2026, will serve to continue the Household Hazardous Waste Program through fiscal year 2026, while updating overall program budget amounts and individual city budget limits for the new fiscal year; and

WHEREAS, proposed Amendment No. 3 contains no other changes in the basic terms and conditions of the Agreement and incurs no cost to Dallas County.

NOW THEREFORE, by execution of this Amendment No. 3, the Agreement is amended hereby with respect to the items and features described in the Articles below.

**I.
 PURPOSE**

The purpose of this Amendment is to amend the effective term and fiscal year budget of the Agreement without change to the basic terms and provisions. No other sections, provisions, clauses or conditions of the Agreement are waived, deleted or changed hereby, and they shall remain in full force and effect throughout the term of the Agreement and any duly authorized amendments.

**II.
 AMENDED PROVISIONS**

A. The new term of the Agreement shall be October 1, 2025, through September 30, 2026.

B. The language contained in Paragraph 1, *Section IV. City Responsibilities* shall be deleted in its entirety and replaced with the following language:

1. "A sum not to exceed \$350,000 for disposal, setup, operational, capital, and transportation costs for HHW collection for residents of the City during the period from October 1, 2025 through September 30, 2026. This figure is based on the program's annual budget contained in **Exhibit C2026** which is incorporated herein for all purposes.
 - a. Collection, setup, and disposal costs will be paid after-the-fact, based on actual usage by the City at events and at the collection center.
 - b. Operational and capital costs shall be paid quarterly in advance.
 - c. In the event of early withdrawal, the operational and capital costs will not be pro-rated for partial quarter participation, but will become immediately due and payable in full."

C. Exhibit C2025 of the Agreement entitled *FY2025 HHW Program Budget Summary* shall be deleted and replaced with the attached Exhibit C2026 entitled *FY2026 HHW Program Budget Summary*.

IN WITNESS WHEREOF, by their signatures below, the duly authorized representatives of Dallas County and City of Garland, a member city of the Dallas Area Household Hazardous Waste Network, do hereby agree and append this Amendment No. 3 to the Agreement.

EXECUTED THIS _____ day of _____, 2025.

DALLAS COUNTY:

CITY OF GARLAND:

BY: Clay Lewis Jenkins
 County Judge

BY:

APPROVED AS TO FORM:*

John Creuzot
 District Attorney

ATTESTED TO:

BY: _____

APPROVED AS TO FORM:

BY: _____

BY: Stephen Sibley

* By law, the Dallas County District Attorney's Office may only advise or approve contracts or legal documents on behalf of its clients. It may not advise or approve a contract or legal document on behalf of other parties. Our review of this document was conducted solely from the legal perspective of our client. Our approval of this document was offered solely for the benefit of our client. Other parties should not rely on this approval, and should seek review and approval by their own respective attorney(s).

Exhibit C2026**FY2026 HHW PROGRAM BUDGET SUMMARY**

This exhibit summarizes the total program funding for FY2026 as approved by the Dallas Area Household Hazardous Waste Network at its regular meeting on May 13, 2025, and replaces the language contained in Exhibit C2025 of the Household Hazardous Waste Program Interlocal Agreement that was authorized by Court Order 2022-0661.

- Fixed Costs include personnel expense, operating costs, and capital budget, which are shared by the Network cities based on single-family household projections published by North Central Texas Council of Governments.
- Personnel Expense includes all HHW staff salaries and fringe.
- Operating Expense includes supplies, equipment, advertising, public education, volunteer support, staff development, printing, postage, facility maintenance, utilities, and all other direct programming costs.
- Capital Expense includes building repairs, equipment repair or replacement, mechanical upgrades, and expansion projects.
- Variable costs include estimated direct costs for collection and disposal of hazardous household wastes, which vary according to actual usage and are indicated in the budget summary for planning purposes only. ***Funding for actual collection, contract labor, and disposal costs will be collected from the cities after the fact, on an as-used basis.***
- Collection/Mobilization/Disposal Budget includes estimated costs for staging of events, recycling services, waste containers, waste transportation, and disposal.
- Contract Labor Expense is for part-time, seasonal labor provided by the disposal vendor.

Budget adjustments made to the Operational Budget during the term of the Agreement shall not result in a City Funding amount that exceeds the approved budget total shown herein. The County may make line item transfers within the operating budget when these transfers do not exceed \$5,000. Budget adjustments in excess of \$5,000 must be approved by the HHW Network.

BUDGET SECTION	CITY FUNDING
FIXED COSTS (OPERATIONAL BUDGET)	
Personnel Costs	\$ 867,437
Operating Costs	\$ 323,275
Capital Expense	\$ 130,000
Sub-Total	\$ 1,320,712
ESTIMATED VARIABLE COSTS (COLLECTION / LABOR / DISPOSAL BUDGET)	\$ 1,548,000
TOTAL PROGRAM BUDGET	\$2,868,712



GARLAND

CITY COUNCIL STAFF REPORT

7

Meeting Date: September 16, 2025

Title: 2025 Capital Improvement Program (CIP) Budget Amendment No. 2

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

Strategic Focus Area: Sound Governance and Finances

Issue / Summary

Amend the 2025 Capital Improvement Program (CIP) to increase or create appropriations for Existing Facility (FCA) Improvements and Drainage Improvements Prior to Street Replacement projects, and include the following new proposed projects in 2025 referred from the operating budget process: Parks & Recreational Equipment Replacement and Transportation Signs and Markings program.

1. Approved CIP Budget Amendment No. 2 as presented.
2. Approve components of CIP Budget Amendment No. 2.
3. Do not approve CIP Budget Amendment No. 2.

Background

Proposed Amendments to Existing CIP Projects

1. Existing Facility Improvements Program - Ronald E. Jones Municipal Building

At the February 18, 2025, Regular Meeting, City Council approved a purchase award recommendation for Jones Municipal Building facility improvements, including building automation, roof structure replacement, and improved mechanical and electrical systems. This will require the advancement of \$2,020,000 of funding originally programmed in 2026 for the completion of the improvements. The City's cash reserves will be used to fund the increase and a reimbursement certificate will be issued allowing the reserves to be replenished in May 2026 when Certificates of Obligation are issued for this request and the 2026 CIP.

CIP Budget Amendment No. 2 proposes to increase the Municipal Facilities & Miscellaneous Tax Supported 2025 CIP appropriation by \$2,020,000 for the Existing Facility Improvements program.

2. Drainage Improvements Prior to Street Replacement

The Street Department has identified six street replacements that also require drainage improvements. The improvements will require the advancement of \$575,000 of funding originally programmed in future years for the completion of the improvements. The City's cash reserves will be used to fund the increase and a reimbursement certificate will be issued allowing the reserves to be replenished in May 2026 when Certificates of Obligation are issued for this request and the 2026 CIP.

CIP Budget Amendment No. 2 proposes to increase the Drainage 2025 CIP appropriation by \$575,000 for the Drainage Improvements Prior to Street Replacement program.

Proposed Appropriation of New CIP Projects

1. Equipment for Park and Recreational Use

Equipment replacement for the Parks and Recreation and Neighborhood Vitality Departments is typically funded with one-time resources in the annual operating budget. This request was referred from operating budget process for the use of the short-term debt (1-year CO in 2025). The replacement of 19 tractors (\$505,000) for the Parks and Recreation Department ensures operational continuity, safety, and efficiency of Parks equipment critical to daily maintenance and services. Due to demand for the existing block trailer, staff requested the addition of a second block party trailer (\$25,000) for use by neighborhoods and organizations in Garland. The City's cash reserves will be used to fund the increase and a reimbursement certificate will be issued allowing the reserves to be replenished in May 2026 when Certificates of Obligation are issued for this request and the 2026 CIP.

CIP Budget Amendment No. 2 proposes to appropriate \$530,000 in the Parks and Recreation 2025 CIP for the Parks and Recreational Equipment.

2. Transportation Signs and Markings Replacement Program

Since FY23, the signs and markings program has been funded with one-time resources in the annual operating budget to maintain standard replacement cycles. This funding (\$458,000) will maintain the ability to update the pavement markings on generally a 2–4-year rotation and replace signs on a 20-year cycle. This request was referred from operating budget process for the use of the short-term debt (1-year term CO in 2025). The City's cash reserves will be used to fund the increase and a reimbursement certificate will be issued allowing the reserves to be replenished in May 2026 when Certificates of Obligation are issued for this request and the 2026 CIP.

CIP Budget Amendment No. 2 proposes to appropriate \$458,000 in the Transportation 2025 CIP for the Signs and Markings program.

Important Note: This staff report was previously presented to City Council on August 18, 2025, with the inclusion of an amendment for a Holford Multi-Purpose Recreational Facility Project. This proposal has been removed from consideration and will not be included in the ordinance amending the 2025 Proposed CIP scheduled for adoption on September 16, 2025.

Consideration / Recommendation

Approve an ordinance amending the 2025 Capital Improvement Program to adopt CIP Budget Amendment No. 2 appropriate \$2,020,000 to the Existing Facility Improvements Program, \$575,000 to the Drainage Improvements Prior to Street Replacement, \$530,000 for parks and recreational equipment, and \$458,000 for the Signs and Markings program, anticipated to be expended in 2025. Council considered the proposed CIP Budget Amendment No. 2 at the August 18, 2025, and September 15, 2025, Work Sessions.

Attachments

- A. DRAFT Ordinance - 2025 CIP Budget Amendment No. 2

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING AN AMENDMENT TO THE 2025 CAPITAL IMPROVEMENT PROGRAM ("2025 CIP AMENDMENT NO. 2"); PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE PARKS PROGRAM, STREETS/TRANSPORTATION PROGRAM, DRAINAGE PROGRAM, AND MUNICIPAL FACILITIES AND MISCELLANEOUS TAX-SUPPORTED PROGRAM; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council approved the 2025 Capital Improvement Program and appropriated the necessary funds for the improvements of the City; and

WHEREAS, the City Charter provides that the City Council may approve any amendments and supplements to the CIP Budget as deemed necessary in the public interest; and

WHEREAS, the City Council has reviewed and concurred with a Policy Report that establishes the need for changes to appropriations in the following programs and projects:

- (1) Parks & Recreational Equipemnt Replacement new project;
- (2) Transportation Signs and Markings new program;
- (3) Drainage Improvements Prior to Street Replacement program;
- (4) Existing Facility Improvements program.

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

Section 1

The City Council hereby authorizes and approves an amendment to the 2025 Capital Improvement Program in the amount of \$530,000 for parks and recreational equipment purchases; \$458,000 for Transportation's signs and markings improvements program; \$575,000 for construction through the drainage improvements prior to street replacmenet program; and, \$2,020,000 for improvements to the Ronald E. Jones Municipal Building through the existing facility improvements program.

Section 2

The City Council hereby amends Ordinance No. 7567 *in part* and by addition to read as follows:

"Section 1 (A), adjusting appropriations of \$530,000 for the replacement of 19 tractors and new purchase of a block party trailer for the new Parks and Recreational Equipment project."

"Section 1 (B), adjusting appropriations of \$458,000 for the improvements of pavement markings and transportation signs to maintain standard replacement cycles for the new Transportation Signs and Markings program."

"Section 1 (C), adjusting appropriations of \$575,000 for the replacement of six streets that also require drainage improvements for the Drainage Improvements Prior to Street Replacement program."

"Section 1 (G), adjusting appropriations of \$2,020,000 for the improvement of the Ronald E. Jones Municipal Building, including building automoation, roof structure replacement and improved mechanical and electrical systems, for the Existing Facility Improvements program."

Section 3

That Ordinance No. 7567 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 4

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 5

This ordinance shall be and become effective immediately upon and after its adoption and approval.

PASSED AND APPROVED this the 16th day of September, 2025.

CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary



GARLAND

CITY COUNCIL STAFF REPORT

8.a

Meeting Date: September 16, 2025

Title: Z 25-26 Purchasing Fund 2023 2 LLC (District 3)

Submitted by: Elisa Morales, Administrative Services Supervisor

Strategic Focus Area: Growing Economic Base

Issue / Summary

Zoning Ordinance Z 25-26 Purchasing Fund 2023 2 LLC

Background

Zoning Case Z 25-26 was approved via public hearing during the September 2, 2025 City Council meeting.

Consideration / Recommendation

Consider adoption of the attached ordinance.

Attachments

- A. Z 25-26 Ordinance
- B. Z 25-26 Exhibit A
- C. Z 25-26 Exhibit B
- D. Z 25-26 Exhibit C

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE GARLAND DEVELOPMENT CODE OF THE CITY OF GARLAND, TEXAS, BY APPROVING A SPECIFIC USE PROVISION FOR AN ACCESSORY DWELLING (GUEST HOUSE) USE AND A CONCEPT PLAN FOR A GUEST HOUSE ON A 28,156 SQUARE FEET TRACT OF LAND ADDRESSED AS 2813 SEMINARY CIRCLE; PROVIDING FOR CONDITIONS, RESTRICTIONS, AND REGULATIONS; PROVIDING A PENALTY UNDER THE PROVISIONS OF SEC. 10.05 OF THE CODE OF ORDINANCES OF THE CITY OF GARLAND, TEXAS; PROVIDING A NOTICE OF CONDITIONS OF COMPLIANCE CLAUSE; PROVIDING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, at its regular meeting held on the 28th day of July 2025, the Plan Commission did consider and make recommendations on a certain request for 1) a Specific Use Provision (SUP) for an Accessory Dwelling (Guest House) use on the subject site and 2) a Concept plan for a Guest House use on the subject site by **Homeward**; and

WHEREAS, the City Council, after determining all legal requirements of notice and hearing have been met, has further determined the following amendment to the zoning laws would provide for and would be in the best interest of the health, safety, morals, and general welfare:

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

Section 1

The Garland Development Code is hereby amended by approving 1) a Specific Use Provision (SUP) for an Accessory Dwelling (Guest House) on the subject site and 2) a Concept plan for a Guest House use on the subject site as shown in "Exhibit C" on a 28,156 square feet tract of land addressed as 2813 Seminary Circle and being more particularly described in "Exhibit A," attached hereto and made a part hereof.

Section 2

Development shall be in conformance with the conditions, restrictions, and regulations set forth in the Garland Development Code, except as otherwise specified by the conditions identified in "Exhibit B", attached hereto and made a part hereof.

Section 3

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

Section 4

NOTICE OF CONDITIONS OF COMPLIANCE: Notwithstanding the provisions of any other ordinance of the City, the full, complete, and continuing compliance with all the conditions, restrictions, and regulations of this Ordinance is a condition to the issuance and continuation of any permit, approval, authorization or consent by the City, including without limitation the issuance or continuation of any certificate of occupancy for any building or structure located on any portion of the property described in "Exhibit A". All promises, representations, obligations and undertakings made or assumed by the applicant to the City Council at any public presentation in connection with the granting of this Ordinance are hereby incorporated into and made a part of this Ordinance as if expressly set forth herein at length. No substantial deviation from any material portion of the conditions, restrictions, and regulations contained within this Ordinance are allowed except as may be provided by the City Council after a public hearing.

Section 5

That the Garland Development Code, as amended, shall be and remain in full force and effect save and except as amended by this Ordinance.

Section 6

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 7

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

FILE NO. Z 25-26

PASSED AND APPROVED this _____ day of _____,
2025.

THE CITY OF GARLAND, TEXAS

Mayor

ATTEST:

City Secretary

Published:

Exhibit A
Legal Description

Legal Description

CLUB HILL ESTATES 6

BLOCK 1, LOT 12

Instrument Number: INT202500007624

Date Filed: January 13, 2025

BEING all of Lot 12, Block 1, Club Hill Estates No. 6, an addition to the City of Garland, Dallas County, Texas, according to the map or plat thereof recorded in Volume 84017, Page 4559, Map Records of Dallas County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2" iron rod found at the southeast corner of said Lot 12;

THENCE N 45°15'55" W, a distance of 210.39 feet;

THENCE N 45°37'09" E, a distance of 116.63 feet;

THENCE S 13°12'30" E, a distance of 202.60 feet;

THENCE S 76°17'30" W, a distance of 59.76 feet to the POINT OF BEGINNING

and containing approximately **0.670 acres** of land.

SPECIFIC USE PROVISION

ZONING FILE Z 25-26

2813 Seminary Circle

- I. Statement of Purpose:** The purpose of this Specific Use Provision is to allow an Accessory Dwelling (Guest House) use.
- II. Statement of Effect:** This Specific Use Provision shall not affect any regulation found in the Garland Development Code, Ordinance No. 6773, as amended prior to adoption of this ordinance, except as specifically provided herein.
- III. General Regulations:** All regulations of the Single Family - 7 (SF-7) district as set forth in Chapter 7 of the Garland Development Code Ordinance 6773, are included by reference and shall apply, except as otherwise specified by this ordinance.
- IV. Abandonment:** In the event the land use for which this Specific Use Provision was granted ("Land Use") is abandoned, the SUP and all rights to the Land Use are automatically terminated, and the premises must be used in conformance with the PD, GDC, federal, and state law.
- For the purposes of this Specific Use Provision, Abandonment is any of the following acts:
- A. A failure to apply for a site or building permit on the premises, where applicable, within 180 days of the effective date of this SUP;
 - B. A failure to obtain a certificate of occupancy for the Land use within 730 days of the effective date of this SUP;
 - C. A failure to commence operating the Land Use on the premises within 90 days of receiving a final certificate of occupancy for the Land Use;
 - D. Discontinuance of the Land Use for a period of 180 days;
 - E. Applying for, and receiving, a new Certificate of Occupancy for a use other than the Land Use; or

EXHIBIT B

F. Operating a use on the premises, whether as a primary or secondary use, that is not allowed within the PD District, by the GDC, or by state or federal law.

The termination of utilities on the premises for a period of 180 calendar days is prima facie evidence of abandonment and the owner shall have the burden to prove that the Land Use has not been abandoned.

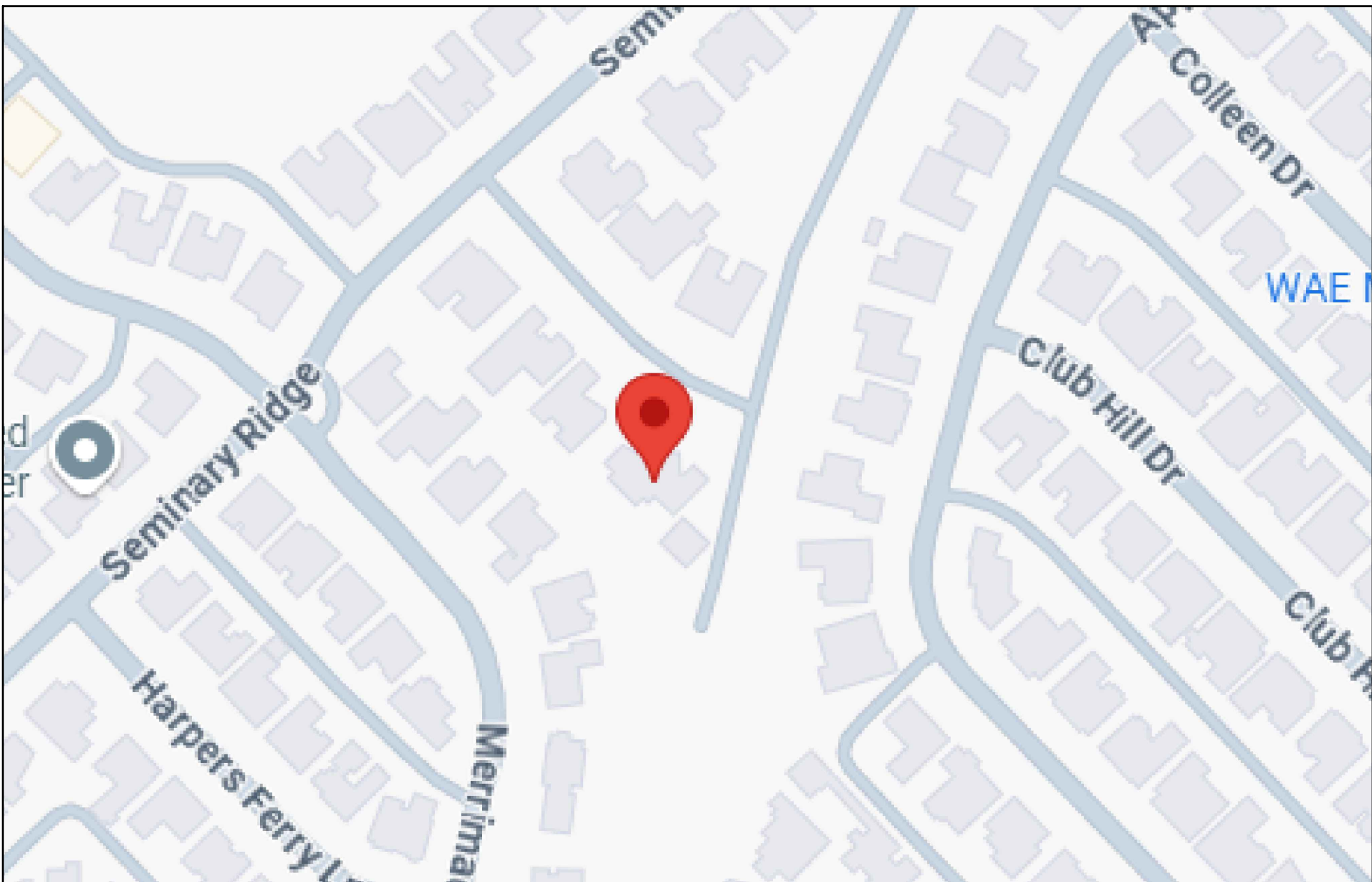
V. Specific Regulations:

1. Time Period: The Specific Use Provision shall have an indefinite time period.

GREAT CARE AND EFFORT HAVE GONE INTO THE CREATION OF THESE PLANS. HOWEVER, BECAUSE OF THE VARIANCE IN GEOGRAPHIC LOCATIONS, WE WILL NOT ASSUME LIABILITY FOR ANY DAMAGES DUE TO ERRORS, OMISSIONS, OR DEFICIENCIES ON THESE PLANS. OWNER/BUILDER MUST COMPLY WITH LOCAL BUILDING CODES PRIOR TO COMMENCEMENT OF CONSTRUCTION. THE PURCHASE OF THESE PLANS ENTITLES THE BUYER TO CONSTRUCT THIS PROJECT ONLY ONCE. ANY COPYING, TRACING, OR ALTERING OF THESE PLANS IS NOT PERMITTED. VIOLATORS WILL BE SUBJECT TO PROSECUTION UNDER COPYRIGHT LAWS.

Exhibit C

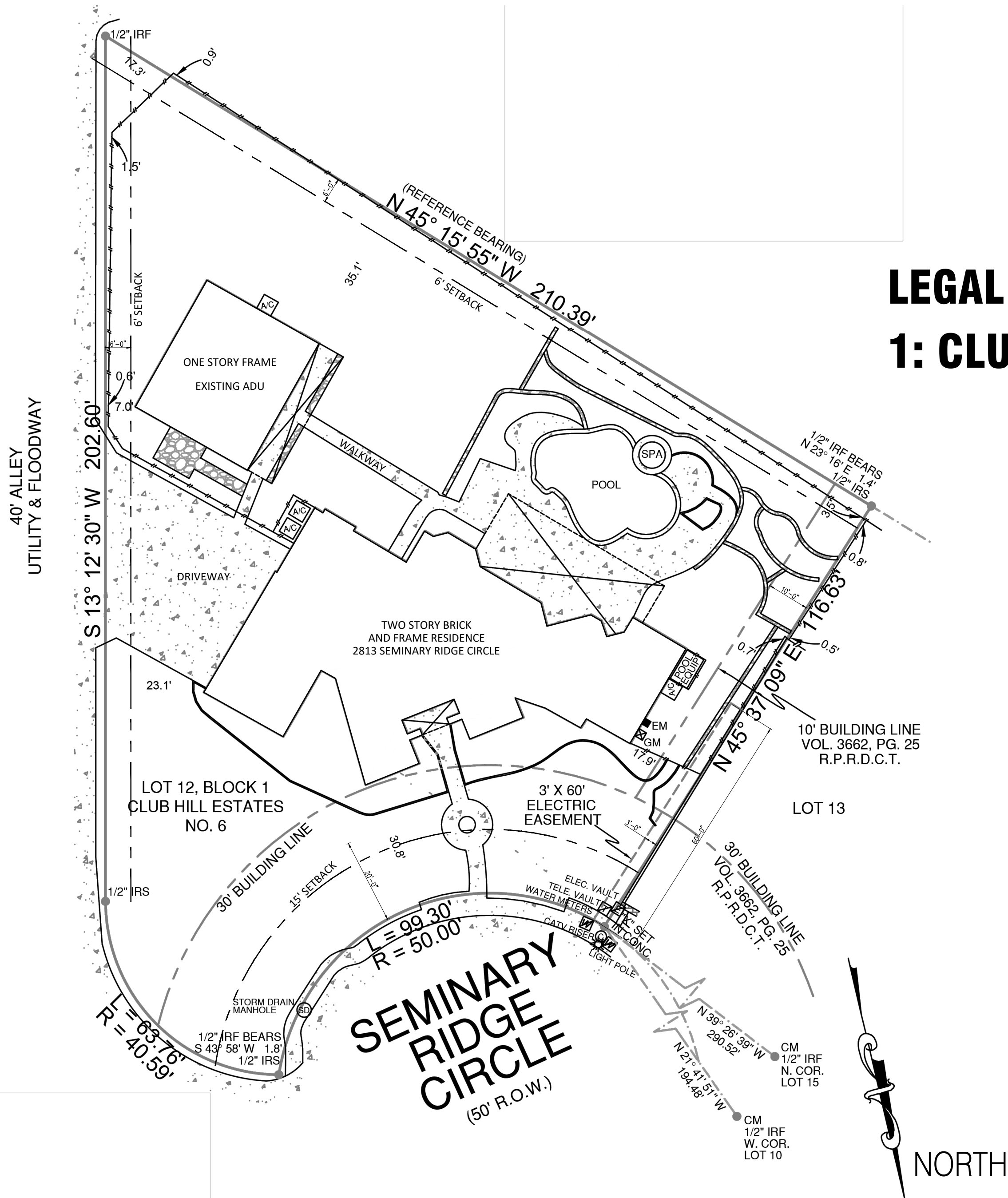
LEGAL DESCRIPTION:
1: CLUB HILL ESTATES 6 2: BLK 1 LOT 12



VICINITY MAP:
FOR REFERENCE

ZONING:
PLANNED DEVELOPMENT DISTRICT

APPLICANT: KATIE COLLINS
PHONE: 512-572-9717
ADDRESS: 1007 S CONGRESS AVE UNIT 9, SUITE 410 AUSTIN TX 78704
OWNER: PURCHASING FUND 2023 2 LLC
PHONE: 512-572-9717
ADDRESS: 1007 S CONGRESS AVE UNIT 9, SUITE 410 AUSTIN TX 78704
PLAN PREPARER: JORGE REYES
COMPANY NAME: VERTICAL ARTS BLUEPRINT AND PERMITS
ADDRESS: 2833 CROCKETT ST, FORT WORTH, TX 76107
PHONE NUMBER: 682-402-1523



PROPOSED SITE PLAN
SCALE: 1" = 20'-0"

PROPOSED SQUARE FOOTAGE

EXG LIVING AREA	4,337 S.F.
EXG GARAGE	700 S.F.
EXG STORAGE BUILDING	200 S.F.
EXISTING ADU	1,030 S.F.
TOTAL COVERED AREA	3,643 S.F.
LOT SIZE	25,552 S.F.
% PROPOSED COVERAGE	14.25 %

LEGEND:	
—x—x—x—	BARB WIRE FENCE
—o—o—o—	CHAIN LINK FENCE
—□—□—□—	WROUGHT IRON FENCE
—x—x—x—	WOOD FENCE
—v—v—v—	VINYL FENCE
—E—E—E—	ELECTRIC LINE
GM	GAS METER
EM	ELECTRIC METER
IPF	IRON PIPE FOUND
IRS	IRON ROD SET WITH "PREMIER" CAP
IRF	IRON ROD FOUND
CM	CONTROLLING MONUMENT (WOOD) RAILROAD TIE
ASPHALT	
CONCRETE	
GRAVEL	
TILE	
WOOD	
BRICK	
STONE	

FIT CONSULTATION NUMBER: #250213-3



ADDRESS:

2813 SEMINARY RIDGE CIR,
GARLAND, TX 75043

STAMP:

FILE NAME	SITE PLAN
SCALE	1"=20'
DATE	06/25/2025
SHEET	1

Planning Report

File No: Z 25-25/District 4

Agenda Item:

Meeting: City Council

Date: September 16, 2025



GARLAND

TEXAS MADE HERE

STRATEGIC FOCUS AREA

Growing economic base

REQUEST

Hold a public hearing and consider approval of 1) a Specific Use Provision (SUP) for Fuel Pumps, Retail use on property zoned Planned Development (PD) District 86-45 with a base zoning of Community Retail (CR) District and 2) a Concept Plan for Fuel Pumps, Retail use.

PLAN COMMISSION RECOMMENDATION

On August 25th, 2025, with an eight (8) to zero (0) vote, the Plan Commission recommended denial of a Specific Use Provision (SUP) for Fuel Pumps, Retail use on a property zoned Planned Development (PD) District 86-45 with a base zoning of Community Retail (CR) District and a Concept Plan for Fuel Pumps, Retail use.

LOCATION

730 West Centerville Road

APPLICANT

The Dimension Group

OWNER

730 West Centerville Road, LLC

BACKGROUND

The subject property is currently undeveloped after the demolition of the previous structure (*Boston Market*). The existing Planned Development (PD) District 86-45 on the site allows all uses within the Community Retail (CR) District. A Fuel Pumps, Retail Use requires a Specific Use Provision (SUP) in the CR District.

SITE DATA

The property is a 0.689-acre tract of now-vacant land that is proposed to be developed into a 2,824 SF convenience store with six (6) fuel pumps. The site is currently accessible from West Centerville Road and an access easement from the northeast.

USE OF PROPERTY UNDER CURRENT ZONING

The site is zoned Planned Development (PD) District 86-45 with a base zoning of Community Retail (CR) District. The Community Retail (CR) District is intended to accommodate a variety of retail, service, and business establishments that may or may not be designed in a shopping center configuration. The district may be used as a transition district between lower intensity retail or office uses and more intense uses. A Community Retail (CR) District is generally appropriate along major transportation corridors but is generally not appropriate in proximity to low-density residential districts without significant buffering and screening features. An example of allowed use in a CR district is a retail shopping area that may be large in scale with very limited or no outside storage. Traffic generated by uses in a Community Retail (CR) District must be focused onto the major thoroughfare network. Development in a Community Retail (CR) District may not be designed in a manner that increases traffic through residential areas.

CONSIDERATIONS

Specific Use Provision

1. The SUP Time period guide recommends 20-25 years for Fuel Pumps, Retail. The applicant requests the maximum allowed time period.
2. The use is not compatible with the intent of the Neighborhood Centers section of the Envision Garland Plan as gas stations are not typically pedestrian oriented and are rather transient in nature.

COMPREHENSIVE PLAN

The Future Land Use Map of the Envision Garland Plan recommends Neighborhood Centers for the subject site. Neighborhood centers provide a mix of retail, services, and community gathering places. This center should be appropriately scaled to adjacent residential areas.

These areas provide more pedestrian oriented and less auto-centric services to nearby residential developments. The current plan for the site could benefit from a more urban design to benefit future housing developments in the area.

COMPATIBILITY OF REQUEST WITH SURROUNDING ZONING AND LAND USES

The properties to the South, West, and East are zoned Community Retail (CR) District. These properties contain a restaurant, a car rental business, and a medical dental office/clinic. The property to the North across West Centerville Road is zoned Planned Development (PD) District 19-09 for Mixed Uses and contains a shopping center with a pad site. Businesses here are a grocery store, associated gas station, restaurant, personal service, retail store, and more adjacent uses.

Various convenience stores with fuel pumps lie within one mile driving-distance of the subject site. A convenience store with fuel pumps currently exists 420 lineal feet as well as half a mile Southwest down West Centerville Road. A convenience store with fuel pumps also currently exists 0.8 miles to the Northeast up West Centerville Road. Two convenience stores with fuel pumps currently exist three quarters of a mile and one mile to the West down Northwest Highway. Finally, there is a gas station associated with the Tom Thumb grocery store across the street. There are six (6) fuel pump stations within a one mile radius of the subject site. Higher quality Neighborhood Services (NS) uses would be more compatible with the surrounding residential uses.

STAFF RECOMMENDATION

Staff recommends denial of a Specific Use Provision (SUP) for a Fuel Pumps, Retail use at this location. In addition to the high volume of existing businesses, Retail Fuel pumps do not align with the Envision Garland Comprehensive plan for the subject site. With the impending increase in housing, and the existing residential development in east Garland, the City has the opportunity to provide commercial development that can be a well-planned gathering area. Much of the immediate area lacks sufficient elevated commercial developments and proposed developments should be tailored to fit the growing community.

ADDITIONAL INFORMATION

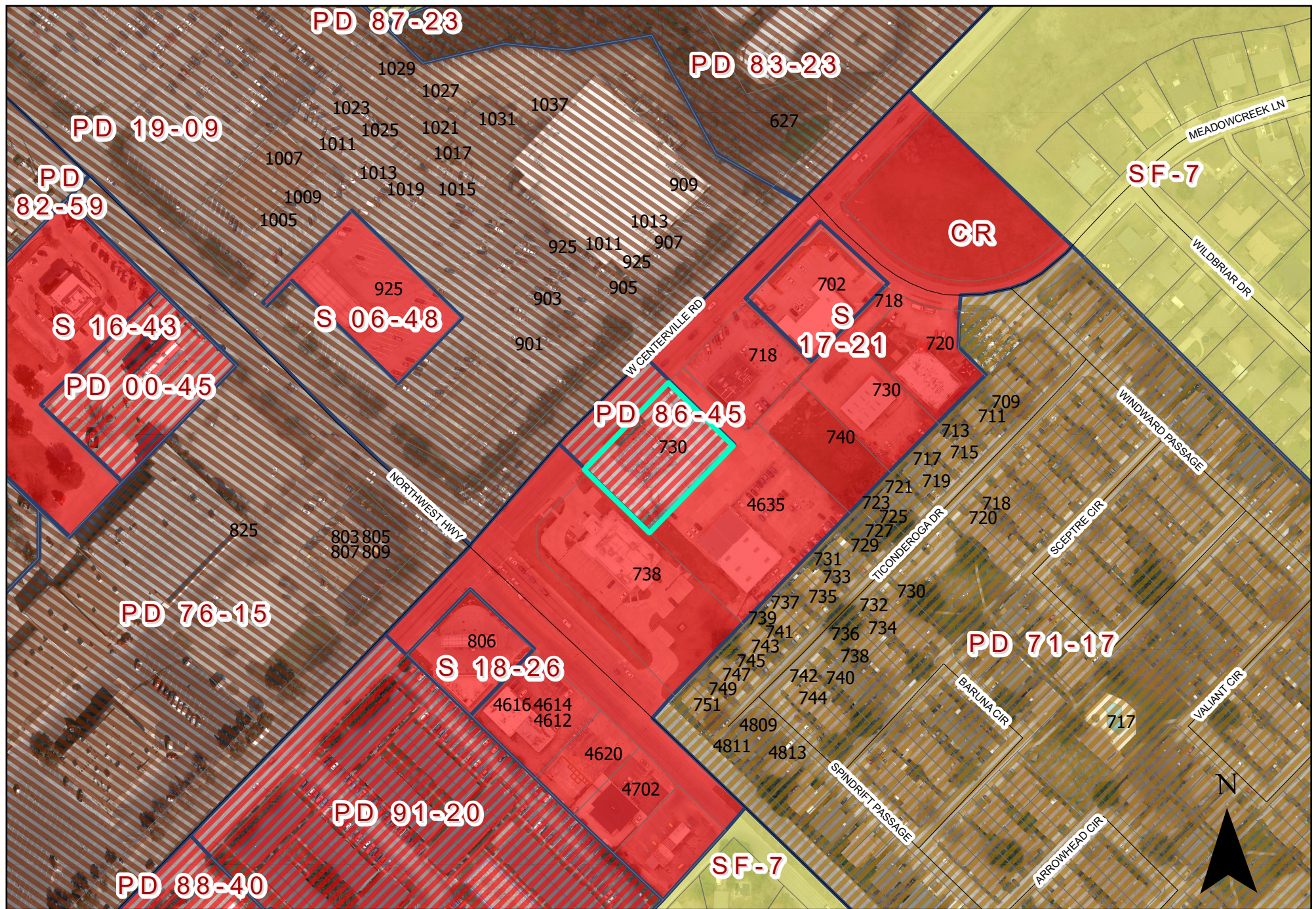
- i. Location Map
- ii. SUP Conditions
- iii. Concept Plan
- iv. Site Photos
- v. Written Narrative

PREPARED BY:

Matthew Wolverton
Planner II
Planning & Development
972-205-2454
mwolverton@garlandtx.gov

REVIEWED BY:

Nabila Nur, AICP
Planning Director
Planning and Development
972-205-2449
nnur@garlandtx.gov



0 200 400 Feet

Zoning Map 25-25



INDICATES AREA
OF REQUEST

730 W Centerville Rd

SPECIFIC USE PROVISION

ZONING FILE Z 25-25

730 West Centerville Road

[Requested by the Applicant]

- I. Statement of Purpose:** The purpose of this Specific Use Provision is to allow a Fuel Pumps, Retail Use.
- II. Statement of Effect:** This Specific Use Provision shall not affect any regulation found in the Garland Development Code, Ordinance No. 6773, as amended prior to adoption of this ordinance, except as specifically provided herein.
- III. General Regulations:** All regulations of the Community Retail (CR) District as set forth in Chapter 2 of the Garland Development Code Ordinance 6773, are included by reference and shall apply, except as otherwise specified by this ordinance.
- IV. Abandonment:** In the event the land use for which this Specific Use Provision was granted ("Land Use") is abandoned, the SUP and all rights to the Land Use are automatically terminated, and the premises must be used in conformance with the PD, GDC, federal, and state law.

For the purposes of this Specific Use Provision, Abandonment is any of the following acts:

- A. A failure to apply for a site or building permit on the premises, where applicable, within 180 days of the effective date of this SUP;
- B. A failure to obtain a certificate of occupancy for the Land use within 730 days of the effective date of this SUP;
- C. A failure to commence operating the Land Use on the premises within 90 days of receiving a final certificate of occupancy for the Land Use;
- D. Discontinuance of the Land Use for a period of 180 days;
- E. Applying for, and receiving, a new Certificate of Occupancy for a use other than the Land Use; or

EXHIBIT B

F. Operating a use on the premises, whether as a primary or secondary use, that is not allowed within the PD District, by the GDC, or by state or federal law.

The termination of utilities on the premises for a period of 180 calendar days is prima facie evidence of abandonment and the owner shall have the burden to prove that the Land Use has not been abandoned.

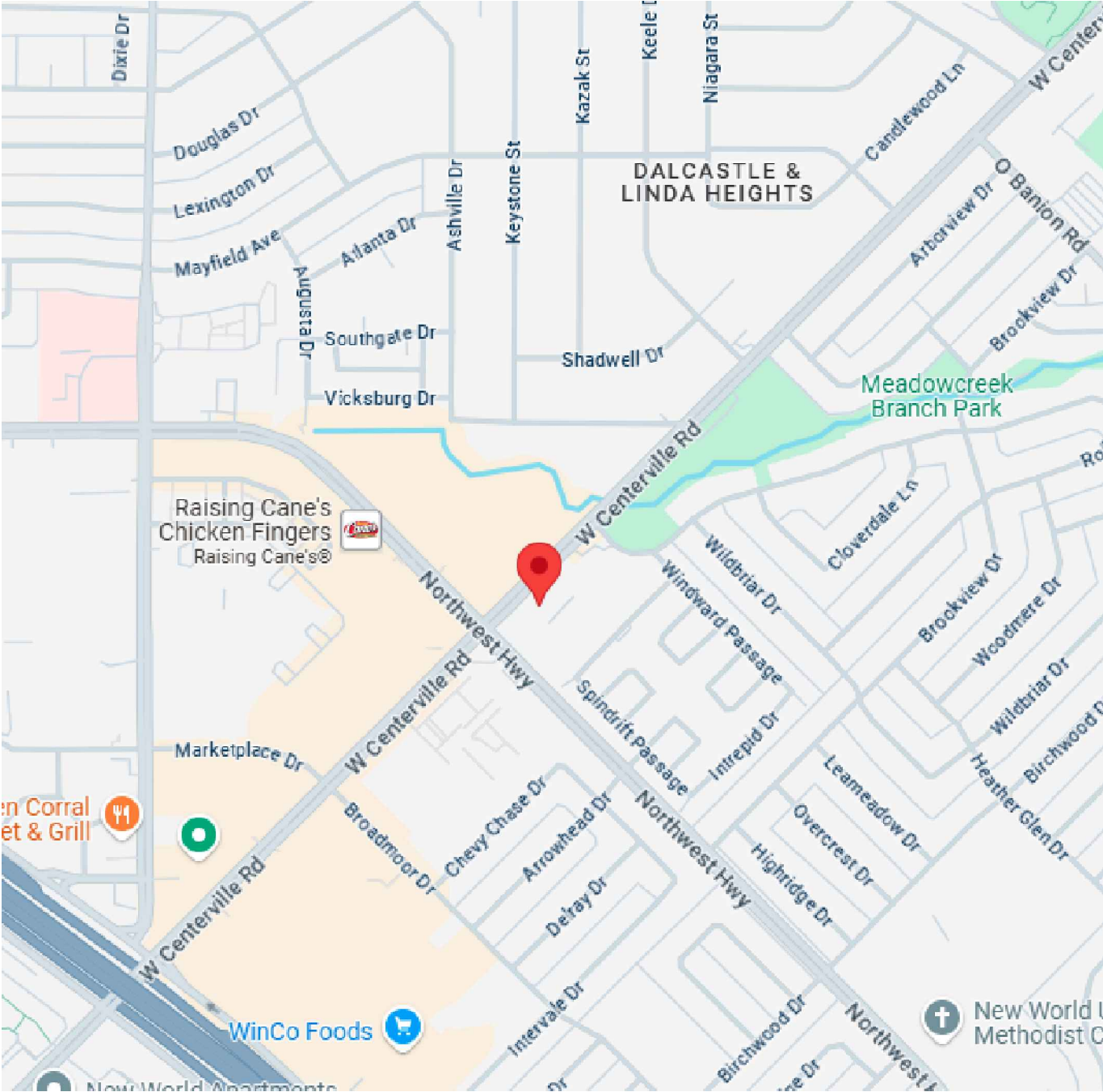
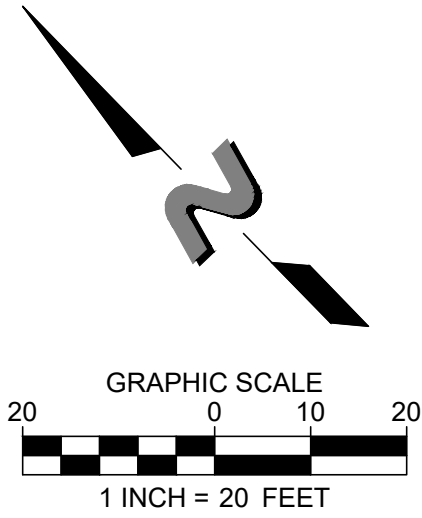
V. Specific Regulations:

Time Period: The Specific Use Provision shall have a 25-year time period.



— EXISTING FIRE HYDRANT

SITE DESIGN AND CONSTRUCTION PLANS SHALL CONFORM TO ALL REQUIREMENTS OF THE GARLAND DEVELOPMENT CODE (GDC), TECHNICAL STANDARD MANUAL (TSM), AND CITY CODES UNLESS AN APPROVED PD NARRATIVE CONDITION EXPRESSLY PROVIDES OTHERWISE. THE CONCEPT PLAN SHALL BE USED TO REPRESENT THE GENERAL IDEA OF THE PROPOSED LAND USE AND SITE ELEMENTS. THE CONCEPT PLAN SHALL NOT SUPERSEDE, AND SHALL BE SUBORDINATE TO, THE STANDARDS, REQUIREMENTS, AND CONDITIONS OF THE GDC, TSM, CITY CODE, OR THE APPROVED PD.



VICINITY MAP

PARCEL DATA		
	S.F.	ACRES
MURPHY PARCEL	30,011.00	0.69
EXISTING ZONE	PD 86-45 (PLANNED DEVELOPMENT)	
PROPOSED ZONE	PD 86-45 (PLANNED DEVELOPMENT)	
PROPOSED LAND USE	C-STORE W/ GAS SALES	

LEGEND

- | | |
|---|----------------------------|
|  | PROJECT PROPERTY LINE |
|  | ADJACENT PROPERTY LINE |
|  | PROPOSED C-STORE
W/ GAS |
|  | PROPOSED GAS CANOPY |
|  | PROPOSED PAVMENT |
|  | PROPOSED LANDSCAPE |

SHEET		CONCEPT PLAN EXHIBIT		MURPHY USA 730 W CENTERVILLE ROAD GARLAND, TEXAS 75043		THE DIMENSION GROUP ARCHITECTURE - CIVIL ENGINEERING - MEP ENGINEERING 10755 SANDHILL ROAD, DALLAS, TEXAS 75238 TEL: 214.343.3400 www.DimensionGroup.com	
EX-1				REVISION DESCRIPTION		BY	THESE PLANS ARE THE PROPERTY OF PROFESSIONAL SERVICE AND ARE PROTECTED BY COMMON LAW, STATUTORY AND OTHER RESERVED RIGHTS INCLUDING COPYRIGHT. THEY MAY NOT BE REPRODUCED OR USED FOR ANY PURPOSE WITHOUT THE WRITTEN CONSENT OF THE ARCHITECT.
		project no.		240--387	drawn by		
		date		6/25/2025 -- 10:35 am	designed by		
dwg.		EX-1 CONCEPT PLAN EXHIBIT.dwg	approved by				



10755 Sandhill Road, Dallas, TX 75238, 214.343.9400, dimensiongrp.com
ARCHITECTURE • CIVIL ENGINEERING • MEP ENGINEERING • PLANNING

June 2, 2025

To: City of Garland
David Jones
Planning and Development
dajones@garlandtx.gov

Re: Murphy # 7373
730 W Centerville Rd
Garland, TX 75043
Specific Use Permit - Project Narrative

Dear Planning and Development Staff,

On behalf of Murphy USA, we respectfully submit this request for a Specific Use Permit (SUP) to allow for the construction and operation of a convenience store with fuel sales at the above-referenced location along Centerville Road. The existing site contains a vacant Boston Market restaurant, and this proposal represents a reinvestment and revitalization of the underutilized property.

The proposed project includes demolition of the existing structure and construction of a 2,824-square-foot Murphy USA convenience store and six (6) fuel pumps with an overhead canopy. The building height is 18'-6" and the canopy height is 18'-9". The store will operate 24 hours per day, 7 days a week, and the SUP is requested to be granted in perpetuity.

This use is compatible with the surrounding properties along Centerville Road, which include a variety of commercial and retail developments. The project will enhance the corridor's appearance and utility by replacing a vacant building with a clean, modern facility that serves the public.

There are no deviations requested from the Garland Development Code. All applicable zoning, building, parking, and landscaping requirements will be met or exceeded. Notably, while a 10-foot landscape buffer is required along Centerville Road, we are providing a 16-foot landscape buffer, which accommodates a full planting corridor outside of existing easements.

The project does not include any stormwater detention facilities, nor are any required for this development, as confirmed by City of Garland Engineering staff during the pre-development meeting. The property is not located within a floodplain.

Perimeter screening will be provided in accordance with the Garland Development Code. As a commercial use, no residential units are proposed. The site will include appropriate lighting and landscaping to ensure an attractive and safe environment for customers.

The proposed signage will include one freestanding monument sign along Centerville Road and standard wall-mounted signs on the building, all compliant with city sign regulations.

214.343.9400
www.dimensiongrp.com
10755 Sandhill Road, Dallas, TX 75238

ARCHITECTURE • CIVIL ENGINEERING • MEP ENGINEERING • PLANNING



10755 Sandhill Road, Dallas, TX 75238, 214.343.9400, dimensiongrp.com

ARCHITECTURE • CIVIL ENGINEERING • MEP ENGINEERING • PLANNING

We believe this project is a beneficial addition to the City of Garland and will bring a modern retail use to a currently vacant site. We appreciate your consideration and look forward to working with you through the SUP review process. Please do not hesitate to contact me should you need any additional information.

We respectfully request your review and approval of the Specific Use Permit for fuel sales at this location. Thank you for your time and continued assistance with this application.

Sincerely,

Keaton Mai, PE
The Dimension Group
Director of Civil Engineering

214.343.9400

www.dimensiongrp.com

10755 Sandhill Road, Dallas, TX 75238

ARCHITECTURE • CIVIL ENGINEERING • MEP ENGINEERING • PLANNING

REPORT & MINUTES

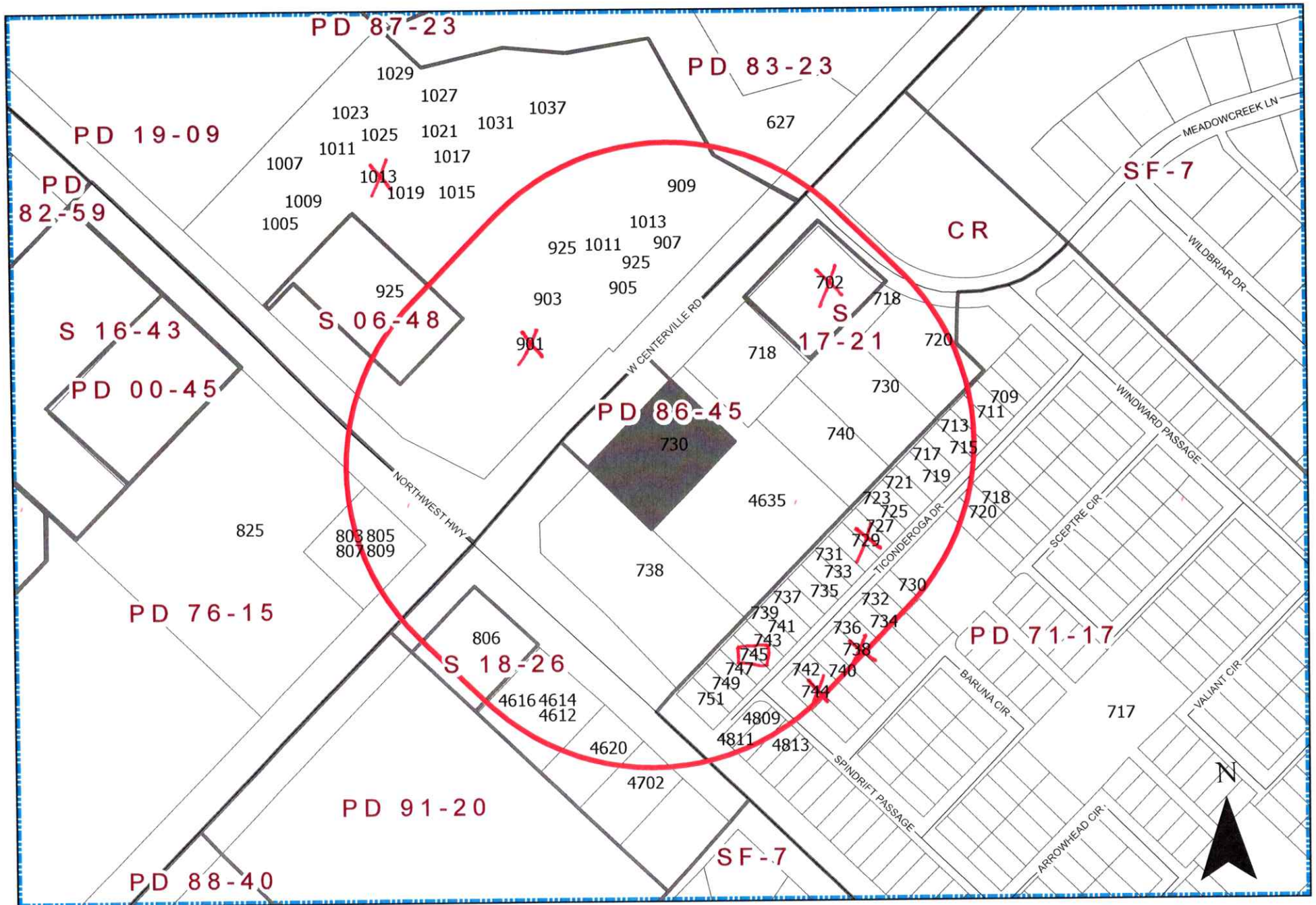
P.C. Meeting, August 25, 2025

2a. DENIED Consideration of the application of **The Dimension Group**, requesting approval of 1) a Specific Use Provision (SUP) for Fuel Pumps, Retail use on property zoned Planned Development (PD) District 86-45 with a base zoning of Community Retail (CR) District and 2) a Concept Plan for Fuel Pumps, Retail use. The site is located at 730 West Centerville Road. (District 4) (File Z 25-25)

Planner II, Matthew Wolverton, presented the request to the Commission and remained available for questions.

The applicant, Jeff Tucker, 1321 Berkshire Lane, Prosper, TX, provided an overview of the request and remained available for questions.

Motion was made by Commissioner Cornelius to close the public hearing and **deny** the application as presented. Seconded by Commissioner Duckworth. **Motion carried: 8 Ayes, 0 Nays.**



0 200 400 Feet

Zoning Map 25-25

INDICATES AREA OF REQUEST INDICATES NOTIFICATION AREA

730 W Centerville Rd

Comment Form

Case Z 25-25

Please Check One Below / Marque uno a continuación / Vui lòng kiểm tra một bên dưới

☐

For / A Favor / Đúng

☒

Against / En Contra / Không

Please complete the following information and email the form to Planning@garlandtx.gov; deliver to the Planning Department at 800 Main Street Garland, TX; or mail to City of Garland, Planning Department, P.O. Box 469002 Garland, TX 75406-9002. / Por favor Complete la siguiente información y envíe el formulario por correo electrónico a Planning@garlandtx.gov; entregar al Departamento de Planificación en 800 Main Street Garland, TX; o envíelo por correo a City of Garland, Planning Department, P.O. Box 469002 Garland, TX 75406-9002. / Vui lòng điền đầy đủ thông tin sau và gửi biểu mẫu qua email tới Planning@garlandtx.gov; giao cho Phòng Kế hoạch tại 800 Main Street Garland, TX; hoặc gửi thư đến Thành phố Garland, Sở Kế hoạch, P.O. Hộp 469002 Garland, TX 75406-9002.

DEEPAI VERMA, OWNER

Printed Name & Title / Nombre Impreso y Título / Tên in và Tiêu đề

(Property Owner, Business Owner, Tenant, etc.) / (Dueño de la propiedad, Dueño de la empresa, Inquilino, etc.) / (Chủ sở hữu bất động sản, Chủ doanh nghiệp, Người thuê, v.v.)

702 W CENTERVILLE RD

Your Property Address / La dirección de su propiedad / địa chỉ tài sản

GARLAND, TX

City, State / Estado de la Ciudad / Thành bang

75041

Zip Code / Código postal / Mã B u Chính



Signature / Firma / Chữ ký

8/19/25

Date / Fecha / Ngày

(Providing email address and phone number is optional. / La dirección de correo electrónico y el número de teléfono son opcionales. / Địa chỉ email và số điện thoại là tùy chọn.)

Comment Form

Case Z 25-25

Please Check One Below / Marque uno a continuación / Vui lòng kiểm tra một bên dưới

☐

For / A Favor / Đúng

☒

Against / En Contra / Không

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Sabre Realty Management, INC.

Printed Name & Title / Nombre Impreso y Título / Tên in và Tiêu đề

(Property Owner, Business Owner, Tenant, etc.) / (Dueño de la propiedad, Dueño de la empresa, Inquilino, etc.) / (Chủ sở hữu bất động sản, Chủ doanh nghiệp, Người thuê, v.v.)

901-1251 Northwest Hwy

Your Property Address / La dirección de su propiedad / địa chỉ tài sản

Garland, TX

City, State / Estado de la Ciudad / Thành bang

75041

Zip Code / Código postal / Mã B u Chính

Signature / Firma / Chữ ký

Date / Fecha / Ngày

(Providing email address and phone number is optional. / La dirección de correo electrónico y el número de teléfono son opcionales. / Địa chỉ email và số điện thoại là tùy chọn.)

Comment Form Case Z 25-25

Please Check One Below / Marque uno a continuación / Vui lòng kiểm tra một bên dưới

☐

For / A Favor / Đúng

☒

Against / En Contra / Không

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Kenneth Clasen

Printed Name & Title / Nombre Impreso y Titulo / Tên in và Tiêu đề

(Property Owner, Business Owner, Tenant, etc.) / (Dueño de la propiedad, Dueño de la empresa, Inquilino, etc.) / (Chủ sở hữu bất động sản, Chủ doanh nghiệp, Người thuê, v.v.)

729 Ticonderoga Dr

Your Property Address / La dirección de su propiedad / địa chỉ tài sản

Garland, TX 75043

City, State / Estado de la Ciudad / Thành bang

75043

Zip Code / Código postal / Mã B u 0hính

Kenneth Clasen

Signature / Firma / Chữ ký

August 22, 2025

Date / Fecha / Ngày

(Providing email address and phone number is optional. / La dirección de correo electrónico y el número de teléfono son opcionales. / Địa chỉ email và số điện thoại là tùy chọn.)

No?

This will only bring more issues to an already marginally corrupt area. Clean this area up don't invite more opportunity for crime. We have 2 gas stations here already!

Comment Form

Case Z 25-25

Please Check One Below / Marque uno a continuación / Vui lòng kiểm tra một bên dưới



For / A Favor / Đúng



Against / En Contra / Không

Please complete the following information and email the form to Planning@garlandtx.gov; deliver to the Planning Department at 800 Main Street Garland, TX; or mail to City of Garland, Planning Department, P.O. Box 469002 Garland, TX 75406-9002. / Por favor Complete la siguiente información y envíe el formulario por correo electrónico a Planning@garlandtx.gov; entregar al Departamento de Planificación en 800 Main Street Garland, TX; o envíelo por correo a City of Garland, Planning Department, P.O. Box 469002 Garland, TX 75406-9002. / Vui lòng điền đầy đủ thông tin sau và gửi biểu mẫu qua email tới Planning@garlandtx.gov; giao cho Phòng Kế hoạch tại 800 Main Street Garland, TX; hoặc gửi thư đến Thành phố Garland, Sở Kế hoạch, P.O. Hộp 469002 Garland, TX 75406-9002.

JUANAMARIA BANDA GARCIA

Printed Name & Title / Nombre Impreso y Título / Tên in và Tiêu đề

(Property Owner, Business Owner, Tenant, etc.) / (Dueño de la propiedad, Dueño de la empresa, Inquilino, etc.) / (Chủ sở hữu bất động sản, Chủ doanh nghiệp, Người thuê, v.v.)

745 TICONDEROGA DR

Your Property Address / La dirección de su propiedad / địa chỉ tài sản

GARLAND TEXAS 75043

City, State / Estado de la Ciudad / Thành bang

75043

Zip Code / Código postal / Mã B u Chính

Juano Mario Bando-Garcia

Signature / Firma / Chữ ký

8/25/2025

Date / Fecha / Ngày

(Providing email address and phone number is optional. / La dirección de correo electrónico y el número de teléfono son opcionales. / Địa chỉ email và số điện thoại là tùy chọn.)

Comment Form

Case Z 25-25

Please Check One Below / Marque uno a continuación / Vui lòng kiểm tra một bên dưới

☐

For / A Favor / Đúng

☒

Against / En Contra / Không

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Michael Knott, TRUSTEE / Owner

Printed Name & Title / Nombre Impreso y Título / Tên in và Tiêu đề

(Property Owner, Business Owner, Tenant, etc.) / (Dueño de la propiedad, Dueño de la empresa, Inquilino, etc.) / (Chủ sở hữu bất động sản, Chủ doanh nghiệp, Người thuê, v.v.)

738 W. Centerville Rd, Garland, TX

Your Property Address / La dirección de su propiedad / địa chỉ tài sản

Garland, TX

City, State / Estado de la Ciudad / Thành bang

75041

Zip Code / Código postal / Mã B u Chính

Michael Knott

Signature / Firma / Chữ ký

8/20/25

Date / Fecha / Ngày

(Providing email address and phone number is optional. / La dirección de correo electrónico y el número de teléfono son opcionales. / Địa chỉ email và số điện thoại là tùy chọn.)

Zoning Response Case Comments

Case Number	PC Hearing Date	CC Hearing Date	Planner Name
Z 25-25	August 25, 2025	September 16, 2025	Matthew Wolverton

Z 25-25 The Dimension Group. The applicant requests a Specific Use Provision for a Fuel Pumps, Retail use. The site is zoned Planned Development (PD) District 86-45 with a base zoning of Community Retail (CR) District and is located at 730 West Centerville Road. (District 4)

**Charissa
Greer-Morning
Dew Massage &
Wellness**

8/22/2025
1:22:26 PM

AGAINST

1013 Northwest Highway,
Suite 110
Garland
Texas
United States
75041

Info@morningdewmassage.com

214-930-2070

Taja Guerin

8/16/2025
4:55:56 PM

AGAINST

744 Ticonderoga Dr

Garland
Texas
United States
75043

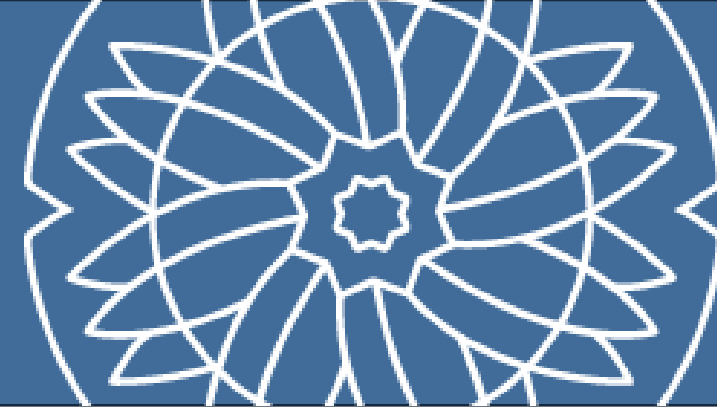
Tguerin21@gmail.com



GARLAND

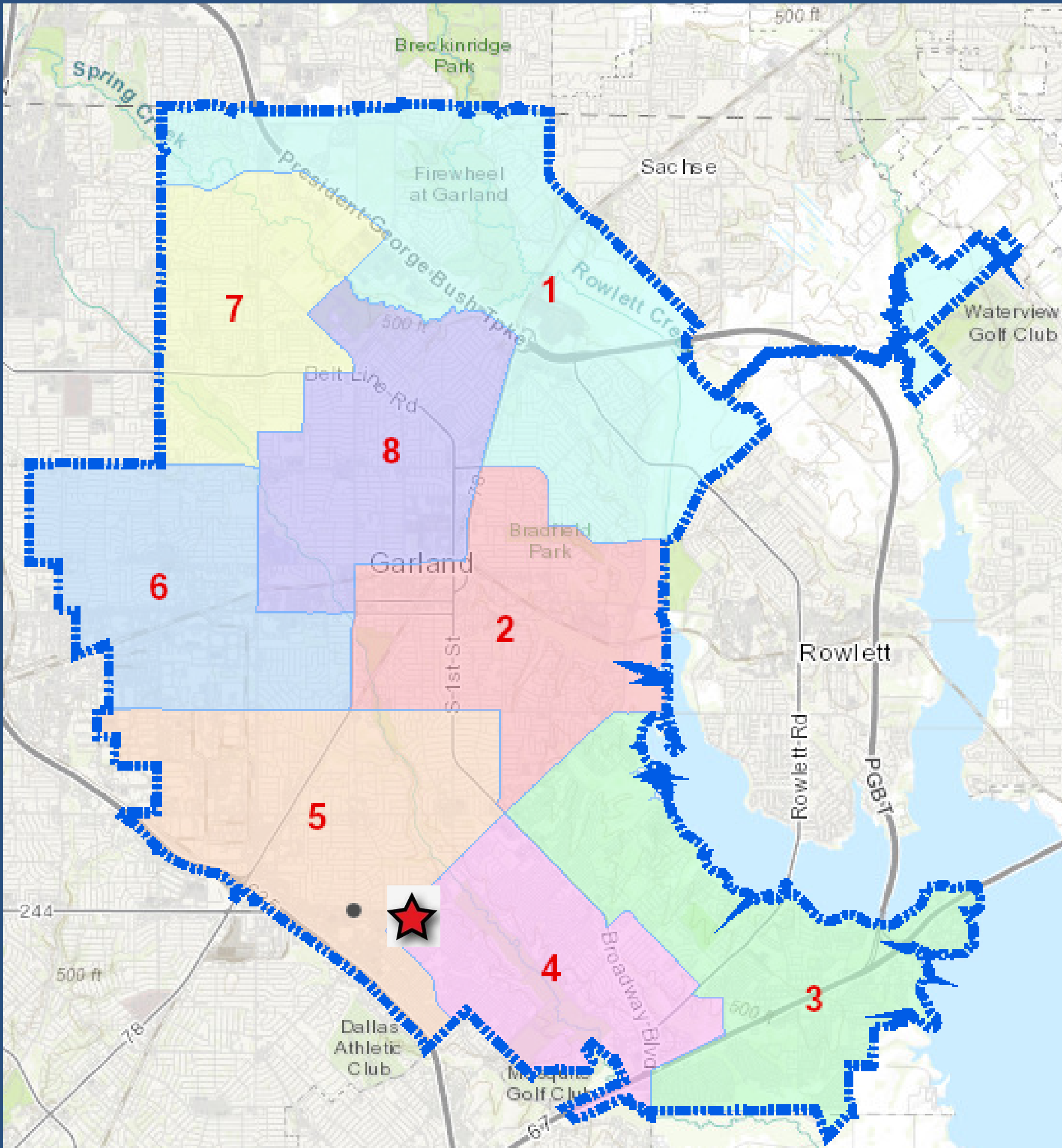
City Council Meeting

September 16, 2025



Request

The applicant requests a Specific Use Provision for a **Fuel Pumps, Retail Use** on a property zoned Planned Development (PD) District 86-45 with a base zoning of Community Retail.



Case Information

Location: 730 West Centerville Road

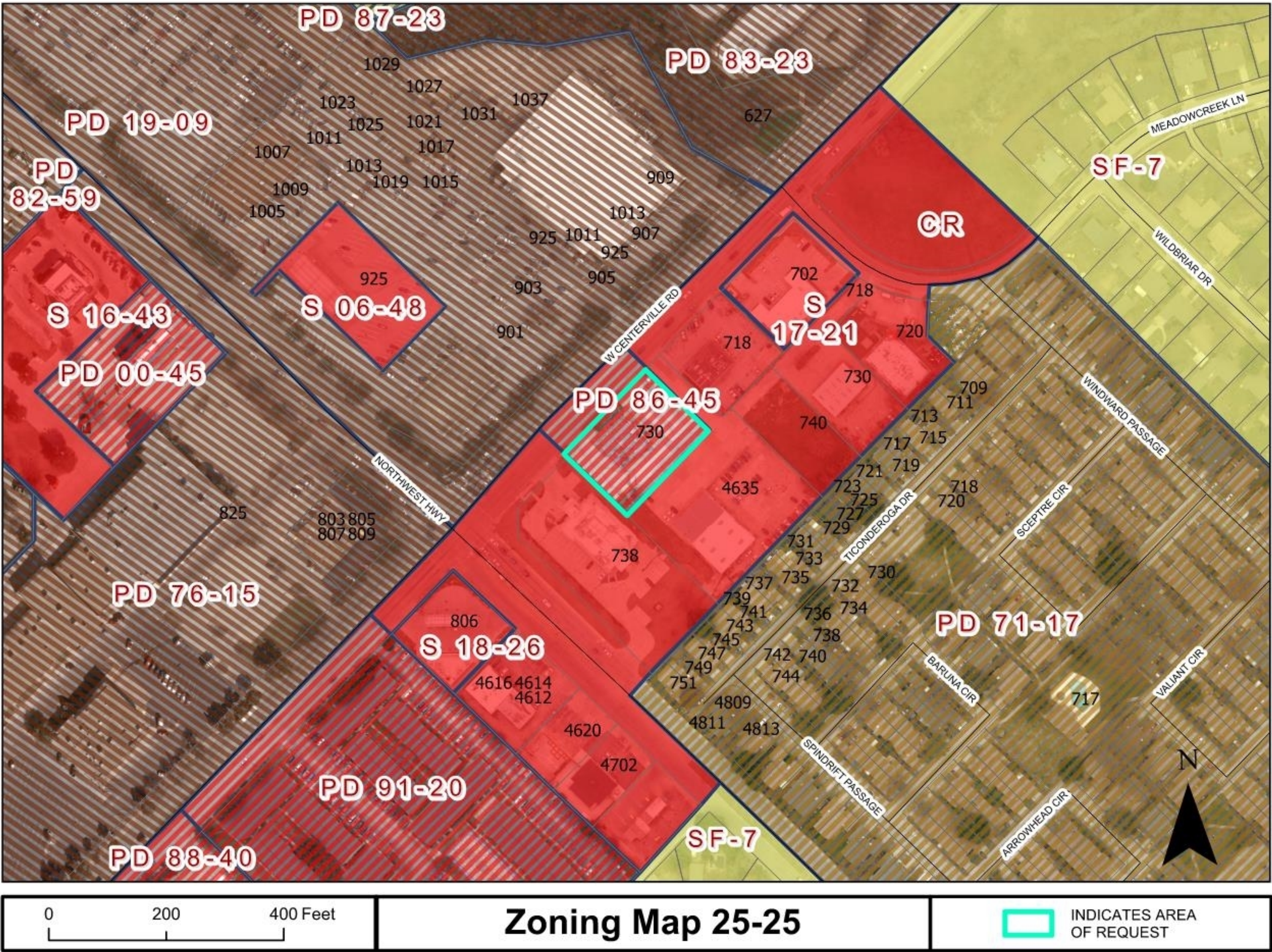
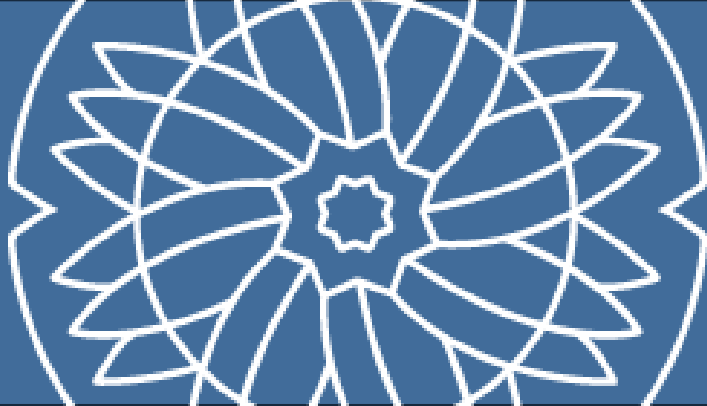
Applicant: The Dimension Group

Owner: 730 West Centerville Road, LLC

Acreage: 0.689-acres

Zoning: Planned Development (PD) 86-45

Location Map



Zoning Map 25-25

730 W Centerville Rd

Comprehensive Plan



Neighborhood Centers

Description

Neighborhood centers provide a mix of retail, services and community gathering places. This center should be appropriately scaled to adjacent residential areas.

This type of center is predominantly, but not exclusively, non-residential. Neighborhood centers are served by local roads and transit routes.

Site Photos

730 West Centerville Road



View from the subject site looking down West Centerville Road



View from the subject site viewing the shopping center across W Centerville

Site Photos

730 West Centerville Road

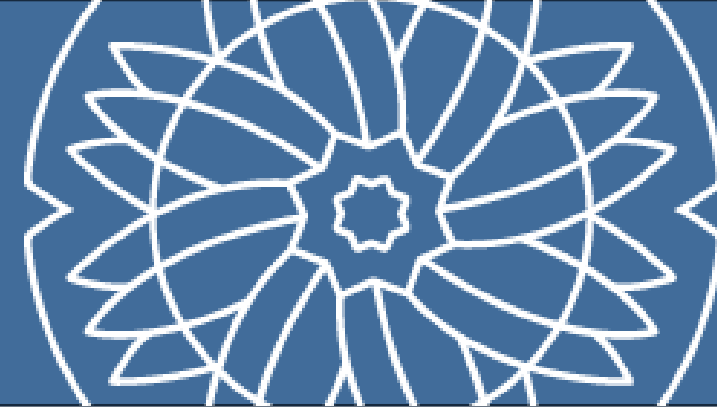


Looking up W Centerville Rd



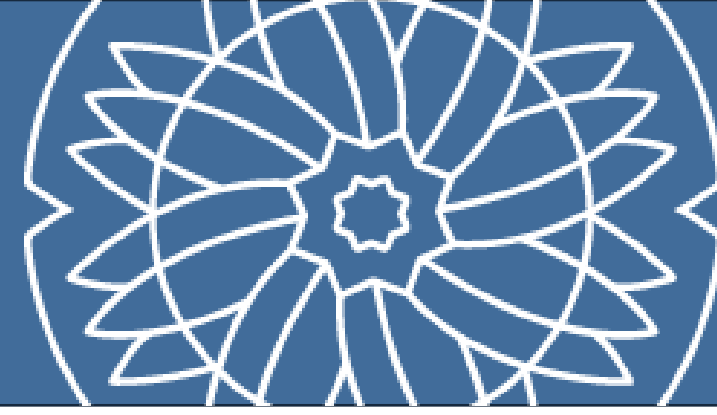
View of the subject site





Applicant Request: Specific Use Provision (SUP) to allow for Fuel Pumps, Retail Use for the maximum time allowed.

The SUP Policy Guidelines recommend 20-25 years.



Staff Recommendation: Denial

- Existing gas stations in the vicinity**
- Opportunity of diversity of retail and service uses**

Plan Commission Recommendation: Denial, 8-0 vote

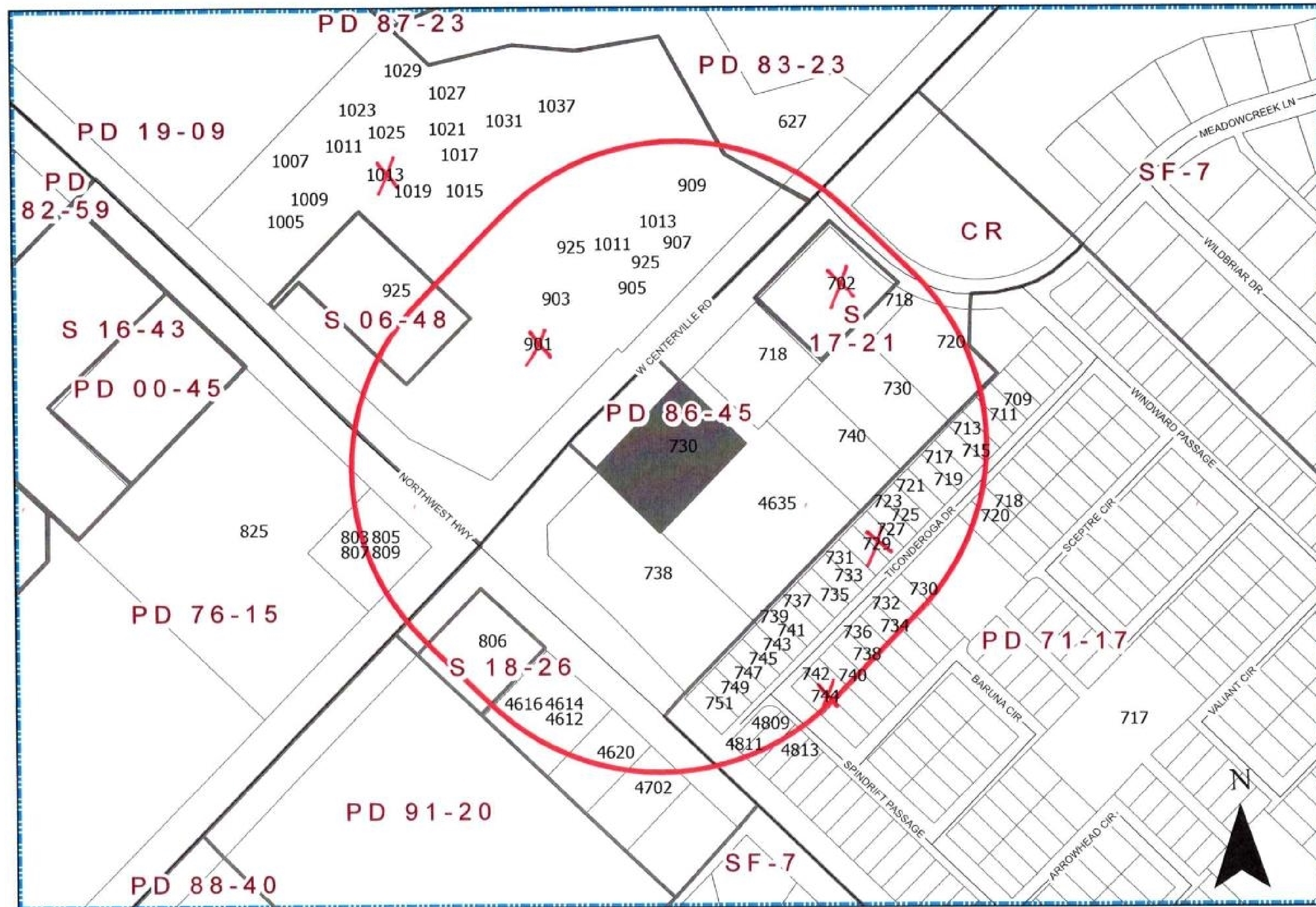


Response Letters

Thank You

Questions?





0 200 400 Feet

Zoning Map 25-25

INDICATES AREA OF REQUEST INDICATES NOTIFICATION AREA

730 W Centerville Rd



GARLAND

CITY COUNCIL STAFF REPORT

10

Meeting Date: September 16, 2025

Title: Approval of a Resolution of Intent to Establish a City of Garland Property Assessed Clean Energy (PACE) Program; and Setting a Public Hearing

Submitted by: Ayako Schuster, Economic Development Director

Strategic Focus Area: Growing Economic Base

Issue / Summary

Council is requested to adopt a resolution related to the intent to form 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 out 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 recommend the Council to adopt a resolution related to the intent to form 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 out the intent of this resolution.

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 program¹, 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, residential², 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

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.

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

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. Authorized Representative. 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. Plans for Ensuring Sufficient Capital. 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. No Use of Bonds or Public Funds. 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. Limit on Length of Loan. 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. Application Process. 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)

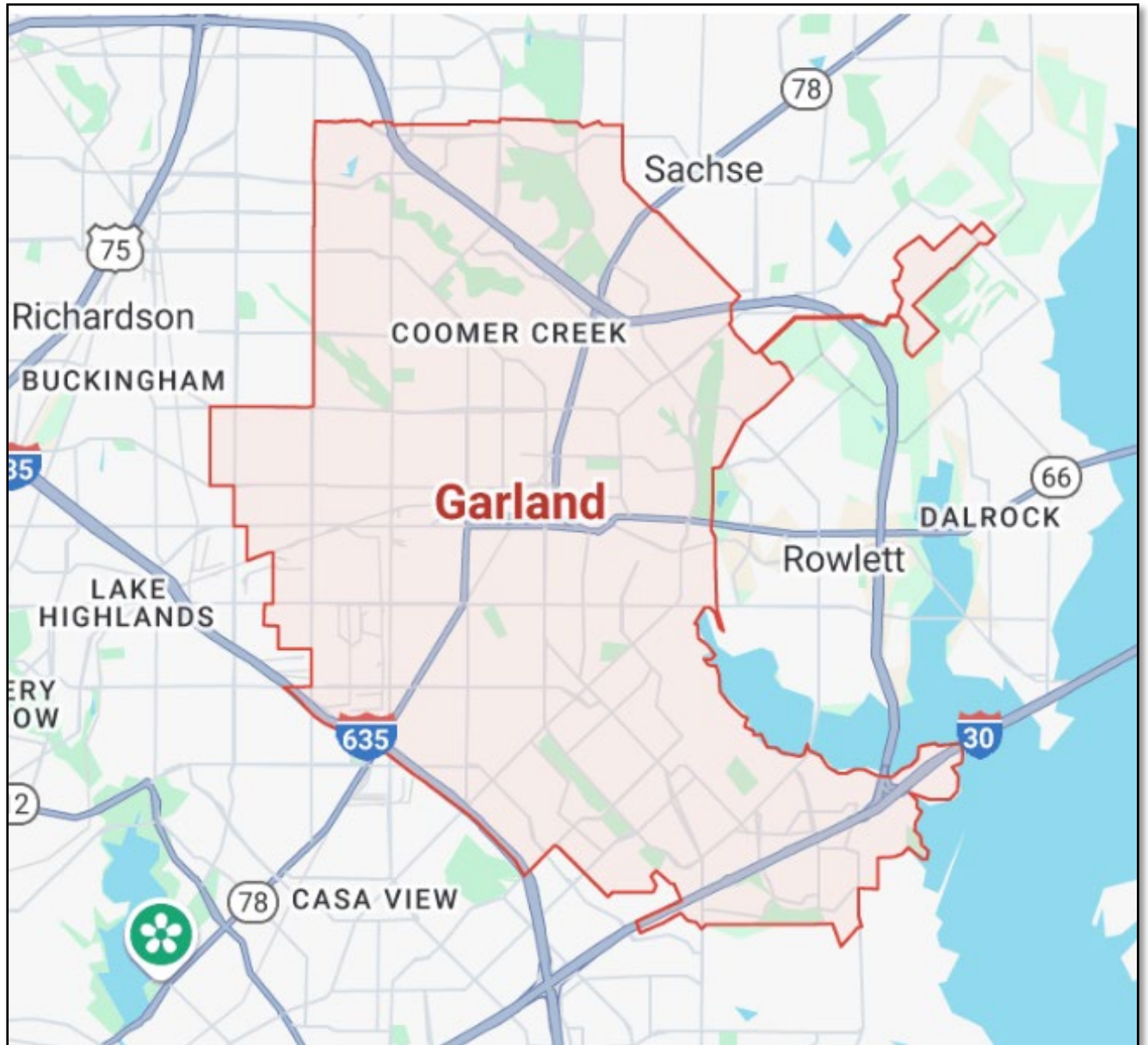


EXHIBIT 2
FORM OWNER CONTRACT

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

OWNER CONTRACT EXHIBIT B
MORTGAGE HOLDER(S) CONSENT

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-

