Jean Birmingham Council Chambers, City Hall
401 South Alamo
Marshall, TX 75670
903-935-4421

Members
Amy Ware, District 4 - Mayor
Risa Jordan-Anderson, District 1
Leo Morris, District 2
Dathaniel Campbell, District 3
Reba Godfrey, District 5
Amanda Abraham, District 6
Micah Fenton, District 7

PLEASE SILENCE ALL DEVICES
REGULAR CITY COUNCIL MEETING
October 23, 2025
6:00 PM

1. **Call to Order and Roll Call**
2. **Invocation and Pledges**
3. **Presentations & Proclamations**
   A. Recognition of the October Yard of the Month winners.
4. **Recess to conduct the City of Marshall Employee Benefits Trust meeting**
5. **Reconvene the City Council Meeting**
6. **Citizen Comments**
   Texas Government Code, Sec. 551.007 requires that a governmental body must allow each member of the public who desires to address the body regarding an item on the agenda the opportunity to do so before or during the body's consideration of the item. The “Citizens Comments” portion of the meeting meets the requirements of this law and is the public’s opportunity to speak on any item on the agenda. Those who wish to speak are requested to fill out a public comment form and will have three (3) minutes to speak unless additional time has been requested.
7. **Items to be Withdrawn From Consent Agenda**
8. **Consent Agenda**
   The items on the Consent Agenda require little or no deliberation by the Council. Approval of the Consent Agenda authorizes the City Manager or his designee to proceed with conclusion of each in accordance with staff recommendations, a copy of which is filed with the minutes of the meeting. A Councilmember may remove items from the Consent Agenda by making such request prior to a motion and vote on the Consent Agenda.
   A. Consider approval of the minutes from the September 11, 2025, Special-Called Work Session meeting. (City Secretary)
9. **Consideration of Items Withdrawn From the Consent Agenda**
10. **Public Hearing & Ordinance**
11. **Ordinance**
   A. Discuss and act upon an Ordinance #**O-25-34** Authorizing the Issuance of City of Marshall, Texas Waterworks and Sewer System Revenue Bonds, Taxable Series 2025, in the Principal Amount of $1,465,000 to Fund Water and Sewer System Improvements

and Awarding the Sale of Such Bonds to the Texas Water Development Board; and Resolving Other Matters Relating to the Subject. (City Manager)

B. **O-25-35** An ordinance amending Ordinance NO. O-24-19 to amend the 2025 Annual Budget of the City of Marshall, Texas, to increase the Fire Department's Repairs and Maintenance account by $30,000, funded through the use of Fund Balance. (Finance/Fire)

C. **Consider Approval of Ordinance #O-25-36, an Ordinance of the City of Marshall, Texas, Finding, After Reasonable Notice and Hearing, that Southwestern Electric Power Company's Existing Electric Rates and Charges within the City of Marshall Should Remain in Effect, Providing for Notice of this Ordinance to the Public Utility Commission of Texas, and Finding and Determining that the Meeting at which This Ordinance is Passed is Open to the Public as Required by Law**

12. Resolution

A. Discuss and Approve a Resolution #**R-25-17** Approving the Execution and Delivery of a Principal Forgiveness Agreement in the Aggregate Amount of $1,524,796 with the Texas Water Development Board for Water System Improvements; and Resolving Other Matters Relating to the Subject. (City Manager)

B. Consider a Resolution #**R-25-18** Accepting an Award of $10,000 in Grant Funding from OOG. (Police)

C. Discuss and act upon a Resolution #**R-25-19** Authorizing and Directing the Establishment of a Construction Account with Depository Bank Pursuant to Bond Ordinance; Appointing Authorized Signatories with Respect to Such Accounts; And Resolving Other Matters Relating To The Subject. (City Manager)

13. Action Items for City Council Consideration

A. Consider approval of moving the first City Council meeting date of November and the cancellation of the second City Council meetings for the months of November and December 2025. (City Secretary)

B. Consider approval of the authorization to Apply for FEMA Assistance to Firefighters Grant (AFG) for Aerial Apparatus Replacement. (Fire)

C. Consider Authorizing a Facility Use Agreement with the American National Red Cross, Allowing the Organization to Utilize the Marshall Convention Center as a Local Disaster Shelter During Emergencies. (Fire)

D. Presentation and Approval of the Library 2026 – 2030 Strategic Plan. (Library)

E. Consider the Establishment of City Charter Committee and Appointment of Members. (City Manager)

F. Consider Authorizing the Mayor to Execute Retroactive Approval of a Contract with Texas First for an Interim Public Works Director. (City Manager)

G. Consider Approval of the Appointment of an Engineering Firm for the Texas Water Development Board Lead Service Line Replacement (TWDB) Project. (Public Works)

14. Discussion and Reports for City Council Consideration and Direction

15. Executive Session

16. Action Item Following Executive Session

17. Adjournment

C.Hall
Posted 10/17/2025
4:00 p.m.

This meeting will be conducted in accordance with the Americans with Disabilities Act. Requests for sign interpretive services will be available with at least 72-hour notice prior to the meeting. To make arrangements for these services, please call the City Secretary’s Office at 903-935-4446.

TO:	City Council
DATE:	October 23, 2025
ITEM #:	3.A
SUBJECT:	Recognition of the October Yard of the Month winners.

Recommendation for Action: Recognize recipients of Keep Marshall Beautiful's October 2025 Yard of the Month award.

Executive Summary: Keep Marshall Beautiful selected a residential and commercial property for the October 2025 Yard of the Month award. Representatives from the Keep Marshall Board will present both winners with a $50 gift card from Lowe's.

Residential Winner:
Victor & Tonya Houston (4428 Jeff Davis)

Commercial Winner:
Marshall Mercantile (211 N. Washington)

Focus Area(s): This item aligns with the following council adopted focus area(s): Improving Community Appearance

Budget Cost:

Staff Contact: Alex Agnor, Assistant City Manager/Director of Economic Development & Strategic Initiatives

Attachments: None

TO:	City Council
DATE:	October 23, 2025
ITEM #:	8.A
SUBJECT:	Consider approval of the minutes from the September 11, 2025, Special-Called Work Session meeting. (City Secretary)

Recommendation for Action: Consider approval of the minutes from the September 11, 2025, Special-Called Work Session meeting.

Executive Summary: Minutes from the September 11, 2025, Special-Called Work Session meeting.

Focus Area(s): Improving Communication

Budget Cost: N/A

Staff Contact: Nikki Smith, City Secretary

Attachments: 1. 9-11-25 Special-Called work session minutes

Jean Birmingham Council Chambers, City Hall
401 South Alamo
Marshall, TX 75671
903-935-4421

Members
Amy Ware, District 4 - Mayor
Risa Jordan-Anderson, District 1
Leo Morris, District 2
Dathaniel Campbell, District 3
Reba Godfrey, District 5
Amanda Abraham, District 6
Micah Fenton, District 7

MINUTES
PLEASE SILENCE ALL DEVICES
SPECIAL-CALLED CITY COUNCIL MEETING
September 11, 2025
5:00 PM

1. Call to Order and Roll Call

Mayor Amy Ware called the Special-Called Work Session meeting to order in the Council Chambers, City Hall at 05:01 PM.

PRESENT:

Mayor and Council Members:
Mayor Amy Ware
Councilmember Leo Morris
Councilmember Reba Godfrey
Councilmember Amanda Abraham
Councilmember Micah Fenton
Councilmember Dathaniel Campbell
Councilmember Risa Jordan-Anderson

ADMINISTRATIVE STAFF PRESENT:
Melissa Vossmer, City Manager
Cliff Carruth, Police Chief
Christol Hall, HR/Civil Service Director
Nikki Smith, City Secretary
Julie Richard, Interim Budget Manager
Randy Pritchard, Support Services Director
Marina Garcia-Heredia, Parks & Recreation Director

2. Citizen Comments

Texas Government Code, Sec. 551.007 requires that a governmental body must allow each member of the public who desires to address the body regarding an item on the agenda the opportunity to do so before or during the body's consideration of the item. The “Citizens Comments” portion of the meeting meets the requirements of this law and is the public’s opportunity to speak on any item on the agenda. Those who wish to speak are requested to fill out a public comment form and will have three (3) minutes to speak unless additional time has been requested.

There were no citizen comments.

3. Discussion and Report for City Council Consideration and Direction

A. Overview of Discussions with the Firefighters Relief & Retirement Fund – Proposed FY26 Contributions and Looking to the Future.

Melissa Vossmer, City Manager, provided the proposal from the firefighters, an outline of terms used, aspects of the proposal and stated no decision is expected this evening.

The pension board will meet at 8:30 AM on September 12, 2025.

Brad Heinrichs, Foster & Foster, provided a summary of the assignment given by the City, including scenarios and comments on the firefighter's proposal.

The assignment was to verify the board's calculations, provide an all-encompassing education on the pension problem, compare the benefits to other TLFFRA Fire plans and provide possible solutions. A handout was provided with the comparison of results, which reasonably matched.

Brad Heinrichs provided key terminology and stated a 30-year amortization is normal. The city has a 65-year amortization. Therefore, the Review Board needs to see the plan go to 30 years.

An explanation of the "problem" was provided, indicating the $625K per year used by the city to pay off debt is not enough to cover the debt because it grows each year. It will take 65 years to pay off debt. In order to get to 30 years, an extra 7% is needed from the City and/or employees, or benefits need to be reduced.

Any benefit earned to date can not be taken away, and the firefighters have to vote to approve any changes to the plan.

Brad Heinrichs provided a benefits analysis, compared pension programs, and provided recommendations that the employer and employee share the responsibility, move away from the fixed contribution rate and have a board calculate the actuarially determined contribution rate each year.

The firefighters proposed a reduction of 1.4% of payroll, increase the final average compensation period from three (3) years to five (5) years, change the J&S benefit to Life Annuity, increase the city contributions by 5.6%, implement an actuarially determined contribution rate, and evaluate that rate annually.

Brad Heinrichs provided his reaction to the proposal, stating he had no comment on the city's finances. The firefighters giving a proposal show some good faith in shouldering some of the load. Any agreement should have safeguards to not get in this position again.

Councilmember Abraham asked who manages the investments, which was said to be Westwood.

Mayor Ware stated the pension board put out RFPs and the FFR&R will go over the proposals received.

Brad Heinrichs suggested hiring an investment consultant to review what Westwood is doing and implement cost sharing with the members to allow contributions to fluctuate.

Councilmember Campbell asked about the $15 million in debt with a $3 million budget for payroll and how we got that far behind. It was explained that changes to the timeframe were made and a few bad years for investments can equal a big loss quickly.

Councilmember Abraham stated that council has to consider that if employees get an increase in compensation, the liability will also increase.

Melissa Vossmer stated the FY25 budget recognized that an additional contribution to the plan was needed, and at that point $250,000 was added for FY2025 contributions. A plan that works for everyone but is sustainable needs to be created.

Councilmember Campbell asked if Brad Heinrichs has the experience of putting together a plan to aggressively increase funds that allows for time, in case the market drops, to have contributions remain.

Brad Heinrichs stated what Councilmember Campbell described was a funding floor, which he has experience with. Brad Heinrichs stated 7% more a year is needed in either more money or fewer benefits before a floor could be created.

Councilmember Abraham asked how the investors are investing or timing the investments and asked for a report with the status of the accounts.

Mayor Ware explained the process of pension fund investments.

Councilmember Campbell stated the fees/costs were not based on performance.

Melissa Vossmer asked the Pension Board for additional information from the last five years and will share that information with Council once it is received.

Councilmember Abraham asked what the investment company has made for the pension board in the last five years.

Councilmember Campbell stated he has already requested a 5-year performance review and stated he doesn't want to see the benefits reduced.

Councilmember Abraham asked if we have to have the pension fund and why the Fire Department is not part of TMRS.

Brad Heinrichs explained a pension versus a 401K or TMRS, stating a pension has a death benefit that can be paid to the spouse, with a 401K only the balance of account is received, and public safety officers have a dangerous job. In regard to a pension versus TMRS, TMRS is through the state system, which means employees don't control the benefits or the contributions.

Councilmember Campbell asked if there is a dollar amount per firefighter, why can we not place a life insurance policy on each member until they retire? Brad Heinrichs stated to do that the firefighter would have to forfeit part of their benefits for life insurance. Councilmember Campbell questioned why firefighters would desire a pension versus life insurance. Brad Heinrichs stated a disability could happen in the second year on the job; a 401K would give only the balance of the account, where a pension might pay a percentage of salary for the rest of the individual's life.

Councilmember Godfrey asked Brad Heinrichs to explain the option of reducing benefits by 1.4% of payroll. The firefighters provided some options they might consider: lowering benefits by 1.4%, so the City would only need to contribute an additional 5.6% to get to the 7% deficit, the final average pay change from 62.5% for a 3-year average salary to a 5-year average salary, and Joint & Survivor being eliminated, which would make the value for married or single to be the same.

Councilmember Morris stated the DROP plan was mentioned earlier and asked how it is funded, which is a provision of the plan that allows a firefighter to enter the DROP plan at 53 years of age with 20 years of service. The benefit is then calculated to allow the firefighter to keep working for 3 years, then the firefighter gets a lump sum plus 16% member contributions. The DROP plan is funded by the city and employees.

Mayor Ware provided a couple of housekeeping items to include a break for council members before the regular meeting and asked anyone in chambers who would like to speak during the regular meeting to fill out the public comment cards.

4. Adjournment

Councilmember Abraham made a motion to adjourn. Councilmember Godfrey seconded the motion, which passed by a vote of 7:0.

APPROVED:

____
Mayor of the City Council
of the City of Marshall, Texas

ATTEST:

____
City Secretary

TO:	City Council
DATE:	October 23, 2025
ITEM #:	11.A
SUBJECT:	Discuss and act upon an Ordinance #**O-25-34** Authorizing the Issuance of City of Marshall, Texas Waterworks and Sewer System Revenue Bonds, Taxable Series 2025, in the Principal Amount of $1,465,000 to Fund Water and Sewer System Improvements and Awarding the Sale of Such Bonds to the Texas Water Development Board; and Resolving Other Matters Relating to the Subject. (City Manager)

Recommendation for Action: Approve Ordinance # O-25-34 Authorizing the Issuance of City of Marshall, Texas Waterworks and Sewer System Revenue Bonds, Taxable Series 2025, in the Principal Amount of $1,465,000 to Fund Water and Sewer System Improvements and Awarding the Sale of Such Bonds to the Texas Water Development Board; and Resolving Other Matters Relating to the Subject.

Executive Summary: Based on the lower-than-expected inventory of Service Lines requiring replacement, which has resulted in a significant reduction in financial needs from the TWDB, Staff recommends that the City Council consider authorizing an adjustment to reduce the previously approved Texas Water Development Board (TWDB) loan amount from $7,500,000.00 to a lower amount. The results of the 2024 Lead Service Line (LSL) Survey of our 10,170 water customers are finalized, and show only 23 of those service lines actually contained lead. However, as many as 982 galvanized service lines may also require removal. Estimated total cost of the Program is now $2,989,796.00

A Texas Water Development Board (TWDB) Loan Application was originally pursued in view of the possibility that a significant number of lead service lines might exist which would require removal and replacement under an upcoming Environmental Protection Agency (EPA) mandate. In May, the City was notified by the TWDB that their Application was approved in the amount of $7,500,000.00, of which 51% would be forgiven. The reduced number of Service Lines needing removal from our system reduces the overall construction cost of the Project, and lowers the Loan and Bond costs proportionately.

The following is the new estimated cost of the Program. This chart reflects both the Loan forgiveness part of the program and the 49% of total cost of the Program to be a Bond Program:

Program	DWSRF-LSLR
Project Description	Marshall Lead Service Line Replacement
Project Number	63062
Non-Inventory (Planning, Design, Construction)	
Non-Inventory Principal Forgiveness (51%)	$1,524,796.00

Non-Inventory Loan Amount* (includes loan origination fee)	$1,465,000.00
Non-Inventory Sub-Total	$2,989,796.00
Total Principal Forgiveness	$1,524,796.00
Total Loan	$1,465,000.00
Total Funding	$2,989,796.00

This Ordinance authorizes the City to enter into a loan agreement and the use of water and wastewater revenue bonds, to be purchased by the TWDB and to be paid through system revenues, in the amount of $1,465,000.00. This debt was included in the Water / Waste Water Rate Study approved by Council on September 11, 2025.

There are other related agenda items for your consideration in support of funding for this Program on the agenda that address the Principal Forgiveness portion of the funding.

Focus Area(s): This item aligns with the following City Council adopted focus areas of Improving Infrastructure and Improving Customer Service.

Budget Cost: This amount is included in the Water / Waste Water Rate Study.

Staff Contact: Melissa Byrne Vossmer, City Manager / Doug Fox, Interim Public Works Director

Attachments: 1. Update TWDB Lead Program Funding Ordinance 10-16-25

ORDINANCE NO. __________

AUTHORIZING THE ISSUANCE AND SALE OF $1,465,000 CITY OF MARSHALL, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, TAXABLE SERIES 2025; ESTABLISHING PROCEDURES FOR THE SALE AND DELIVERY OF THE BONDS; PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SUCH BONDS; AND AUTHORIZING AND ENACTING OTHER MATTERS AND PROVISIONS RELATING TO THE SUBJECT

THE STATE OF TEXAS §
COUNTY OF HARRISON §
CITY OF MARSHALL §

WHEREAS, Chapter 1502, Texas Government Code, as amended ("Chapter 1502"), provides that the governing body of a municipality may issue public securities for the purposes hereinafter provided, and the City Council (the "City Council") of the City of Marshall, Texas (the "Issuer") finds and determines that it is necessary, useful and appropriate for the Issuer's public purposes to authorize and provide for the issuance and sale of revenue bonds of the Issuer for such purposes, as hereinafter provided;

WHEREAS, the revenue bonds hereinafter authorized to be issued and are to be issued, sold and delivered pursuant to the general laws of the State of Texas, including Texas Government Code, Chapter 1502, as amended, and the Issuer's Home Rule Charter;

WHEREAS, by its adoption of Resolution No. 25-062 entitled "A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF $2,989,796 TO THE CITY OF MARSHALL FROM THE DRINKING WATER STATE REVOLVING FUND THROUGH THE PROPOSED PURCHASE OF $1,465,000 CITY OF MARSHALL, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE BONDS, PROPOSED SERIES 2025 AND $1,524,796 IN PRINCIPAL FORGIVENESS", dated October 15, 2025 (the "TWDB Resolution"), the Texas Water Development Board ("TWDB") has agreed to purchase the Issuer's Waterworks and Sewer System Revenue Bonds, Series 2025 (the "Bonds"); and

WHEREAS, it is considered to be to the best interest of the Issuer that said revenue bonds be issued; and

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

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

Section 1. DEFINITIONS.

"2025 Reserve Fund" means the special fund created, established and maintained by the provisions of Sections 7 and 11 of this Ordinance.

"*Accountant*" means an independent certified public accountant or accountants or a firm of independent certified public accountants, in either case, with demonstrated expertise and competence in public accountancy.

"*Additional First Lien Obligations*" means bonds, notes, warrants, certificates of obligation, contractual obligations or other Debt which the Issuer reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions provided in Section 16 of this Ordinance and which obligations are equally and ratably secured solely by a first lien on and pledge of the Pledged Revenues on a parity with the Bonds and other First Lien Obligations.

"*Annual Debt Service Requirements*" means, as of the date of calculation, the principal of and interest on all First Lien Obligations coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof or other demand conditioned upon default by the Issuer on such Debt, or be payable in respect of any required purchase of such Debt by the Issuer) in such Year, and, for such purposes, any one or more of the following rules shall apply at the election of the Issuer:

(1) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the Issuer) in any Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Year (such principal due in such Year for such series or issue of Funded Debt being referred to herein and throughout this Ordinance as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(2) Consent Sinking Fund. In the case of Balloon Debt, if a Designated Financial Officer shall deliver to the Issuer a certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such certificate ending on or before the Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (2) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (2) shall not apply where the Issuer has elected to apply the rule set forth in clause (1) above;

(3) Prepaid Debt. Principal of and interest on Bonds and Additional First Lien Obligations, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt; and

(4) Variable Rate. As to any First Lien Obligations that bear interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the Issuer, either (A) an interest rate equal to the average rate borne by such First Lien Obligations (or by comparable debt in the event that such First Lien Obligations has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, or (B) an interest rate equal to the 30-year Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index of revenue bonds with maturities of at least 20 years which is published in a financial newspaper or journal with national circulation may be used for this purpose (if two Series of First Lien Obligations which bear interest at variable interest rate, or one or more maturities within a Series, of equal par amounts, are issued

simultaneously with inverse floating interest rates providing a composite fixed interest rate for such First Lien Obligations taken as a whole, such composite fixed rate shall be used in determining the Annual Debt Service Requirement with respect to such First Lien Obligations);

With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

"*Average Annual Debt Service Requirements*" means that average amount which, at the time of computation, will be required to pay the Annual Debt Service Requirements when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Annual Debt Service Requirements by the number of Years then remaining before Stated Maturity of such First Lien Obligations. For the purposes of this definition, a fractional period of a Year shall be treated as an entire Year. Capitalized interest payments provided from bond proceeds, accrued interest on any Debt, and interest earnings thereon shall be excluded in making such computation.

"*Bonds*" means, the City of Marshall, Texas Waterworks and Sewer System Revenue Bonds, Taxable Series 2025 authorized by this Ordinance and in the amounts and containing the terms set forth herein.

"*Capital Addition*" means a reservoir or an interest therein, a water treatment plant or an interest therein, a wastewater treatment plant or an interest therein, the acquisition of rights or improvements that will increase the capacity and/or water supply of the System or an interest therein, and associated transmission facilities with respect to each and any combination thereof, and which shall become a part of the System.

"*City Council*" means the governing body of the Issuer.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations and rules promulgated in connection therewith.

"*Debt*" means:

(1) all indebtedness payable from Pledged Revenues incurred or assumed by the Issuer for borrowed money and all other financing obligations of the System payable from Pledged Revenues that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet; and

(2) all other indebtedness payable from Pledged Revenues for borrowed money or for the acquisition, construction or improvement of property or capitalized lease obligations pertaining to the System that is guaranteed, directly or indirectly, in any manner by the Issuer, or that is in effect guaranteed, directly or indirectly, by the Issuer through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise.

For the purpose of determining Debt, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of the System in prior Years.

"Defeasance Securities" means a security described in Section 20 of this Ordinance.

"*Depository*" means one or more official depository banks of the Issuer.

"*DTC*" means The Depository Trust Company, New York, New York.

"*DTC Participant*" means securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Designated Financial Officer" means the City Manager, Assistant City Manager, or the Finance Director of the Issuer, or such other financial or accounting official of the Issuer so designated by the Issuer.

"*Event of Default*" means an event as described in Section 26 of this Ordinance.

"*First Lien Obligations*" means collectively (i) the City of Marshall, Texas Utility System Revenue Bond, Series 2024, dated as of September 1, 2024, (ii) the State Infrastructure Bank Loan Agreement, effective as of March 10, 2025, by and between the Texas Transportation Commission acting by and through the Texas Department of Transportation, and the Issuer, (iii) the Bonds, and (iv) any Additional First Lien Obligations hereafter issued by the Issuer or obligations issued to refund any of the foregoing (as determined within the sole discretion of the City Council in accordance with applicable law) if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a first lien on and pledge of the Pledged Revenues.

"*First Lien Obligation Reserve Requirement*" means the amount or a manner of calculating the amount established by each ordinance authorizing the issuance of First Lien Obligations that are to be secured by a debt service reserve fund to be held and maintained on deposit therein. With respect to the Bonds, such amount is the Required Reserve Amount established in Section 11(a) hereof.

"*Funded Debt*" means all First Lien Obligations created or assumed by the Issuer that mature by their terms (in the absence of the exercise of any earlier right of demand), or that are renewable at the option of the Issuer to a date, more than one year after the original creation or assumption of such Debt by the Issuer.

"*Gross Revenues*" mean all revenues, income and receipts of every nature derived or received by the Issuer from the operation and ownership of the System (other than grant monies, customer deposits, and other similar funds that cannot lawfully be used to pay debt service), including the interest income from investment or deposit of money in any fund created by this Ordinance or maintained by the Issuer in connection with the System.

"*Holder*" or "*Holders*" means the registered owner, whose name appears in the Registration Books, for any First Lien Obligation.

"*Interest and Sinking Fund*" means the special fund maintained by the provisions of Sections 7 and 10 in this Ordinance.

"*Issuer*" means the City of Marshall, Texas, in Harrison County, Texas.

"*Maturity*" means, when used with respect to any Debt, the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof, or call for redemption, or otherwise.

"*Maximum Annual Debt Service Requirements*" means the greatest requirement of Annual Debt Service Requirements (taking into account all mandatory principal redemption requirements) scheduled to occur in any future Year or in the then current Year for the particular obligations for which such calculation is made. Capitalized interest payments provided from Debt proceeds, accrued interest on any Debt, and interest earnings thereon shall be excluded in making such computation.

"Net Earnings" means the Gross Revenues of the System after deducting the Operating Expenses of the System but not depreciation or other expenditures which, under standard accounting practice, should be charged to capital expenditures.

"*Net Revenues*" mean all Gross Revenues remaining after deducting Operating Expenses.

"*Operating Expenses*" means the reasonable and necessary expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs and extensions necessary to render efficient service (but only such repairs and extensions as, in the judgment of the Issuer, are necessary to keep the System in operation and render adequate service or such as might be necessary to meet some physical accident or conditions which would otherwise impair the First Lien Obligations), and all payments under contracts for materials and services (including water supply contracts) provided to the Issuer that are required to enable the Issuer to render efficient service. Depreciation shall never be considered as an Operating Expense.

"*Ordinance*" means this ordinance finally adopted by the City Council on October 23, 2025.

"Outstanding" means, when used with respect to First Lien Obligations, as of the date of determination, all First Lien Obligations theretofore delivered under this Ordinance and any ordinance authorizing Additional First Lien Obligations, except:

(1) First Lien Obligations theretofore cancelled and delivered to the Issuer or delivered to the Paying Agent/Registrar for cancellation;

(2) First Lien Obligations deemed paid pursuant to the provisions of Section 20 of this Ordinance or any comparable section of any ordinance authorizing Additional First Lien Obligations;

(3) First Lien Obligations upon transfer of or in exchange for and in lieu of which other First Lien Obligations have been authenticated and delivered pursuant to this Ordinance and any ordinance authorizing Additional First Lien Obligations; and

(4) First Lien Obligations under which the obligations of the Issuer have been released, discharged or extinguished in accordance with the terms thereof.

"*Paying Agent/Registrar*" means the bank initially selected by the Issuer to serve as paying agent and registrar for the Bonds, being BOKF, NA in Dallas, Texas, or any successor thereto as provided in this Ordinance.

"*Permitted Investments*" means any security or obligation or combination thereof permitted under the Public Funds Investments Act, Chapter 2256, Texas Government Code, as amended or other applicable law.

"*Pledged Revenues*" means

(1) the Net Revenues, plus

(2) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter are pledged by the Issuer to the payment of the First Lien Obligations, and excluding those revenues excluded from Gross Revenues or excluded from Net Revenues.

"*Rating Agency*" means any nationally recognized securities rating agency which has assigned, at the request of the Issuer, a rating to the First Lien Obligations.

"Record Date" means Record Date as defined in the Form of Bonds in Section 5 of this Ordinance.

"Registration Books" means the books or records for the registration of the transfer, conversion and exchange of the Bonds kept by the Paying Agent/Registrar.

"*Required Reserve Amount*" means an amount equal to the Average Annual Debt Service Requirements on the Bonds outstanding as of the Required Reserve Amount Computation Date.

"*Required Reserve Amount Computation Date*" means the Delivery Date of the Bonds, and each date Bonds are redeemed pursuant to Section 5 hereof or the earlier date such Bonds are defeased pursuant to Section 20 hereof.

"*Required Reserve Fund Deposits*" means the deposits and credits, if any, required to be made to the 2025 Reserve Fund pursuant to the provisions of Section 11 of this Ordinance.

"*Reserve Fund Obligation*" means, to the extent permitted by law, (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency having an outstanding rating on First Lien Obligations would rate the First Lien Obligations fully insured by a standard policy issued by the issuer of such Reserve Fund Obligation in its two highest generic rating categories for such obligations; and (ii) a letter or line of credit issued by any financial institution, provided that a Rating Agency having an outstanding rating on the First Lien Obligations would rate the First Lien Obligations in any one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the First Lien Obligations and the interest thereon.

"*Reserve Fund Obligation Payment*" means any subrogation payment the Issuer is obligated to make from Pledged Revenues deposited in the 2025 Reserve Fund with respect to a Reserve Fund Obligation.

"*Series*" or "*Series of Bonds*" means any designated series of Bonds issued pursuant to this Ordinance.

"*Special Project*" means any water, sewer, wastewater reuse system property, improvement or facility or other public improvement declared by the Issuer not to be part of the System, for which the costs of acquisition, construction and installation are paid from proceeds of Special Project Bonds and for which all maintenance and operation expenses are payable from sources other than Pledged Revenues, but only to the extent that and for so long as all or any part of the revenues or proceeds of which are or will be pledged to secure the payment or repayment of such costs of acquisition, construction and installation under such financing transaction.

"*Special Project Bonds*" means special revenue obligations of the Issuer which are not secured by the Pledged Revenues, but which are secured by and payable solely from special contract revenues or payments received from the System, any other legal entity, or any combination thereof, in connection with a Special Project; and such revenues or payments shall not be considered as or constitute Gross Revenues of the System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such Special Project Bonds.

"*Stated Maturity*" means the annual principal payments of the First Lien Obligations payable on the respective dates set forth in the ordinances which authorized the issuance of such First Lien Obligations.

"*Subordinate Lien Obligations*" means any bonds, notes, warrants, certificates of obligation, contractual obligations or other Debt issued by the Issuer that are payable from or reasonably expected to be payable in whole from, and equally and ratably secured by a lien on and pledge of the Pledged Revenues, such pledge being subordinate and inferior to the lien on and pledge of the Pledged Revenues that are or will be pledged to the payment of any First Lien Obligations issued by the Issuer.

"*System*" means the Issuer's existing combined water and sewer system, together with all future extensions, improvements, enlargements, and additions thereto, and all replacements thereof; provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not include any Special Projects which are hereafter acquired or constructed by the Issuer with the proceeds of Special Project Bonds.

"*System Fund*" means the special fund created by the provisions of Sections 7 and 8 of this Ordinance.

"*Term of Issue*" means with respect to any Balloon Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or (ii) twenty-five years.

"Year" means the regular fiscal year used by the Issuer in connection with the operation of the System, currently September 30 of each year, which may be any twelve consecutive month period established by the Issuer.

Section 2. RECITALS, AMOUNT, DESIGNATION, DATE, AND PURPOSE OF THE BONDS.

(a) The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section.

(b) The bonds of the City of Marshall, Texas (the "Issuer") are hereby authorized to be issued and delivered in one or more Series in the aggregate principal amount of $1,465,000 (determined without regard to premium or discount affecting the sale price) for the public purposes of (i) acquiring, constructing, and installing additions, improvements, extensions, and equipment for the Issuer's waterworks system, including without limitation water lines, service connections, related infrastructure improvements, and professional services related to such projects, and (ii) to pay the costs incurred in connection with the issuance of the Bonds (the "Project").

(c) Each bond issued pursuant to this Ordinance shall be designated: "CITY OF MARSHALL, TEXAS, WATER WORKS AND SEWER SYSTEM REVENUE BOND, TAXABLE SERIES 2025", and initially there shall be issued, sold and delivered hereunder one fully registered Bond, without interest coupons, dated October 15, 2025, in the entire principal amount of the Bonds, numbered T-1, and in the denomination hereinafter stated (the "Initial Bond"), with Bonds issued in replacement thereof being in the denominations and principal amounts hereinafter stated, numbered consecutively from R-1 upward, payable to the respective Registered Owners thereof, or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the "Registered Owner"). The terms "Bonds" as used herein shall mean and include collectively all bonds initially issued hereunder (the "Initial Bonds") and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

Section 3. MATURITY DATES, PRINCIPAL AMOUNTS, AND INTERST RATES. Interest on the Bonds shall accrue from the Delivery Date printed on the Bonds and shall be payable February 15 and August 15 of each year, commencing February 15, 2026. The Bonds shall mature and be payable on the Maturity Dates and in the Principal Amounts, respectively, and shall bear interest in the manner provided, on the dates stated, and from the dates set forth, in the FORM OF BOND set forth in Section 5 of this Ordinance to their respective Maturity Dates or redemption prior to maturity at the rates per annum, as set forth in the following schedule:

Maturity Date (Aug. 15)	Principal Amount	Interest Rate	Maturity Date (Aug. 15)	Principal Amount	Interest Rate
2026			2036		
2027			2037		
2028			2038		
2029			2039		
2030			2040		
2031			2041		
2032			2042		
2033			2043		
2034			2044		
2035			2045		

Section 4. CHARACTERISTICS OF THE BONDS.

(a) Registration, Transfer, Conversion and Exchange. The Issuer shall keep or cause to be kept at the principal corporate trust office of the Paying Agent/Registrar, books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

(b) Authentication. Except as provided in subsection (m) of this Section, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Ordinance, approved by the Office of the Attorney General of the State of Texas (the "Attorney General"), and registered by the Office of the Comptroller of Public Accounts of the State of Texas (the "Comptroller").

(c) Payment of Principal and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(d) Payment to Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Ordinance.

(e) Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(f) Substitute Paying Agent/Registrar. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar.

(g) Book-Entry Only System. The Bonds issued in exchange for the Bonds initially issued to the purchaser or purchasers specified herein shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof and the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in subsections (i) and (j) of this Section, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(h) Blanket Letter of Representations. The previous execution and delivery of the Blanket Issuer Letter of Representations with respect to obligations of the Issuer is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds. Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Blanket Issuer Letter of Representations is hereby incorporated herein and its provisions shall prevail over any other provisions of this Ordinance in the event of conflict.

(i) Bonds Registered in the Name of Cede & Co. With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(j) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

(k) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Blanket Issuer Letter of Representations of the Issuer to DTC.

(l) General Characteristics of the Bonds. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered Owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Ordinance. The Bonds initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Ordinance the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Bond, in the FORM OF BOND set forth in this Ordinance.

(m) Cancellation of Initial Bonds. On the closing date, one initial Bond (the "Initial Bond") representing the entire principal amount of a Series of the Bonds, payable in stated installments to the Texas Water Development Board, executed by manual or facsimile signature of the Mayor and City Secretary of the Issuer, approved by the Attorney General, and registered and manually signed by the Comptroller, will be delivered to such purchaser or its designee. Upon payment for such Initial Bond, the Paying Agent/Registrar shall cancel such Initial Bond and deliver to DTC on behalf of such purchaser one registered definitive Bond for each year of maturity of such Bonds, in the aggregate principal amount of all of the Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC. To the extent that the Paying Agent/Registrar is eligible to participate in DTC's FAST System, pursuant to an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 5. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of the Comptroller's Registration Certificate to be attached to the Initial Bond, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

(a) Form of Bond.

NO. R-

PRINCIPAL AMOUNT $1,465,000

UNITED STATES OF AMERICA
STATE OF TEXAS

CITY OF MARSHALL, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BOND
TAXABLE SERIES 2025

Interest Rate	Delivery Date	Maturity Date	CUSIP No.
_____%	__________, 2025	August 15, 20__	572683 ___

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, the City of Marshall, in Harrison County, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above. The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date set forth above at the Interest Rate per annum specified above. Interest is payable on February 15, 2026 and semiannually on each August 15 and February 15 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of BOKF, NA in Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Bond (the "Bond Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared at the close of business on the last business day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. Notwithstanding the foregoing, in the event that the Texas Water Development Board (the "TWDB") is the Registered Owner of all of the Bonds, all payments of principal and interest on the Bonds shall be made by wire transfer of funds to the TWDB at no cost to the TWDB.

IN THE EVENT OF A NON-PAYMENT OF INTEREST on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Bond for payment or redemption at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the Registered Owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for any payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of Bonds dated October 15, 2025 authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of $1,465,000 for the public purposes of (i) acquiring, constructing, and installing additions, improvements, extensions, and equipment for the Issuer's waterworks system, including without limitation water lines, service connections, related infrastructure improvements, and professional services related to such projects, and (ii) to pay the costs incurred in connection with the issuance of the Bonds (the "Project").

ON FEBRUARY 15, 2036, or on any date thereafter, the Bonds of this series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of $5,000), at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption, to the Registered Owner of each Bond to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure of the Registered Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of $5,000, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Ordinance.

IF AT THE TIME OF MAILING of notice of optional redemption there shall not have either been deposited with the Paying Agent/Registrar or legally authorized escrow agent immediately available funds sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, and is subject to the deposit of the redemption moneys with the Paying Agent/Registrar or legally authorized escrow agent at or prior to the redemption date, and such notice shall be of no effect unless such moneys are so deposited on or prior to the redemption date. If such redemption is not effectuated, the Paying Agent/Registrar shall, within five days thereafter, give notice in the manner in which the notice of redemption was given that such moneys were not so received and shall rescind the redemption.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of $5,000. As provided in the Bond Ordinance, this Bond may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of $5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of $5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

THE BONDS are special obligations of the Issuer payable solely from and equally secured by a first lien on and pledge of the Pledged Revenues of the Issuer's Utility System. Reference is hereby made to the Bond Ordinance for a more complete statement of the covenants and provisions securing the payment of this Bond and the series of which it is one.

THE ISSUER EXPRESSLY RESERVES the right to issue further and additional special revenue obligations equally secured by a lien on and pledge of the Pledged Revenues of the Issuer's Utility System on a parity with the Bonds of this issue; provided, however, that any and all such additional First Lien Obligations may be issued only in accordance with and subject to the covenants, conditions, limitations and restrictions relating thereto which are set out and contained in the Bond Ordinance, to which reference is hereby made for more complete and full particulars. The Issuer has further reserved the right in the Bond Ordinance to issue Subordinate Lien Obligations and to finance Special Projects that are not part of the System and not payable from Pledged Revenues and for which all maintenance and operation expenses are payable from sources other than Pledged Revenues.

THE HOLDER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation or from any sources whatsoever other than those described in the Bond Ordinance.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed and been done in accordance with law.

THE ISSUER HAS RESERVED THE RIGHT to amend the Bond Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the Registered Owners of a majority in aggregate principal amount of the outstanding Bonds.

BY BECOMING the Registered Owner of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Bond Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Bond Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Ordinance constitute a contract between each Registered Owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Mayor of the Issuer (or in the Mayor's absence, the Mayor Pro Tem of the Issuer) and countersigned with the manual or facsimile signature of the City Secretary of said Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

(signature)	(signature)
City Secretary	Mayor

(SEAL)

(b) Form of Paying Agent/Registrar's Authentication Certificate.

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Bond is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Ordinance described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a bond, bonds, or a portion of a bond or bonds of a series that originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated:________________________.

BOKF, NA
Dallas, Texas
Paying Agent/Registrar

By: _____________________________________
Authorized Representative

(c) Form of Assignment.

ASSIGNMENT
(Please print or type clearly)

For value received, the undersigned hereby sells, assigns and transfers unto: ________________________

____

Transferee's Social Security or Taxpayer Identification Number: _________________________________

Transferee's name and address, including zip code: ____

____

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____________

____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____________________.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

(d) Form of Registration Certificate of the Comptroller of Public Accounts.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. __________________

I hereby certify that there is on file and of record in my office a true and correct copy of the opinion of the Attorney General of the State of Texas approving this Bond and that this Bond has been registered this day by me.

Witness my signature and seal this _______________________________.

____
Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(e) Initial Bond Insertions.

(i) The initial Bond shall be in the form set forth is paragraph (a) of this section, except that:

A. immediately under the name of the Bond, the headings "Interest Rate" and "Maturity Date" shall both be completed with the words "As shown below" and "CUSIP No. _____" shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"THE CITY OF MARSHALL, TEXAS, in Harrison County, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on August 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Maturity Date (Aug. 15)	Principal Amount	Interest Rate

(Information from Section 3 to be inserted)

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date set forth above at the respective Interest Rate per annum specified above. Interest is payable on February 15, 2026, and semiannually on each August 15 and February 15 thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The Initial Bond shall be numbered "T-1."

Section 6. PLEDGE OF PLEDGED REVENUES.

(a) The Issuer hereby covenants and agrees that the Pledged Revenues are hereby irrevocably pledged to the payment and security of the First Lien Obligations, including the establishment and maintenance of the special funds created, established and maintained for the payment and security thereof, all as hereinafter provided; and it is hereby ordered that the First Lien Obligations, and the interest thereon, shall constitute a lien on and pledge of the Pledged Revenues and be valid and binding without any physical delivery thereof or further act by the Issuer, and the lien created hereby on the Pledged Revenues for the payment and security of the First Lien Obligations, including the establishment and maintenance of the special funds created, established and maintained for the payment and security thereof, shall be superior to the lien on and pledge of the Pledged Revenues securing payment of any Subordinate Lien Obligations heretofore or hereafter issued by the Issuer.

(b) Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Pledged Revenues granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, in order to preserve to the Holders of the Bonds a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

Section 7. SPECIAL FUNDS. To provide for the payment of any Additional First Lien Obligations, the following limited special funds have been previously ordered to be established and maintained by the Issuer and are reconfirmed hereby and shall be maintained so long as First Lien Obligations are outstanding:

(a) Marshall Utility System Fund, hereinafter called the "System Fund."

(b) Marshall Waterworks and Sewer System Revenue Bonds Interest and Sinking Fund, hereinafter called the "Interest and Sinking Fund."

(c) Marshall Waterworks and Sewer System Revenue Bonds 2025 Reserve Fund, hereinafter called the "2025 Reserve Fund."

Each such Fund shall be accounted for separate and apart from all other funds of the Issuer, and shall be maintained in a Depository of the Issuer.

Section 8. SYSTEM FUND. The Issuer hereby covenants, agrees and establishes that the Gross Revenues shall be deposited and credited to the System Fund immediately as collected and received. All Operating Expenses are and shall be paid from such Gross Revenues as a first charge against same.

Section 9. FLOW OF FUNDS.

(a) All Gross Revenues deposited and credited to the System Fund shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

First: to the payment of all necessary and reasonable Operating Expenses as defined herein, and the payment of such Operating Expenses shall be a first charge on and claim against the Gross Revenues.

Second: to the payment of the amounts required to be deposited and credited to the Interest and Sinking Fund created and established for the payment of the First Lien Obligations and any Additional First Lien Obligations issued by the Issuer as the same become due and payable.

Third: pro rata to the payment of the amounts required to be deposited and credited (i) to the 2025 Reserve Fund created and established in accordance with the provisions of this Ordinance to maintain the Required Reserve Amount therein, and (ii) to each other reserve fund created and established to maintain a reserve in accordance with ordinances relating to the issuance of any Additional First Lien Obligations hereafter issued by the Issuer.

Fourth: to make payment, including payment of amounts required for reserve fund requirements, of Subordinate Lien Obligations.

(b) Any Pledged Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other Issuer purpose now or hereafter permitted by law.

Section 10. INTEREST AND SINKING FUND.

(a) For purposes of providing funds to pay the principal of, premium, if any, and interest on the First Lien Obligations as the same become due and payable, including any mandatory sinking fund redemption payments, the Issuer agrees that it shall maintain the Interest and Sinking Fund. The Issuer covenants to deposit and credit to the Interest and Sinking Fund prior to each principal, interest payment or redemption date from the available Pledged Revenues an amount equal to one hundred percent (100%) of the amount required to fully pay the interest on and the principal of the First Lien Obligations then coming due and payable.

(b) The required deposits and credits to the Interest and Sinking Fund shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in and credited to the Interest and Sinking Fund and the 2025 Reserve Fund (and in any reserve fund created pursuant to Section 11(g) hereof, taking into account any Reserve Fund Obligation held in or for the benefit of any such reserve fund) is equal to the amount required to fully pay and discharge all outstanding First Lien Obligations (principal, premium, if any, and interest) or (ii) the First Lien Obligations are no longer outstanding.

(c) Accrued interest and capitalized interest, if any, received from the purchaser of any First Lien Obligation shall be taken into consideration and reduce the amount of the deposits and credits hereinabove required into the Interest and Sinking Fund.

Section 11. 2025 RESERVE FUND.

(a) There is hereby created and ordered held at a Depository of the Issuer, for the benefit of the Bonds, the 2025 Reserve Fund. The Required Reserve Amount as of the Delivery Date of the Bonds is $[ ]. The Issuer shall deposit into the 2025 Reserve Fund on or before the last day of each month, beginning on or before the last day of the month next following the month in which the Bonds are delivered, from available Gross Revenues a substantially equal amount per month which will within 60 calendar months of the date of such first deposit accumulate the Required Reserve Amount. The Required Reserve Amount shall be maintained in the 2025 Reserve Fund at all times after the delivery of the Bonds, and the Required Reserve Amount shall be computed on each Required Reserve Amount Computation Date. There shall be deposited into the 2025 Reserve Fund any Reserve Fund Obligations so designated by the Issuer. All funds, investments and Reserve Fund Obligations on deposit and credited to the 2025 Reserve Fund shall be used solely for (i) the payment of the principal of and interest on the Bonds, when and to the extent other funds available for such purposes are insufficient, (ii) to make Reserve Fund Obligation Payments, and (iii) to retire the last Stated Maturity or Stated Maturities of or interest on the Bonds.

(b) When and for so long as the cash, investments and Reserve Fund Obligations in the 2025 Reserve Fund equal the Required Reserve Amount or the portion then required to be on deposit therein, no deposits need be made to the credit of the 2025 Reserve Fund; but, if and when the 2025 Reserve Fund at any time contains less than the Required Reserve Amount then required to be on deposit therein, the Issuer covenants and agrees that the Issuer shall cure the deficiency in the 2025 Reserve Fund by making Required Reserve Fund Deposits to such fund from the Pledged Revenues in accordance with Section 9 by monthly deposits in amounts equal to not less than 1/60th of the Required Reserve Amount, with any such deficiency payments being made on or before the last day of each month until the Required Reserve Amount has been fully funded or restored. In addition, in the event that a portion of the Required Reserve Amount is represented by a Reserve Fund Obligation, the Required Reserve Amount shall be restored as soon as possible from monthly deposits of Pledged Revenues on deposit in the System Fund in accordance with Section 9, but subject to making the full deposits and credits to the Interest and Sinking Fund required to be made by Section 10. The Issuer further covenants and agrees that, subject only to the prior deposits to be made to the Interest and Sinking Fund, the Pledged Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount, including by paying Reserve Fund Obligation Payments when due, and any reserve established for the benefit of any issue or series of Additional First Lien Obligations and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of Additional First Lien Obligations. Reimbursements to the provider, if any, of a Reserve Fund Obligation shall constitute the making up of a deficiency in the 2025 Reserve Fund to the extent that such reimbursements result in the reinstatement, in whole or in part, as the case may be, of the amount of the Reserve Fund Obligation.

(c) Earnings and income derived from the investment of amounts held for the credit of the 2025 Reserve Fund shall be retained in the 2025 Reserve Fund until the 2025 Reserve Fund contains the Required Reserve Amount. During such time as the 2025 Reserve Fund contains the Required Reserve Amount or any cash or Permitted Investment is replaced with a Reserve Fund Obligation pursuant to subsection (d) below, the Issuer may, at its option, withdraw all surplus funds in the 2025 Reserve Fund and deposit such surplus in the System Fund; provided that the face amount of any Reserve Fund Obligation may be reduced at the option of the Issuer in lieu of such transfer. Notwithstanding the foregoing, any surplus funds in the 2025 Reserve Fund that consist of proceeds of the Bonds or interest thereon shall be used for purposes for which the Bonds were issued or deposited to the Interest and Sinking Fund.

(d) The Issuer may at any time deposit, supplement, replace or substitute a Reserve Fund Obligation for cash or Permitted Investments on deposit in the 2025 Reserve Fund or in substitution for or replacement of any existing Reserve Fund Obligation, provided, that the deposit, supplement, replacement or substitution of the Reserve Fund Obligation will not, in and of itself, cause any ratings then assigned to the Bonds by any

Rating Agency to be lowered and the ordinance authorizing the substitution of the Reserve Fund Obligation for all or part of the Required Reserve Amount contains a finding that such substitution is cost effective. Notwithstanding any other provision of this Ordinance, if a Reserve Fund Obligation is utilized in connection with the Bonds after the issuance date of the Bonds, the Issuer must specifically approve any such Reserve Fund Obligation and any such Reserve Fund Obligation must be submitted to the Attorney General of Texas (if submission is then required by law) for approval.

(e) If the Issuer is required to make a withdrawal from the 2025 Reserve Fund for any of the purposes described in this Section, the Issuer shall promptly notify the issuer of such Reserve Fund Obligation of the necessity for a withdrawal from the 2025 Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys or Permitted Investments then on deposit in the 2025 Reserve Fund, and NEXT from a drawing under any Reserve Fund Obligation to the extent of such deficiency.

(f) In the event there is a draw upon the Reserve Fund Obligation, the Issuer shall reimburse the issuer of such Reserve Fund Obligation for such draw, in accordance with the terms of any agreement pursuant to which the Reserve Fund Obligation is used, from Pledged Revenues, however, such reimbursement from Pledged Revenues shall be in accordance with the provisions of Section 11(b) hereof and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the then outstanding First Lien Obligations.

(g) The Issuer may create and establish a debt service reserve fund pursuant to the provisions of any ordinance or other instrument authorizing the issuance of First Lien Obligations for the purpose of securing that particular issue or series of First Lien Obligations or any specific group of issues or series of First Lien Obligations (including the combining of debt service reserve funds for First Lien Obligations so long as the requirements of each ordinance authorizing such First Lien Obligations are satisfied), and the amounts once deposited or credited to said debt service reserve funds shall no longer constitute Pledged Revenues and shall be held solely for the benefit of the owners of the particular First Lien Obligations for which such debt service reserve fund was established. Each debt service reserve fund shall receive a pro rata amount of the Pledged Revenues after the requirements of the Interest and Sinking Fund, which secures all First Lien Obligations, have first been met. Each such debt service reserve fund shall be designated in such manner as is necessary to identify the First Lien Obligations it secures and to distinguish such debt service reserve fund from the debt service reserve funds created for the benefit of other First Lien Obligations. Each ordinance authorizing the issuance of First Lien Obligations that are to be secured by a debt service reserve fund shall specify the amount or a manner of calculating the amount to be held and maintained on deposit therein.

Section 12. DEFICIENCIES; EXCESS PLEDGED REVENUES.

(a) Deficiencies. If on any occasion there shall not be sufficient Pledged Revenues (after making all payments pertaining to all First Lien Obligations) to make the required deposits and credits to the Interest and Sinking Fund and the 2025 Reserve Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Pledged Revenues, or from any other sources available for such purpose, and such deposits and credits shall be in addition to the amounts otherwise required to be deposited and credited to such funds.

(b) Excess Pledged Revenues. Subject to making the deposits and credits required by this Ordinance or any ordinances authorizing the issuance of Additional First Lien Obligations, or the payments and credits required by the provisions of the ordinances authorizing the issuance of Subordinate Lien Obligations heretofore or hereafter issued by the Issuer, the excess Pledged Revenues may be used for any lawful purpose.

Section 13. INVESTMENT OF FUNDS; VALUATION; FUNDS SECURED; TRANSFER OF INVESTMENT INCOME.

(a) Moneys in any fund established pursuant to this Ordinance may, at the option of the Issuer, be invested in Permitted Investments, provided that all such deposits and investments shall have a market value exclusive of accrued interest at all times at least equal to the amount of money credited to such funds, and shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Moneys in the 2025 Reserve Fund shall not be invested in securities maturing later than the final maturity of the Bonds. Such investments shall be valued in terms of current market value as of the last day of each Year, except that direct obligations of the United States (State and Local Government Series) in book-entry form shall be continuously valued at their par or face principal amount. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or any Additional First Lien Obligations issued. To the extent not invested, moneys in any fund established pursuant to this Ordinance shall be secured in the manner prescribed by law for securing funds of the Issuer.

(b) All interest and income derived from such investments (other than interest and income derived from amounts credited to the 2025 Reserve Fund or any other reserve fund created in accordance with Section 11(g) hereof, if the 2025 Reserve Fund or such other reserve fund, as the case may be, does not contain the Required Reserve Amount or the First Lien Obligation Reserve Requirement, as the case may be) shall be credited to the System Fund semi-annually and shall constitute Gross Revenues.

Section 14. PAYMENT OF FIRST LIEN OBLIGATIONS. While any of the First Lien Obligations are outstanding, the Issuer shall transfer to the respective paying agent/registrar therefor, from funds on deposit in and credited to the Interest and Sinking Fund, and, if necessary, in the 2025 Reserve Fund with respect to the Bonds, amounts sufficient to fully pay and discharge promptly the interest on and principal of the First Lien Obligations as shall become due on each interest or principal payment date, or date of redemption of the First Lien Obligations; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with each respective paying agent/registrar for the First Lien Obligations not later than the business day next preceding the date such payment is due on the First Lien Obligations. The Paying Agent/Registrar shall destroy all paid First Lien Obligations and furnish the Issuer with an appropriate certificate of cancellation or destruction.

Section 15. ISSUER COVENANTS. The Issuer further covenants and agrees that in accordance with and to the extent required or permitted by law:

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in any ordinance authorizing the issuance of First Lien Obligations, including this Ordinance, and in each and every First Lien Obligation; it will promptly pay or cause to be paid the principal of and interest on every First Lien Obligation on the dates and in the places and manner prescribed in such ordinances and obligations; and it will, at the times and in the manner prescribed, deposit and credit or cause to be deposited and credited the amounts required to be deposited and credited to the Interest and Sinking Fund and the 2025 Reserve Fund.

(b) Issuer's Legal Authority. It is a duly created and existing home rule city of the State of Texas, and is duly authorized under the laws of the State of Texas to issue the Bonds; that all action on its part for the issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the Holders thereof are and will be valid and enforceable special obligations of the Issuer in accordance with their terms.

(c) Title. It has or will obtain lawful title to the lands, buildings, structures and facilities constituting the System, that it warrants that it will defend the title to all the aforesaid lands, buildings, structures and facilities, and every part thereof, for the benefit of the Holders of the First Lien Obligations, against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the First Lien Obligations in the manner prescribed herein, and has lawfully exercised such rights.

(d) Liens. It will from time to time and before the same become delinquent pay and discharge all taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon it, or the System; it will pay all lawful claims for rents, royalties, labor, materials and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Issuer.

(e) Operation of System; No Free Service. It will, while any First Lien Obligations are outstanding, continuously and efficiently operate the System, and shall maintain the System in good condition, repair and working order, all at reasonable cost. No free service of the System shall be allowed, and should the Issuer or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value shall be made by the Issuer out of funds from sources other than the Gross Revenues of the System, unless made from surplus or excess Pledged Revenues as permitted in Section 12.

(f) Further Encumbrance. While any First Lien Obligations are outstanding, it will not additionally encumber the Pledged Revenues in any manner, except as permitted in this Ordinance in connection with Additional First Lien Obligations, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Ordinance; but the right of the Issuer to issue or incur obligations payable from a subordinate lien on the Pledged Revenues is specifically recognized and retained.

(g) Sale or Disposal of Property. While any First Lien Obligations are outstanding, it will not sell, convey, mortgage, encumber, lease or in any manner transfer title to, or release without due consideration in whole or in part contractual rights constituting part of the System, or any significant or substantial part thereof; provided that whenever the Issuer deems it necessary to dispose of any other property, machinery, fixtures or equipment, it may sell or otherwise dispose of such property, machinery, fixtures or equipment when it has made arrangements to replace the same or provide substitutes therefor, unless it is determined that no such replacement or substitute is necessary. Proceeds from any sale hereunder not used to replace or provide for substitution of such property sold, shall be used for improvements to the System or to purchase or redeem First Lien Obligations.

(h) Insurance. (1) The Issuer shall insure such parts of the System as would usually be insured by corporations operating like properties, with responsible insurance companies, against loss to the extent insurance is usually carried by corporations operating like properties. To the extent reasonably obtainable, it shall include insurance against the perils of fire, extended coverage and flooding and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the Issuer's attorney gives a written opinion to the effect that the Issuer is not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the Issuer shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times. Upon the happening of any loss or damage covered by insurance from one or more of said causes, the Issuer shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Issuer. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the Issuer for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the System shall be used promptly as follows:

(i) for the redemption prior to maturity of the First Lien Obligations, ratably in the proportion that the outstanding principal of each series of First Lien Obligations bears to the total outstanding principal of all First Lien Obligations, provided that, if on any such occasion the principal of any such series is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(ii) if none of the outstanding First Lien Obligations is subject to redemption, then for the purchase on the open market and retirement of said First Lien Obligations in the same proportion as prescribed in the foregoing clause (i), to the extent practicable; provided, however, that the purchase price for any First Lien Obligation shall not exceed the redemption price of such First Lien Obligation on the first date upon which it becomes subject to redemption; or

(iii) to the extent that the foregoing clauses (i) and (ii) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at a Depository, to be designated the Insurance Account. The Insurance Account shall be held until such time as the foregoing clauses (i) and/or (ii) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(2) The foregoing provisions of (1) above notwithstanding, the Issuer shall have authority to enter into coinsurance or similar plans where risk of loss is shared in whole or in part by the Issuer.

(3) The annual audit hereinafter required shall contain a section commenting on whether or not the Issuer has complied with the requirements of this Section with respect to the maintenance of insurance, and listing all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(i) Governmental Agencies. It will comply with all of the terms and conditions of any and all franchises, permits and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the Issuer has or will obtain and keep in full force and effect all franchises, permits, authorization and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation and maintenance of the System.

(j) No Competition. That so far as it legally may, it will not grant any franchise or permit for the acquisition, construction or operation of any competing facilities which might be used as a substitute for the System's facilities and, to the extent that it legally may, the Issuer will prohibit any such competing facilities.

(k) Records. It will keep proper books of record and account in which full, true and correct entries will be made of all dealings, activities and transactions relating to the System, the Pledged Revenues, and the funds created pursuant to this Ordinance, and all books, documents and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of a Holder of First Lien Obligations.

(l) Audits. After the close of each Year while any First Lien Obligation is outstanding, it will cause an audit to be made of the books and accounts relating to the Authority, including the System and the Pledged Revenues by an Accountant. As soon as practicable after the close of each such Year, and when said audit has been completed and made available to the Issuer, a copy of such audit for the preceding Year shall be mailed to the Municipal Advisory Council of Texas. Such annual audit reports shall be open to the inspection of the Holders of First Lien Obligations and their agents and representatives at all reasonable times.

(m) Rate Covenant. It will fix, establish, maintain and collect such rates, charges and fees for the use and availability of the System at all times as are necessary to produce Gross Revenues equal to the greater of amounts sufficient:

(a) (1) to pay all current Operating Expenses, and (2) to produce Net Revenues for each Year at least equal to 1.15 times the Average Annual Debt Service Requirements of all then outstanding First Lien Obligations, or

(b) to pay the sum of: (i) all current Operating Expenses, (ii) the Average Annual Debt Service Requirements of all then outstanding First Lien Obligations and Subordinate Lien Obligations, (iii) required deposits to a reserve fund for any First Lien Obligations and Subordinate Lien Obligations then outstanding, and (iv) amounts required to pay all other obligations of the System reasonably anticipated to be paid from Gross Revenues during the current Year.

Section 16. ISSUANCE OF ADDITIONAL FIRST LIEN OBLIGATIONS.

(a) The Issuer shall have the right and power at any time and from time to time and in one or more series or issues, to authorize, issue and deliver Additional First Lien Obligations, in accordance with law, in any amounts, for purposes of extending, improving or repairing the System or for the purpose of refunding of any First Lien Obligations, Subordinate Lien Obligations or other obligations of the Issuer incurred in connection with the ownership or operation of the System. Such Additional First Lien Obligations, if and when authorized, issued and delivered in accordance with this Ordinance, shall be secured by and made payable equally and ratably on a parity with all other First Lien Obligations at the time outstanding and unpaid, from a first lien on and pledge of the Pledged Revenues herein granted.

(b) The Interest and Sinking Fund shall secure and be used to pay all First Lien Obligations. Each ordinance under which Additional First Lien Obligations are issued shall provide and require that, in addition to the amounts required by the provisions of this Ordinance and the provisions of any other ordinance or ordinances authorizing Additional First Lien Obligations to be deposited to the credit of the Interest and Sinking Fund, the Issuer shall deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional First Lien Obligations then being issued, as the same come due.

(c) Additional First Lien Obligations shall be issued only in accordance with this Ordinance, but notwithstanding any provisions of this Ordinance to the contrary, no installment, series or issue of Additional First Lien Obligations shall be issued or delivered unless:

(i) The Designated Financial Officer shall have executed a certificate stating (A) (i) that, to the best of such person's knowledge and belief, the Issuer is not then in default as to any covenant or requirement contained in any ordinance authorizing the issuance of outstanding First Lien Obligations, and (ii) payments into all special funds or accounts created and established for the payment and security of all outstanding First Lien Obligations have been made and that the amounts on deposit in such special funds or accounts are the amounts then required to be on deposit therein or (B) the application of the proceeds of sale of such obligations then being issued will cure any such default or deficiency; and

(ii) The Designated Financial Officer shall have executed a certificate stating that based on the books and records of the Issuer, during either the preceding Year, or any twelve (12) consecutive months out of the fifteen (15) months immediately preceding the date of the then proposed Additional First Lien Obligations, the Net Earnings are at least equal to 1.15 times the Average Annual Debt Service

Requirements (computed on a fiscal year basis) of the First Lien Obligations to be outstanding **after the** issuance of the then proposed Additional First Lien Obligations.

(d) If the proceeds of the Additional First Lien Obligations are to be used to construct or acquire a Capital Addition, the following two certificates may be provided in lieu of the certificate required by (c)(ii) above:

(i) The Designated Financial Officer shall have executed a certificate stating that based on the books and records of the Issuer, during either the preceding Year, or any twelve (12) consecutive months out of the fifteen (15) months immediately preceding the date of the then proposed Additional First Lien Obligations, the Net Earnings are at least equal to 1.15 times the Average Annual Debt Service Requirements (computed on a fiscal year basis) of the First Lien Obligations to be outstanding **at the time** of issuance of the Additional First Lien Obligations then being issued; and

(ii) a certificate of an Accountant to the effect that the projected Net Earnings will be, in his or its opinion, for each of the five (5) Years subsequent to the date the Capital Addition becomes commercially operative (as estimated in the engineering report pertaining thereto) equal to at least 1.15 times the Average Annual Debt Service Requirements for First Lien Obligations then outstanding and all Additional First Lien Obligations estimated to be issued, if any, for all improvements to the System and for all Capital Additions then in progress or then being initiated during the period from the date the first series of obligations for the Capital Addition is to be delivered through the fifth Year subsequent to the date the Capital Addition is estimated to become commercially operative.

(e) In making a determination of Net Earnings for any of the purposes described in this Section, the Designated Financial Officer may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the date the ordinance authorizing the issuance of the Additional First Lien Obligations is adopted and, for purposes of satisfying the Net Earnings tests described above, make a pro forma determination of the Net Earnings of the System for the period of time covered by said Designated Financial Officer's certification or opinion based on such change in rates and charges being in effect for the entire period covered by said Designated Financial Officer's certificate or opinion.

(f) First Lien Obligations may be refunded (pursuant to any law then available) upon such terms and conditions as the Issuer may deem to be in the best interest of the Issuer and its inhabitants, and if less than all such outstanding First Lien Obligations are refunded, the proposed refunding bonds shall be considered as "Additional First Lien Obligations" under the provisions of this Section and the certificate required in subsection (c)(ii) shall give effect to the issuance of the proposed refunding bonds (and shall not give effect to the bonds being refunded following their cancellation or provision being made for their payment).

(g) All calculations of Average Annual Debt Service Requirements made pursuant to this Section shall be made as of and from the date of the Additional First Lien Obligations then proposed to be issued.

Section 17. NO ISSUANCE OF OBLIGATIONS SENIOR TO THE FIRST LIEN OBLIGATIONS. That the Issuer covenants and agrees that it will not issue any obligations payable from and secured, in whole or in part, by a lien on and pledge of the Pledged Revenues, senior in rank and dignity to the lien on and pledge of such Pledged Revenues securing the payment of the First Lien Obligations, it being the intent of the Issuer that upon the issuance of the Bonds, the Issuer will finance improvements and extensions of the System and refinance obligations issued for the purpose of improving and extending the System with First Lien Obligations.

Section 18. ISSUANCE OF SUBORDINATE OBLIGATIONS. The Issuer hereby reserves the right to issue, at any time, obligations including, but not limited to, Subordinate Lien Obligations, payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Pledged Revenues, subordinate and inferior in rank and dignity to the lien on and pledge of such Pledged Revenues securing the payment of the First Lien Obligations, as may be authorized by the laws of the State of Texas.

Section 19. ISSUANCE OF SPECIAL PROJECT BONDS. Nothing in this Ordinance shall be construed to deny the Issuer the right and it shall retain, and hereby reserves unto itself, the right to issue Special Project Bonds secured by liens on and pledges of revenues and proceeds derived from Special Projects.

Section 20. DEFEASANCE OF BONDS.

(a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the funds created and the revenues herein pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsections (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by the laws of the State of Texas that are eligible to refund, retire or otherwise discharge obligations such as the Bonds.

(d) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(e) In the event that the Issuer elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

Section 21. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new Bond of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen or destroyed Bonds shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Bond, the registered owner applying for a replacement Bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Bond, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred that is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the registered owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued under this Ordinance.

(e) Authority for Issuing Replacement Bonds. In accordance with Section 1206.022, Texas Government Code, this Section 21 of this Ordinance shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

Section 22. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED; ENGAGEMENT OF BOND COUNSEL.

(a) The Mayor and Finance Director of the Issuer are hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining to the Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General and registration by the Comptroller. Upon registration of the Initial Bonds said Comptroller (or a deputy designated in writing to act for said

Comptroller) shall manually sign the Comptroller's Registration Certificate attached to the Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Initial Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

(b) The obligation of the initial purchaser to accept delivery of the Bonds is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of initial delivery of the Bonds to the initial purchaser. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Bonds is hereby approved and confirmed. The execution and delivery of an engagement letter between the Issuer and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the Mayor or the City Manager, and the Mayor or the City Manager is hereby authorized to execute such engagement letter.

Section 23. NOT TAX-EXEMPT OBLIGATIONS. The Bonds shall not constitute obligations within the meaning of Section 103 of the United States Internal Revenue Code of 1986.

Section 24. CONSTRUCTION FUND; INVESTMENT EARNINGS; SECURITY FOR DEPOSITS.

(a) The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2025 Revenue Bond Construction Fund" for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Project as hereinbefore provided, and to pay the costs of issuance of the Bonds. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund

(b) The Issuer may place proceeds of the Bonds (including investment earnings thereon) and amounts deposited into the Interest and Sinking Fund in investments authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; provided, however, that the Issuer hereby covenants that the proceeds of the sale of the Bonds will be used as soon as practicable for the purposes for which the Bonds are issued. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with other Bond proceeds for the Project; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is provided, however, that any interest earnings on Bond proceeds that are required to be rebated to the United States of America pursuant to Section 23 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

(c) All deposits authorized or required by this Ordinance shall be secured to the fullest extent required by law for the security of public funds as provided in Chapters 2256 and 2257, Texas Government Code, as amended.

Section 25. SALE OF BONDS; FURTHER PROCEDURES.

(a) The Bonds are hereby sold and shall be delivered to or pursuant to the directions of the TWDB at a purchase price equal to 100% of the principal amount thereof. The Bonds have been purchased by the TWDB pursuant to the TWDB Resolution, and in accordance with such resolution the Issuer shall pay an origination charge to the TWDB in the amount specified therein.

(d) The Mayor and Mayor Pro Tem, the City Secretary, City Manager and Finance Director of the Issuer shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the Issuer such documents, certificates and other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the sale of the Bonds, the Paying Agent/Registrar Agreement, and the Blanket Issuer Letter of Representations of the Issuer to DTC. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 26. DEFAULT AND REMEDIES

(a) Events of Default. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Issuer, the failure to perform which materially, adversely affects the rights of the registered owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the Issuer.

(b) Remedies for Default.

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Issuer for the purpose of protecting and enforcing the rights of the Registered Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Bonds then outstanding.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Bond authorized under this Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the Issuer or the City Council.

(iv) None of the members of the City Council, nor any other official or officer, agent, or employee of the Issuer, shall be charged personally by the registered owners with any liability, or be held personally liable to the registered owners under any term or provision of this Ordinance, or because of any Event of Default or alleged Event of Default under this Ordinance.

Section 27. COMPLIANCE WITH RULE 15c2-12.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(b) Annual Reports.

(i) The Issuer shall provide annually to the MSRB, within twelve months after the end of each Fiscal Year ending in or after 2025, financial information and operating data with respect to the Issuer of the general type included in the Issuer's application to the Texas Water Development Board, provided that such information and data is customarily prepared by the Issuer and publicly available. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in the notes to the financial statements filed with the TWDB as part of the Issuer's application for financial assistance, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Issuer shall provide unaudited financial statements by the required time and will provide audited financial statements for the applicable Fiscal Year to the MSRB, when and if the audit report on such statements become available. Such information shall be transmitted electronically to the MSRB, in such format and accompanied by such identifying information as prescribed by the MSRB.

(ii) If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet website or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Notice of Certain Events.

(i) The Issuer shall file notice of any of the following events with respect to the Bonds with the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

(1) Principal and interest payment delinquencies;
(2) Non-payment related defaults, if material;
(3) Unscheduled draws on debt service reserves reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
(5) Substitution of credit or liquidity providers, or their failure to perform;
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(7) Modifications to rights of holders of the Bonds, if material;
(8) Bond calls, if material, and tender offers;
(9) Defeasances;
(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;
(12) Bankruptcy, insolvency, receivership, or similar event of the Issuer;
(13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
(15) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For these purposes, (i) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer., and (ii) the Issuer intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

The Issuer shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with this subsection by the time required. All documents provided to the MSRB pursuant to this subsection shall be accompanied by identifying information as prescribed by the MSRB.

(d) Limitations, Disclaimers, and Amendments.

(i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Issuer in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes Bonds no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(v) Should the Rule be amended to obligate the Issuer to make filings with or provide notices to entities other than the MSRB, the Issuer hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended. The provisions of this Section may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 28. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to wit:

(a) The Issuer may from time to time, without the consent of any holder of a First Lien Obligation, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders of First Lien Obligations, (ii) grant additional rights or security for the benefit of the holders of First Lien Obligations, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders of First Lien Obligations, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders of First Lien Obligations.

(b) That the owners of First Lien Obligations aggregating in principal amount 51% of the aggregate principal amount of then outstanding First Lien Obligations (for purposes of this sentence only, 100% of the aggregate principal amount of First Lien Obligations which are insured by a bond insurance provider at the time that the Issuer seeks approval of an amendment shall be deemed to be owned by such bond insurance provider) shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of the owners of all of the First Lien Obligations at the time outstanding, nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in this Ordinance or in the First Lien Obligations so as to:

(1) Make any change in the maturity of any of the outstanding First Lien Obligations;

(2) Reduce the rate of interest borne by any of the outstanding First Lien Obligations;

(3) Reduce the amount of the principal payable on the outstanding First Lien Obligations;

(4) Modify the terms of payment of principal of or interest on the outstanding First Lien Obligations or impose any conditions with respect to such payment;

(5) Affect the rights of the holders of less than all of the First Lien Obligations then outstanding;

(6) Change the minimum percentage of the principal amount of First Lien Obligations necessary for consent to such amendment; or

(7) Amend this subsection (b) of this Section 28.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail to each registered owner of the affected First Lien Obligations a copy of the proposed amendment. Such notice shall briefly set forth the nature of the proposed amendment.

(d) Whenever at any time within one year from the date of the mailing of such notice the Issuer shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the First Lien Obligations then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the Issuer and all holders of such affected First Lien Obligations shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a First Lien Obligation pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the mailing of notice as provided for in this Section, and shall be conclusive and binding upon all future holders of the same First Lien Obligation during such period. Such consent may be revoked at any time after six months from the date of mailing of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected First Lien Obligations then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

(g) For the purposes of establishing ownership of the First Lien Obligations, the Issuer shall rely solely upon the registration of the ownership of such First Lien Obligation on the registration books kept by the respective paying agent/registrar of such First Lien Obligations.

(h) That the foregoing provisions of this Section notwithstanding, the Issuer by action of the City Council may amend this Ordinance for any one or more of the following purposes:

(1) To add to the covenants and agreements of the Issuer in this Ordinance contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to bondholders or to surrender, restrict or limit any right or power herein reserved to or conferred upon the Issuer;

(2) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in this Ordinance, or in regard to clarifying matters or questions arising under this Ordinance, including, without limitation, those matters described in Section 27(d)(v) hereof, or those matters necessary to obtain a rating on the Bonds or to obtain the approving opinion of the Attorney General of Texas as required by law, as are necessary or desirable and not contrary to or inconsistent with this Ordinance and which shall not adversely affect the interests of the holders of the First Lien Obligations;

(3) To make such amendments to this Ordinance as may be required, in the opinion of nationally-recognized bond counsel selected by the Issuer, to ensure compliance with sections 103 and 141 through 150 of the Code and the regulations promulgated thereunder and applicable thereto;

(4) To modify any of the provisions of this Ordinance in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all First Lien Obligations outstanding at the date of the adoption of such modification shall cease to be outstanding, and (ii) such modification shall be specifically referred to in the text of all First Lien Obligations issued after the date of the adoption of such modification.

Section 29. COMPLIANCE WITH THE TWDB'S RULES AND REGULATIONS. The provisions of this Section shall apply in addition to any other Section hereof which provides rights to the TWDB so long as the Bonds, or any of them, are owned by the TWDB. The Issuer hereby agrees to comply with all conditions set forth in the TWDB Resolution, which conditions are incorporated herein.

(a) <u>Annual Audit Reporting</u>. The Issuer shall provide the Texas Water Development Board with an annual report prepared in accordance with generally accepted auditing standards by a certified public accountant or licensed public accountant, to be submitted without charge within 180 days of the close of each fiscal year.

(b) <u>Covenant to Abide with Rules</u>. The Issuer will abide with all applicable laws of the State of Texas and Rules of the Texas Water Development Board relating to the loan of funds evidenced by the Certificates and the Project for which the Certificates are issued, sold and delivered.

(c) <u>Water Conservation Program</u>. The Issuer agrees and covenants that it will implement an approved water conservation program in accordance with 31 TAC § 371.71.

(d) <u>Records and Accounts</u>. The Issuer agrees and covenants that it will maintain current, accurate and complete records and accounts regarding the System in accordance with 31 TAC § 371.71.

(e) <u>Environmental Determinations</u>. The Issuer agrees and covenants that it will comply with any special conditions of the environmental determination of the Executive Administrator in accordance with 31 TAC § 371.71.

(f) Prohibition on Use of Proceeds. The Issuer covenants and agrees that none of the proceeds of the Certificates will be expended on costs incurred or to be incurred relating to the sampling, testing, removing or disposing of potentially contaminated soils and/or media at the project site.

(g) Indemnification. The Issuer further agrees, to the extent permitted by law, to indemnify, hold harmless and protect the Texas Water Development Board from any and all claims or causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, removal and off-site disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Issuer, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project.

(h) Conveyance of Obligations. Prior to any action by the Issuer to convey its obligations under the Certificates to another entity, if permitted by law, the conveyance and the assumption of such obligations must be approved by the Texas Water Development Board. The Issuer shall notify the Executive Administrator prior to taking any actions to alter its legal status in any manner, such a sale-transfer-merger with another retail public utility.

(i) Davis-Bacon Act Compliance. All laborers and mechanics employed by contractors and subcontractors for the Project who are paid from proceeds of the Certificates on deposit in the Construction Fund shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality of the Issuer in accordance with the federal Davis-Bacon Act and the U.S. Department of Labor's implementing regulations pertaining thereto.

(j) Federal Funding Accountability and Transparency Act. The Issuer shall provide the Texas Water Development Board with all information required by the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282.

(k) DUNS Number and CAGE Code. The Issuer shall obtain a Data Information Numbering System (DUNS) Number and shall register with the System for Award Management to obtain a Commercial and Government Entity (CAGE) Code, and maintain current registration at all times during which the Certificates are outstanding.

(l) Timely Expenditures. All proceeds of the Certificates will be timely and expeditiously used, as required by applicable federal statutes and U.S. Environmental Protection Agency regulations, and the Issuer shall adhere to a project construction schedule acceptable to the Executive Administrator that facilitates timely use of funds and project completion.

(m) As-Built Plans. The Issuer shall provide to the Texas Water Development Board a full and complete set of "as-built" plans relating to the Project, promptly upon completion of the Project.

(n) Final Accounting. The Issuer shall render a final accounting of the cost of the Project to the Texas Water Development Board within 60 days of the completion of the Project. If the total cost of the Project, as finally completed, is less than originally estimated, so that the proper share of the participation by the Texas Water Development Board in the Project is reduced, such surplus proceeds shall be used in accordance with Section 15 hereof.

(o) Insurance. Insurance coverage be obtained and maintained by the Issuer in an amount sufficient to protect the interest of the Texas Water Development Board in the Project.

(p) Remedies. The TWDB may exercise all remedies available to it in law or equity, and any provision of the Certificates or this Ordinance that restricts or limits the TWDB's full exercise of such remedies shall be of no force and effect.

(q) American Iron and Steel Requirements. The Issuer will abide by all applicable construction contract requirements related to the use of iron and steel products in the United States, as required by the 2014 Federal Appropriations Act and related State Revolving Fund Policy Guidelines.

(r) Covenant Regarding Taxes and System Rates. The Issuer hereby agrees that, for so long as the Certificates are outstanding, to levy a tax and/or maintain and collect sufficient rates and charges to produce System revenues in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Certificates.

(s) Outlay Reports. The Issuer shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.

Section 30. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Ordinance, despite such invalidity, which remaining portions shall remain in full force and effect.

Section 31. NO PERSONAL LIABILITY. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Ordinance, against any official or employee of the Issuer or any person executing any Bond.

Section 33. OPEN MEETING. It is hereby officially found and determined that the meeting at which this Ordinance was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

Section 34. IMMEDIATE EFFECTIVE DATE. This Ordinance shall take effect and be in force immediately upon and after its adoption by the City Council in accordance with the provisions of Section 1201.028, Texas Government Code and the provisions of the City Charter of the Issuer, and it is accordingly so ordained.

(Execution Page Follows)

APPROVED AND ADOPTED ON THE 23RD DAY OF OCTOBER, 2025

Amy Ware, Mayor
City of Marshall, Texas

Attest

Nikki Smith, City Secretary
City of Marshall, Texas

Approved As to Form:

Rodolfo Segura Jr
McCall, Parkhurst & Horton L.L.P.

Approved As to Content:

Dawn Jones, Finance Director
City of San Marshall, Texas

[CITY SEAL]

TO:	City Council
DATE:	October 23, 2025
ITEM #:	11.B
SUBJECT:	**O-25-35** An ordinance amending Ordinance NO. O-24-19 to amend the 2025 Annual Budget of the City of Marshall, Texas, to increase the Fire Department's Repairs and Maintenance account by $30,000, funded through the use of Fund Balance. (Finance/Fire)

Recommendation for Action: Staff recommends approval of a budget amendment to increase the Fire Department's Repairs and Maintenance account by $30,000, funded through the use of Fund Balance.

Executive Summary: Recommendation: Staff recommends approval of a budget amendment to increase the Fire Department's Repairs and Maintenance account by $30,000, funded through the use of Fund Balance.

Background
The Fire Department has experienced unforeseen repair costs for fire apparatus and ambulances that exceed the budgeted allocation for repairs and maintenance in fiscal year 2025. These unanticipated expenses were not included in the original budget adopted by City Council on September 26, 2024 (Ordinance No. O-24-19).

Purpose
This budget amendment will provide the necessary funding to address immediate repair needs and ensure the Fire Department maintains operational readiness throughout the remainder of the fiscal year. The additional funds will be used to pay outstanding invoices for repairs already completed and cover anticipated maintenance costs for fire apparatus and ambulances through December 31, 2025.

Financial Summary

- **Increase to Fire Department Repairs and Maintenance:** $30,000
- **Funding Source:** Use of Fund Balance ($30,000)
- **Net Impact to General Fund:** $0

Justification
Maintaining fire apparatus and ambulances in proper working condition is critical to ensuring rapid emergency response and public safety. Equipment failures can compromise response times and put both citizens and firefighters at risk. This amendment addresses urgent operational needs that could not have been reasonably anticipated during the annual budget process.

Action Requested: Approval of Ordinance amending the 2025 Annual Budget to provide $30,000 in additional appropriations for Fire Department Repairs and Maintenance, funded by the use of Fund Balance.

Focus Area(s): This item aligns with the following council adopted focus area(s): Improving Customer Service

Budget Cost: $30,000.00 funded through the use of Fund Balance

Staff Contact: David Rainwater, Fire Chief

Attachments:

1. Executive Summ Approve Budget Amendment for the Fire Departmenr Repair and Maintenance line Oct 2025
2. 2025 Budget Amendment Fire Department

To: Melissa Vossmer, City Manager

Date: 10/15/2025

From: David Rainwater, Fire Chief

RE: Budget Amendment – Fire Department Repairs and Maintenance

Recommendation: Staff recommends approval of a budget amendment to increase the Fire Department's Repairs and Maintenance account by $30,000, funded through the use of Fund Balance.

Background

The Fire Department has experienced unforeseen repair costs for fire apparatus and ambulances that exceed the budgeted allocation for repairs and maintenance in fiscal year 2025. These unanticipated expenses were not included in the original budget adopted by City Council on September 26, 2024 (Ordinance No. O-24-19).

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Maintaining fire apparatus and ambulances in proper working condition is critical to ensuring rapid emergency response and public safety. Equipment failures can compromise response times and put both citizens and firefighters at risk. This amendment addresses urgent operational needs that could not have been reasonably anticipated during the annual budget process.

Action Requested: Approval of Ordinance amending the 2025 Annual Budget to provide $30,000 in additional appropriations for Fire Department Repairs and Maintenance, funded by the use of Fund Balance.

ORDINANCE NO.____________________

AN ORDINANCE AMENDING ORDINANCE NO. 0-24-19 TO AMEND THE 2025 ANNUAL BUDGET OF THE CITY OF MARSHALL, TEXAS

WHEREAS, on September 26, 2024 the City of Marshall, Texas passed Ordinance No. O-24-19 adopting the 2025 annual budget; and

WHEREAS, the City of Marshall, Texas desires to amend the 2025 annual budget to account for unanticipated expenditures, which were not included in the original budget;

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

The appropriations for the fiscal year beginning January 1, 2025 and ending December 31, 2025 be amended to provide funds needed for unanticipated expenses:

General Fund Fire Department ($30,000)	
Use of Fund Balance	($30,000)
Repairs and Maintenance	$30,000

Vote:

PASSED, APPROVED, AND ADOPTED this.

____
MAYOR OF THE CITY COUNCIL
OF THE CITY OF MARSHALL, TEXAS

ATTEST:

____
CITY SECRETARY

TO:	City Council
DATE:	October 23, 2025
ITEM #:	11.C
SUBJECT:	**Consider Approval of Ordinance #O-25-36, an Ordinance of the City of Marshall, Texas, Finding, After Reasonable Notice and Hearing, that Southwestern Electric Power Company's Existing Electric Rates and Charges within the City of Marshall Should Remain in Effect, Providing for Notice of this Ordinance to the Public Utility Commission of Texas, and Finding and Determining that the Meeting at which This Ordinance is Passed is Open to the Public as Required by Law**

Recommendation for Action: Approve Ordinance #O-25-36

Executive Summary: On October 15th, the City received notice from SWEPCO of their intent to file the necessary documents to change their rates. This intent to raise rates has been filed with the Texas Public Utility Commission, Docket #58819. The City has thirty days to adopt this proposed Ordinance. However, those thirty days would fall outside the November meeting, tentatively being rescheduled to November 20th. As a result, we were advised to proceed to place it on the agenda.

This Ordinance requests that no changes to the SWEPCO rates be approved. At best, it would be positive if the Texas Public Utility Commission could suspend the rate request for an additional ninety (90) days before taking any final action. This would give cities the opportunity to evaluate and file any necessary documents to address the increase and subsequently make any recommendations. There are a total of fifty-four (54) cities in the service area who have not ceded control to the Texas Public Utility Commission who will be considering joining this effort in the coming weeks.

Focus Area(s): This item aligns with the following City Council adopted focus area(s): Improving Customer Service and Improving Communication.

Budget Cost: The City will share in the cost of the review and subsequent documents filed with the other cities.

Staff Contact: Scott Rectenwald, City Attorney

Attachments: 1. SWEPCO Rate Increase Documents 10-14-25

ACTION REQUIRED BY NOVEMBER 18, 2025

Action is required by your City as a regulatory authority that has retained original jurisdiction to review and act on SWEPCO's requested change in base rates. If your City has ceded original jurisdiction to the Public Utility Commission of Texas (Commission), then no further action is required.

Your City's exercise of its regulatory authority is governed by the Public Utility Regulatory Act, commonly referred to as "PURA." PURA requires that a municipal regulatory authority take action on SWEPCO's rate request within 35 days after the case is filed. If your City has retained original jurisdiction then you must take one of four basic actions by November 18, 2025:

1) cede original jurisdiction to the Commission;
2) deny SWEPCO's request;
3) grant SWEPCO's request in whole or part; or
4) "suspend" SWEPCO's requested change in rates for an additional 90 days (a total of 125 days) before taking final action.

Once your City acts, PURA authorizes SWEPCO to appeal that action to the Commission, which has the authority to make the final decision on the rate change request. SWEPCO is filing the same rate change request with all other cities in its Texas service area that have the same regulatory authority as your City. Similar actions by these other cities will also be appealed by SWEPCO, and ultimately the Commission will exercise its statutory authority to set uniform system-wide rates throughout SWEPCO's Texas service area.

To provide the simplest means of processing the Company's request, **SWEPCO recommends that your City Council take action by November 18, 2025 to either cede original jurisdiction to the Commission or to deny SWEPCO's rate request.** Draft ordinances are provided with this attachment for your consideration and convenience.

Once your City Council has taken one of the above actions, please mail a copy of the approved ordinance in the enclosed postage paid envelope to:

Jackie Jones
Duggins Wren Mann & Romero, LLP
P.O. Box 1149
Austin, Texas 78767
Facsimile (512) 744-9399

If you have questions about this request or the draft ordinance, please do not hesitate to call SWEPCO's external affairs managers Mark Robinson, who can be reached at (903) 234-7351, or Lisa Thompson, who can be reached at (940) 223-5880. Thank you for your attention to this matter.

ORDINANCE NO. O-25-36

AN ORDINANCE OF THE CITY OF MARSHALL, TEXAS FINDING, AFTER REASONABLE NOTICE AND HEARING, THAT SOUTHWESTERN ELECTRIC POWER COMPANY'S EXISTING ELECTRIC RATES AND CHARGES WITHIN THE CITY SHOULD REMAIN IN EFFECT PROVIDING FOR NOTICE OF THIS NOTICE OF THIS ORDINANCE TO THE PUBLIC UTILITY COMMISSION OF TEXAS, AND FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, pursuant to §33.001 of the Public Utility Regulatory Act, the City of Marshall has exclusive, original jurisdiction over the electric rates, operations, and services provided within city limits by Southwestern Electric Power Company (SWEPCO);

WHEREAS, on October 14, 2025, SWEPCO filed with the City of Marshall a Petition and Statement of Intent seeking an overall net increase of 13.48% in total fuel and non-fuel revenues; and

WHEREAS, SWEPCO proposed an effective date of November 18, 2025.

NOW, THEREFORE, BE IT ORDAINED/RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARSHALL, TEXAS:

SECTION 1. It is hereby found and determined that said meeting at which this Ordinance was passed was open to the public, as required by Texas law, and that advance public notice of the time, place and purpose of said meeting was given.

SECTION 2. SWEPCO's request for approval of its base rates increase is denied. The existing rates and charges of SWEPCO are hereby found to be just and reasonable rates and the City adopts such existing rates to continue to be observed and to be in force within the City hereafter.

SECTION 3. The base rates set forth in this Ordinance may be changed and amended by either the City or SWEPCO only as provided by law.

SECTION 4. This Ordinance shall be served on SWEPCO by U.S. Mail to SWEPCO's authorized representative: Duggins Wren Mann & Romero, LLP, PO Box 1149, Austin Texas 78767, Attn: Jackie Jones.

SECTION 5. Nothing contained in this Ordinance shall be construed now or hereafter in limiting or modifying, in any manner, the right and power of the City under law to regulate the base rates and charges of SWEPCO.

CONSIDERED, PASSED, APPROVED AND SIGNED this the 23rd day of August, 2025, at a regular called meeting of the City Council of the City of Marshall, Texas, at which a quorum was present and which was held in accordance with the provisions of Chapter 551, Texas Government Code.

SIGNED this ____day of _________________, 2025.

CITY OF MARSHALL, TEXAS

By:

____

Amy Ware, Mayor

Attest:

____

________________, City Secretary APPROVED

AS TO FORM:

____

________________, City Attorney

TO:	City Council
DATE:	October 23, 2025
ITEM #:	12.A
SUBJECT:	Discuss and Approve a Resolution #**R-25-17** Approving the Execution and Delivery of a Principal Forgiveness Agreement in the Aggregate Amount of $1,524,796 with the Texas Water Development Board for Water System Improvements; and Resolving Other Matters Relating to the Subject. (City Manager)

Recommendation for Action: Approve Resolution #R-25-17 Approving the Execution and Delivery of a Principal Forgiveness Agreement in the Aggregate Amount of $1,524,796.00 with the Texas Water Development Board for Water System Improvements; and Resolving Other Matters Relating to the Subject.

Executive Summary: Based on the lower-than-expected inventory of service lines requiring replacement, which has resulted in a significant reduction in financial needs from the Texas Water Development Board (TWDB), Staff recommends that the City Council consider authorizing an adjustment to reduce the previously approved $7,500,000.00 to a lower total amount of $2,989,796.00. The results of the 2024 -25 Lead Service Line (LSL) Survey of our 10,170 water customers have been finalized, and include 23 of those Service Lines that actually contained lead. However, as many as 982 galvanized service lines may also require removal. A TWDB Loan Application was originally pursued in view of the possibility that a significant number of lead service lines might exist which would require removal and replacement under an upcoming Environmental Protection Agency (EPA) mandate. In May, the City was notified by the TWDB that their Application was approved in the amount of $7,500,000.00, of which 51% would be forgiven. The reduced number of Service Lines needing removal from our system reduces the overall construction cost of the Project, lowers the Loan closing and Bond costs proportionately, and frees up funding capacity for other capital needs. The new total project cost is $2,989,796.00.

Program	DWSRF-LSLR
Project Description	Marshall Lead Service Line Replacement
Project Number	63062
Non-Inventory (Planning, Design, Construction)	
Non-Inventory Principal Forgiveness (51%)	$1,524,796.00
Non-Inventory Loan Amount* (includes loan origination fee)	$1,465,000.00
Non-Inventory Sub-Total	$2,989,796.00
Total Principal Forgiveness	$1,524,796.00
Total Loan	$1,465,000.00
Total Funding	$2,989,796.00
Line Replacement Project.	

Approval of this Resolution provides for the execution and delivery of a Principal Forgiveness Agreement in the aggregate amount of $1,524,796 with the Texas Water Development Board for Water System Improvements; and Resolving Other Matters Relating to the Subject.

Focus Area(s): This item aligns with the following City Council adopted focus area(s): Improving Infrastructure and Improving Customer Service.

Budget Cost: This is a principal forgiveness program, meaning that the City does not have to incur any debt or repay these funds, is in the amount of $1,524,796.00.

Staff Contact: Melissa Byrne Vossmer, City Manager / Doug Box, Interim Public Works Director

Attachments: 1. TWDB Principal Forgiveness - Lead Service Line Program R-25-17.

RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF A PRINCIPAL FORGIVENESS AGREEMENT IN THE AMOUNT OF $1,524,796 FOR LEAD SERVICE LINE REPLACEMENT PROGRAM; AND RESOLVING OTHER MATTERS RELATING TO THE SUBJECT

THE STATE OF TEXAS	§
COUNTY OF HARRISON	§
CITY OF MARSHALL	§

WHEREAS, the City of Marshall, Texas (the "City") has received approval from the Texas Water Development Board ("TWDB") for financial assistance from TWDB to the City in the amount of $2,989,796 (the "Loan"), consisting of the City's Waterworks and Sewer System Revenue Bonds, Taxable Series 2025, in the amount of $1,465,000, and Principal Forgiveness in the amount of $1,524,796;

WHEREAS, TWDB has presented to the City a Principal Forgiveness Agreement (the "Principal Forgiveness Agreement") in connection with the Loan, in which the City agrees to certain conditions with respect to the Loan;

WHEREAS, this City Council hereby finds and determines that it is a public benefit to and in the best interests of the City and its residents to enter into the Principal Forgiveness Agreement in order to obtain the Loan to fund needed water system improvements within the City; and

WHEREAS, it is officially found, determined and declared that the meeting at which this Resolution has been adopted was open to the public, and public notice of the date, hour, place and subject of said meeting, including this Resolution, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code; Now, Therefore

BE IT RESOLVED BY THE CITY COUNCIL OF CITY OF MARSHALL, TEXAS THAT:

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

2. The Principal Forgiveness Agreement, in substantially the form presented at this meeting, is hereby approved and the Mayor or Mayor Pro-Tem of the City Council and the City Manager are each hereby authorized and directed to execute and deliver the Principal Forgiveness Agreement. The Escrow Agreement relating to the Principal Forgiveness Agreement between the City and the escrow agent named therein (the "Escrow Agent"), substantially in the form and content presented at this meeting, is hereby approved and the Mayor or Mayor Pro-Tem of the City Council and the City Manager are each hereby authorized and directed to execute the Escrow Agreement on behalf of the City. The Escrow Agent named in the Escrow Agreement is hereby appointed as the Escrow Agent pursuant to such Escrow Agreement.

3. The Mayor, Mayor Pro-Tem, City Manager and City Secretary of the City, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to take such actions and to execute and deliver in the name and on behalf of the City all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution.

4. This Resolution shall become effective immediately upon adoption.

DULY PASSED AND APPROVED by the City Council of the City of Marshall, Texas, on October 23, 2025.

____
Mayor

ATTEST

____
City Secretary

TO:	City Council
DATE:	October 23, 2025
ITEM #:	12.B
SUBJECT:	Consider a Resolution #**R-25-18** Accepting an Award of $10,000 in Grant Funding from OOG. (Police)

Recommendation for Action: Consider acceptance of a grant award in the amount of **$10,000 from the Office of the Governor**. If approved, authorize the Mayor (or City Manager, as applicable) to execute all necessary documents related to the grant agreement and to take any actions necessary to implement the grant in accordance with applicable state and local requirements.

Executive Summary:

The resolution authorizes the Marshall Police Department to apply for funding under the 2025–2026 MPD Technology Grant Program through the Office of the Governor. The proposed grant seeks to enhance departmental technology resources in support of law enforcement operations and community safety initiatives.

Approval of this resolution formally designates the City Manager as the authorized official to apply for, accept, reject, alter, or terminate the grant on behalf of the City of Marshall. The resolution also affirms the City's commitment to return any funds in the event of loss or misuse and confirms that the council meeting is conducted in compliance with the Texas Open Meetings Act.

Adoption of this resolution enables the City to move forward with the application process for grant number 5363101 and positions the Marshall Police Department to pursue vital technology improvements that support efficient policing and public safety outcomes. This grant will allow the police department to purchase an automated key tracking system which will improve fleet management, safeguard evidence integrity, optimize overall departmental efficiency and improve safety and security for the citizens that we serve.

Focus Area(s): This item aligns with the following council adopted focus area(s): safe community and fiscal responsibility

Budget Cost: The proposed purchase totals **$13,784.50**. The grant will provide **$10,000** toward the cost of the purchase. The City's required contribution (budget cost) will be **$3,784.50**, which will be covered through existing budgeted funds.

Staff Contact: Chief of Police Cliff Carruth and Lieutenant James Leming

Attachments: 1. 10-23-25 ResolutionMPD Technology Grant (2)

Resolution NO. _____________________

A RESOLUTION OF THE CITY COUNCIL OF MARSHALL TEXAS AUTHORIZING THE MARSHALL POLICE DEPARTMENT TO APPLY FOR FUNDING UNDER THE 2025-2026 MPD TECHNOLOGY GRANT PROGRAM

2025 City of Marshall Resolution

1.

WHEREAS, The City Council finds it in the best interest of the citizens of Marshall, that the MPD Technology Grant Program be operated for the 2025-2026 grant year; and

2.

WHEREAS, City Council agrees that in the event of loss or misuse of the Office of the Governor funds, City Council assures that the funds will be returned to the Office of the Governor in full.

3.

WHEREAS, The City Council designates the City Manager as the grantee's authorized official. The authorized official is given the power to apply for, accept, reject, alter or terminate the grant on behalf of the applicant agency.

NOW THEREFORE, BE IT RESOLVED THAT:

4.

The City Council approves submission of the grant application for the MPD Technology Grant to the Office of the Governor.

5.

The meeting at which this resolution was passed was conducted in strict compliance with the Texas Open Meetings Act (Texas Government Code Chapter 551).

6.

All other prior resolutions or portions of resolutions of the City of Marshall in conflict with the terms and provisions of this resolution are hereby repealed to the extent of such conflict only.

7.

This resolution shall be effective on and after its passage.

Grant Number: 5363101

Passed and Approved this _____ (Day) of __________ (Month), _____ (Year)

Signed: ____________________
Amy Ware, Chairman

Attest: ____________________
Nikki Smith, City Secretary

TO:	City Council
DATE:	October 23, 2025
ITEM #:	12.C
SUBJECT:	Discuss and act upon a Resolution #**R-25-19** Authorizing and Directing the Establishment of a Construction Account with Depository Bank Pursuant to Bond Ordinance; Appointing Authorized Signatories with Respect to Such Accounts; And Resolving Other Matters Relating To The Subject. (City Manager)

Recommendation for Action: Approve Resolution #**R-25-19** Authorizing and Directing the Establishment of a Construction Account with Depository Bank Pursuant to the Bond Ordinance (#O-25-34); Appointing Authorized Signatories with Respect to Such Accounts; And Resolving Other Matters Relating To The Subject.

Executive Summary: This Resolution provides for the establishment of two accounts to be known as the 2025 Bond Resolution Construction Fund and the 2025 Principal Forgiveness Agreement Construction Account, collectively to be known as the Construction Accounts for the following project:

DWSRF - LSLR Marshall Lead Service Line Replacement Project #64062.

These accounts are a requirement of the Texas Water Development Board for this project.

Focus Area(s): This item aligns with the following City Council adopted focus area(s): Improving Infrastructure and Improving Customer. Service

Budget Cost: This resolution outlines the banking requirements to support the Texas Water Development Board Loan Program, project #64062 for the Lead Service Line program.

Staff Contact: Melissa Byrne Vossmer, City Manager

Attachments: 1. TWDB - Lead Line Loan Resolution Approving Bank Accounts

RESOLUTION AUTHORIZING AND DIRECTING ESTABLISHMENT OF CONSTRUCTION ACCOUNTS WITH DEPOSITORY BANK IN CONNECTION WITH TEXAS WATER DEVELOPMENT BOARD FINANCING; APPOINTING AUTHORIZED SIGNATORIES WITH RESPECT TO SUCH ACCOUNTS; AND RESOLVING OTHER MATTERS RELATING TO THE SUBJECT

THE STATE OF TEXAS §
COUNTY OF RED RIVER §
CITY OF MARSHALL §

WHEREAS, the City of Marshall (the "City") has received a commitment from the Texas Water Development Board to provide financial assistance to the City consisting of a "Bond Resolution, Drinking Water State Revolving Fund, Texas Water Development Board and City of Marshall, Harrison County, Texas" in the principal amount of $3,675,000 (the "Bonds"), and a "Principal Forgiveness Agreement, Drinking Water State Revolving Fund, Texas Water Development Board and City of Marshall, Harrison County, Texas" in the amount of $3,825,000 Principal Forgiveness Agreement (the "Principal Forgiveness Agreement", and together with the Bond Resolution, the "Agreements");

WHEREAS, in the Agreements, the City has agreed to maintain at its depository bank, being ________________ (the "Bank"), accounts separate from all other funds and accounts to be known as the "2025 Bond Resolution Construction Fund" and "2025 Principal Forgiveness Agreement Construction Account", respectively (collectively, the "Construction Accounts"); and

WHEREAS, this Board of Directors hereby finds and determines that it is a public benefit to and in the best interests of the City and its members to open said Construction Accounts at the Bank, as required by the Agreements, and to authorize signatories with respect to such accounts; and

WHEREAS, it is officially found, determined and declared that the meeting at which this Resolution has been adopted was open to the public, and public notice of the date, hour, place and subject of said meeting, including this Resolution, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code; Now, Therefore

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF MARSHALL:

1. That two new accounts be established at the Bank, which shall be designated as "2025 Bond Resolution Construction Fund" and "TWDB No. LF1002065 Construction Account", respectively (collectively, the "Bank Accounts").

2. That any account opening documentation as required from time to time be executed by the signatories designated hereunder (the "Authorized Signatories"), binding the City to the terms and conditions governing the aforementioned bank accounts.

3. That instructions relating to banking transactions may be given electronically or by fax to the Bank for execution and to this end any electronic or facsimile indemnity letter authorizing the Bank to act upon such instructions may be signed by the Authorized Signatories.

4. That the following officers and directors are hereby appointed as Authorized Signatories with respect to the Construction Accounts: the two following officers and directors, acting jointly:

a.) Mayor
b.) Mayor Pro Tem

5. That the Authorized Signatories are hereby authorized to enter into, make, sign, execute, perform and do all such acts, consents, signature cards and other agreements necessary in connection with establishment of the Construction Accounts at the Bank.

[Remainder of page intentionally left blank]

DULY PASSED AND APPROVED by the Board of Directors of the City of Marshall on October 23, 2025.

____
Mayor
City of Marshall, Texas

ATTEST:

____
City Secretary
City of Marshall, Texas

(SEAL)

TO:	City Council
DATE:	October 23, 2025
ITEM #:	13.A
SUBJECT:	Consider approval of moving the first City Council meeting date of November and the cancellation of the second City Council meetings for the months of November and December 2025. (City Secretary)

Recommendation for Action: It is recommended that the first City Council meeting in November be moved from the 13th to the 20th and the second City Council meetings for November and December 2025 be canceled.

Executive Summary: The City Council meets on the second and fourth Thursday of each month. These meetings can be changed, as necessary, by the City Council.

Due to several members of Council and Staff attending the TML Annual Conference, it is recommended that the regular City Council meeting be moved from November 13th to November 20th.

Due to the second regular meeting dates in both November and December falling in proximity to a holiday, these meetings are usually canceled without creating any undue delay to City business. It is, therefore, recommended that the regular City Council meetings which would be held on November 27, 2025, and December 25, 2025, be canceled.

Focus Area(s): This item aligns with the following council adopted focus area(s): Investing in our Workforce, Improving Communication

Budget Cost: N/A

Staff Contact: Nikki Smith, City Secretary

Attachments: None

TO:	City Council
DATE:	October 23, 2025
ITEM #:	13.B
SUBJECT:	Consider approval of the authorization to Apply for FEMA Assistance to Firefighters Grant (AFG) for Aerial Apparatus Replacement. (Fire)

Recommendation for Action: Staff requests City Council approval to submit a grant application to the Federal Emergency Management Agency (FEMA) Assistance to Firefighters Grant (AFG) program for the purchase of a new 100-foot aerial apparatus.

Executive Summary: The Fire Department currently operates two aging aerial apparatus: a 20-year-old aerial platform and a 15-year-old quint, both of which have reached the end of their effective service life and require replacement. These units are critical for responding to structure fires, high-rise emergencies, and technical rescue operations. In accordance with Insurance Services Office (ISO) requirements, both existing units can be replaced with a single new 100-foot aerial apparatus that will meet current operational and safety standards while improving service delivery and fleet efficiency. The grant provides a significant opportunity to upgrade critical fire apparatus at a substantially reduced cost to the City. The 10% local match of $200,000 represents considerable savings compared to the full cost of replacement without grant assistance. This replacement has been identified and recommended in the City's future capital budget expenditures as a priority need.

Focus Area(s): This item aligns with the following council adopted focus area(s): Improving Infrastructure, Improving Customer Service

Budget Cost:

- **Total Project Cost:** $2,000,000
- **FEMA Grant Funding (90%):** $1,800,000
- **City Match Required (10%):** $200,000

Staff Contact: David Rainwater, Fire Chief

Attachments: 1. Executive Summ Approval to apply for AFG for new aerial

To: Melissa Vossmer, City Manager

Date: 10/7/2025

From: David Rainwater, Fire Chief

RE: Authorization to Apply for FEMA Assistance to Firefighters Grant (AFG) for Aerial Apparatus Replacement

Recommendation: Staff requests City Council approval to submit a grant application to the Federal Emergency Management Agency (FEMA) Assistance to Firefighters Grant (AFG) program for the purchase of a new 100-foot aerial apparatus.

Background: The Fire Department currently operates two aging aerial apparatus: a 20-year-old aerial platform and a 15-year-old quint, both of which have reached the end of their effective service life and require replacement. These units are critical for responding to structure fires, high-rise emergencies, and technical rescue operations.

Proposed Solution: In accordance with Insurance Services Office (ISO) requirements, both existing units can be replaced with a single new 100-foot aerial apparatus that will meet current operational and safety standards while improving service delivery and fleet efficiency.

Financial Impact:

- **Total Project Cost:** $2,000,000
- **FEMA Grant Funding (90%):** $1,800,000
- **City Match Required (10%):** $200,000

The grant provides a significant opportunity to upgrade critical fire apparatus at a substantially reduced cost to the City. The 10% local match of $200,000 represents considerable savings compared to the full cost of replacement without grant assistance.

Timeline:

- Grant Application Period: November 2025 – December 2025
- Grant Application Consultant: Lexipol (turnkey grant preparation services)

Next Steps: Upon Council approval, staff will engage Lexipol to prepare and submit a comprehensive grant application during the upcoming application period. If awarded, the grant will significantly enhance the Department's aerial firefighting capabilities while ensuring continued ISO compliance and protecting the City's insurance rating.

TO:	City Council
DATE:	October 23, 2025
ITEM #:	13.C
SUBJECT:	Consider Authorizing a Facility Use Agreement with the American National Red Cross, Allowing the Organization to Utilize the Marshall Convention Center as a Local Disaster Shelter During Emergencies. (Fire)

Recommendation for Action: Staff recommends approval of the Facility Use Agreement to formalize the partnership with the American Red Cross and enhance the City's emergency response capabilities for disaster sheltering operations

Executive Summary: Purpose: To authorize a Facility Use Agreement with the American National Red Cross allowing the organization to utilize the Marshall Convention Center (2501 S. East End Blvd.) as a local disaster shelter during emergency situations.

Key Terms:

- **Facility Capacity:** Maximum of 125 local citizens only (no evacuees from other municipalities)
- **Authorized Uses:** Disaster shelter, service center operations, storage of supplies, and vehicle parking
- **City Control:** The City retains full control and authorization of the facility; Red Cross use occurs only upon City request and approval
- **No Cost to City:** Red Cross does not pay fees for shelter use
- **Term:** Agreement begins upon execution and continues until terminated with 30 days written notice by either party

Benefits to the City:
The Marshall Convention Center has previously been identified in the City's Emergency Operations Plan as a preferred sheltering location. Partnering with the Red Cross provides significant advantages:

- **Professional shelter management** through designated Red Cross personnel
- **Food service resources,** including supplies, equipment, and trained staff
- **Basic medical assistance** and disaster relief services
- **Custodial services** for facility cleaning and sanitation
- **Coordinated security** with local law enforcement
- **Reduced financial burden** on the City for shelter operations

City Protections:

- **City maintains ownership and control** of the facility at all times

- Red Cross maintains $1,000,000 insurance coverage for general liability and automobile liability
- Red Cross indemnifies the City against claims arising from their negligence
- Red Cross reimburses the City for facility damage beyond normal wear and tear
- Red Cross reimburses reasonable utility costs (water, gas, electricity, waste disposal) incurred during occupancy

Recommendation: Staff recommends approval of the Facility Use Agreement to formalize the partnership with the American Red Cross and enhance the City's emergency response capabilities for disaster sheltering operations.

Focus Area(s): This item aligns with the following council adopted focus area(s):

Budget Cost: No budgetary costs associated with the agreement.

Staff Contact: David Rainwater, Fire Chief / EMC

Attachments:
1. American Red Cross Facility Use Agreement
2. Executive Summ Authorize Facility Use Agreement for Shelter with American Red Cross

American Red Cross

Facility Use Agreement

The American National Red Cross ("Red Cross"), a non-profit corporation chartered by the United States Congress, provides services to individuals, families, and communities when disasters strike. The disaster relief activities of the Red Cross are made possible by the American public, who support the Red Cross with generous donations. The Red Cross's disaster services are also supported by facility owners who permit the Red Cross to use their buildings as shelters and other service delivery sites for disaster victims. This agreement is between the Red Cross and a facility owner ("Owner") so the Red Cross can use the facility to provide services during a disaster. This agreement only applies when Red Cross requests use of the facility and is managing the activity at the facility.

Parties and Facility

Owner:

Full Name of Owner	Marshall Convention Center
Address	2501 S. East END BLVD
24-Hour Point of Contact Name and Title Work Phone Cell	RANDY PRITCHARD Deputy EMC 903 930 0842
Address for Official Notices (only if different from above	

Red Cross:

Chapter Name	Red Cross - Longview
Chapter Address	501 Pine Tree Road, Longview, TX 75604
24-Hour Point of Contact Name and Title Work Phone Cell	Sarah Jeter, Disaster Program Manager 903-556-9257
Address for Official Notices	American Red Cross, Disaster Cycle Services Logistics, 8550 Arlington Blvd., Fairfax, VA 22031

Facility:

Insert name and complete street address of building or, if multiple buildings, write "See attached facility list," and attach facility list, including complete street address of each building that is part of this agreement. If the Red Cross will use only a portion of a building, then describe the portion of the building that the Red Cross will use.

Local shelter
125 people max.

Terms and Conditions

1. Use of Facility: Upon request and if feasible, Owner will permit the Red Cross to use and occupy the Facility on a temporary basis to conduct emergency, disaster-related activities. The Facility may be used for the following purposes (both parties must initial all that apply):

Facility Purpose	Owner Initials	Red Cross Initials
Service Center (Operations, Client Services, or Volunteer Intake)		[illegible]
Storage of supplies		[illegible]
Parking of vehicles		[illegible]
Disaster Shelter		[illegible]

2. Facility Management: The Red Cross will designate a Red Cross official to manage the activities at the Facility ("Red Cross Manager"). The Owner will designate a Facility Coordinator to coordinate with the Red Cross Manager regarding the use of the Facility by the Red Cross.

3. Condition of Facility: The Facility Coordinator and Red Cross Manager (or designee) will jointly conduct a survey of the Facility before it is turned over to the Red Cross. They will use the first page of the Red Cross's ***Facility/Shelter Opening/Closing Form*** to record any existing damage or conditions. The Facility Coordinator will identify and secure all equipment in the Facility that the Red Cross should not use. The Red Cross will exercise reasonable care while using the Facility and will not modify the Facility without the Owner's express written approval.

4. Food Services (*This paragraph applies only when the Facility is used as a shelter or service center.*): Upon request by the Red Cross, and if such resources are available, the Owner will make the food service resources of the Facility, including food, supplies, equipment and food service workers, available to feed the shelter occupants. The Facility Coordinator will designate a Food Service Manager to coordinate meals at the direction of and in cooperation with the Red Cross Manager. The Food Service Manager will establish a feeding schedule and supervise meal planning and preparation. The Food Service Manager and Red Cross Manager will jointly conduct a pre-occupancy inventory of the food and food service supplies before the Facility is turned over to the Red Cross. When the Red Cross vacates the Facility, the Red Cross Manager and Facility Coordinator or Food Service Manager will conduct a post-occupancy inventory of the food and supplies used during the Red Cross's activities at the Facility.

5. Custodial Services (*This paragraph applies only when the Facility is used as a shelter or service center.*): Upon request of the Red Cross and if such resources are available, the Owner will make its custodial resources, including supplies and workers, available to provide cleaning and sanitation services at the Facility. The Facility Coordinator will designate a Facility Custodian to coordinate these services at the direction of and in cooperation with the Red Cross Manager.

6. Security/Safety: In coordination with the Facility Coordinator, the Red Cross Manager, as he or she deems necessary and appropriate, will coordinate with law enforcement regarding any security and safety issues at the Facility.

7. Signage and Publicity: The Red Cross may post signs identifying the Facility as a site of Red Cross operations in locations approved by the Facility Coordinator. The Red Cross will remove such signs when the Red Cross concludes its activities at the Facility. The Owner will not issue press releases or other publicity concerning the Red Cross's activities at the Facility without the

written consent of the Red Cross Manager. The Owner will refer all media questions about the Red Cross activities to the Red Cross Manager.

8. <u>Closing the Facility:</u> The Red Cross will notify the Owner or Facility Coordinator of the date when the Red Cross will vacate the Facility. Before the Red Cross vacates the Facility, the Red Cross Manager and Facility Coordinator will jointly conduct a post-occupancy inspection, using the second page of the *Shelter/Facility Opening/Closing Form,* to record any damage or conditions.

9. <u>Fee</u> (*This paragraph does not apply when the Facility is used as a shelter. The Red Cross does not pay fees to use facilities as shelters.*): Both parties must initial one of the two statements below:

   a. Owner will not charge a fee for the use of the Facility.
      Owner Initials _______ Red Cross Initials SL

   b. The Red Cross will pay $—— per: —— for the right to use and occupy the Facility
      Owner Initials ________ Red Cross Initials SL

10. <u>Reimbursement:</u> Subject to the conditions in paragraph 10(e) below, the Red Cross will reimburse the Owner for the following:

   a. *Damage to the Facility or other property of Owner*, reasonable wear and tear excepted, resulting from the operations of the Red Cross. Reimbursement for facility damage will be based on replacement at actual cash value. The Red Cross, in consultation with the Owner, will select from bids from at least three reputable contractors. The Red Cross is not responsible for storm damage or other damage caused by the disaster.

   b. *Reasonable costs associated with custodial and food service personnel and supplies* which would not have been incurred but for the Red Cross's use of the Facility. The Red Cross will reimburse at per-hour, straight-time rate for wages actually incurred but will not reimburse for (i) overtime or (ii) costs of salaried staff.

   c. *Reasonable, actual, out-of-pocket costs for the utilities indicated below*, to the extent that such costs would not have been incurred but for the Red Cross's use of the Facility. (Both parties must initial all utilities that may be reimbursed by the Red Cross):

	Owner Initials	Red Cross Initials
Water		SL
Gas		SL
Electricity		SL
Waste Disposal		SL

   d. The Owner will submit any request for reimbursement to the Red Cross within 60 days after the occupancy of the Red Cross ends. Any request for reimbursement must be accompanied by supporting invoices. Any request for reimbursement for personnel costs must be accompanied by a list of the personnel with the dates and hours worked.

   e. If the disaster is a Federally declared disaster and Owner is a municipal, county, parish, or state government entity, then the Owner will work with appropriate emergency management agencies to seek cost reimbursement through the Federal Emergency Management Agency's program for administering Public Assistance Category B under the Robert T. Stafford Act. The Red Cross is not obligated to reimburse the Owner for costs covered by Public Assistance Category B.

11. Insurance: The Red Cross shall carry insurance coverage in the amounts of at least $1,000,000 per occurrence for Commercial General Liability and Automobile Liability. The Red Cross shall also carry Workers'.
    a. Compensation coverage with statutory limits for the jurisdiction within which the facility is located and $1,000,000 in Employers' Liability.
12. Indemnification: The Red Cross shall defend, hold harmless, and indemnify Owner against any legal liability, including reasonable attorney fees, in respect to claims for bodily injury, death, and property damage arising from the negligence of the Red Cross during the use of the Facility.
13. Term: The term of this agreement begins on the date of the last signature below and ends 30 days after written notice by either party.

Digital Signature: Each party agrees that either part's execution of this agreement by DIGITAL signature (whether ELECTRONIC or encrypted) is expressly intended to authenticate this AGREEMENT and to have the same force and effect as manual signatures. The term DIGITAL signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures. The use of digital signatures is intended to facilitate more efficient execution and delivery of signed documents.

	The American National Red Cross
Owner (Legal Name)	(Legal Name)
	Sarah Jeter
By (Signature)	By (Signature)
	Sarah Jeter
Name (Printed)	Name (Printed)
	Disaster Program Manager
Title	Title
	10/9/25
Date	Date

To: Melissa Vossmer, City Manager

Date: 10/13/2025

From: David Rainwater, Fire Chief

RE: Authorize a Facility Use Agreement with the American National Red Cross, allowing the organization to utilize the Marshall Convention Center as a local disaster shelter during emergencies

Purpose: To authorize a Facility Use Agreement with the American National Red Cross allowing the organization to utilize the Marshall Convention Center (2501 S. East End Blvd.) as a local disaster shelter during emergency situations.

Key Terms:

- **Facility Capacity:** Maximum of 125 local citizens only (no evacuees from other municipalities)
- **Authorized Uses:** Disaster shelter, service center operations, storage of supplies, and vehicle parking
- **City Control:** The City retains full control and authorization of the facility; Red Cross use occurs only upon City request and approval
- **No Cost to City:** Red Cross does not pay fees for shelter use
- **Term:** Agreement begins upon execution and continues until terminated with 30 days written notice by either party

Benefits to the City:

The Marshall Convention Center has been previously identified in the City's Emergency Operations Plan as a preferred sheltering location. Partnering with the Red Cross provides significant advantages:

- **Professional shelter management** through designated Red Cross personnel
- **Food service resources** including supplies, equipment, and trained staff
- **Basic medical assistance** and disaster relief services
- **Custodial services** for facility cleaning and sanitation
- **Coordinated security** with local law enforcement
- **Reduced financial burden** on the City for shelter operations

City Protections:

- **City maintains ownership and control** of the facility at all times
- Red Cross maintains $1,000,000 insurance coverage for general liability and automobile liability

- Red Cross indemnifies the City against claims arising from their negligence
- Red Cross reimburses the City for facility damage beyond normal wear and tear
- Red Cross reimburses reasonable utility costs (water, gas, electricity, waste disposal) incurred during occupancy

Recommendation: Staff recommends approval of the Facility Use Agreement to formalize the partnership with the American Red Cross and enhance the City's emergency response capabilities for disaster sheltering operations.

TO:	City Council
DATE:	October 23, 2025
ITEM #:	13.D
SUBJECT:	Presentation and Approval of the Library 2026 – 2030 Strategic Plan. (Library)

Recommendation for Action: Approval of the Library 2026-2030 Comprehensive Plan

Executive Summary: According to the By-laws of the Marshall Public Library Board of Trustees, the Board "shall develop with the Library Director a written long-term plan for services by the Marshall Public Library with specific goals and objectives for the staff, library facilities, and library services, and will review and revise the plan annually." The 2026-2030 Strategic Plan also fulfills an accreditation requirement set forth in the Texas Administrative Code 13, Rule §1.83 which states, in part, that a library "must have a long-range plan...that must be reviewed and updated at least every five years".

The 2026-2030 Strategic Plan serves as a blueprint for Marshall Public Library in its efforts to continually provide meaningful, quality library services to the citizens of Marshall and Harrison County. The plan clarifies the library's purpose, promotes accountability, establishes priorities, increases efficiency and responsiveness, provides a basis for measurement and expectations, and identifies opportunities.

The 2026-2030 Strategic Plan updates the 2021-2025 plan developed by the Strategic Planning Committee. The plan maintains the framework of the prior strategic plan and focuses on Collection, Facility, Marketing/Public Relations/Advocacy, Service, and Technology. These areas mirror those outlined in the Texas Library Association's *Texas Public Library Standards,* which provide libraries with a qualitative and quantitative means to measure growth.

In early spring 2025, input via online and in-house surveys was encouraged to determine how the library is and could be of benefit in the next five years through its programs, resources, and services. Respondents were asked how frequently they visit the library and access the programs, resources, and services. Additionally, questions about the value of existing programs, resources, and services, along with any suggestions for new programs, resources, and services, and input on improvements and/or changes were included. Approximately 150 surveys were received.

Because library services are dynamic, particularly in the technology field, an annual review of the strategic plan offers the opportunity to evaluate the implementation of the objectives established for the previous year, identify objectives to be met in the coming year, and consider any needed updates in order to effectively meet the needs of the community in a timely manner.

A vibrant and modern library is an essential element of any progressive community. With meaningful support, the 2026-2030 Strategic Plan will further accomplish the library's mission and vision for the citizens of Marshall and Harrison County.

The next step will be to develop the Implementation Plan to address the goals and objectives included in the Comprehensive Plan. It is positive to note that some of the identified objectives, such as fixing the parking lot, replacement of the HVAC and IT support have been addressed with the approval of the FY25 CIP. The Implementation Plan will be brought back to the City Council after approval of the Library Board.

Strategic Planning Committee

Judy Andreson
Helen Beckwith
Steve Flohr, Friends of a Public Library
Dana Jean, Library Board Secretary
Lacee Lawson, Library Board President
Vivian Lewis, Library Board Member
Shirley McNeel, Library Board Member
Terri Nalls, Library Director
Elizabeth Ponder, Library Board Vice President
Laurie Smith, Library Board Member
Bonnie Strauss, Library Board Member
Robert Wood

Focus Area(s): This item aligns with the following City Council adopted focus area(s): Improving Infrastructure, Improving Customer Service and Investing in our Workforce.

Budget Cost: There is no cost to approve the Comprehensive Plan. There will be future costs with implementation as approved.

Staff Contact: Terri Nalls, Library Director

Attachments: 1. FINAL 2026-2030 Strategic Plan Draft 10-13-25

MARSHALL
PUBLIC LIBRARY

STRATEGIC PLAN
2026-2030

INTRODUCTION

According to the By-laws of the Marshall Public Library Board of Trustees, the Board "shall develop with the Library Director a written long-term plan for services by the Marshall Public Library with specific goals and objectives for the staff, library facilities, and library services, and will review and revise the plan annually." The 2026-2030 Strategic Plan also fulfills an accreditation requirement set forth in the Texas Administrative Code 13, Rule §1.83 which states, in part, that a library "must have a long-range plan...that must be reviewed and updated at least every five years".

The 2026-2030 Strategic Plan serves as a blueprint for Marshall Public Library in its efforts to continually provide meaningful, quality library services to the citizens of Marshall and Harrison County. The plan clarifies the library's purpose, promotes accountability, establishes priorities, increases efficiency and responsiveness, provides a basis for measurement and expectations, and identifies opportunities.

The 2026-2030 Strategic Plan updates the 2021-2025 plan developed by the Strategic Planning Committee. The plan maintains the framework of the prior strategic plan and focuses on Collection, Facility, Marketing/Public Relations/Advocacy, Service, and Technology. These areas mirror those outlined in the Texas Library Association's *Texas Public Library Standards* which provide libraries a qualitative and quantitative means to measure growth.

In early spring 2025, input via online and in-house surveys was encouraged to determine how the library is and could be of benefit in the next five years through its programs, resources, and services. Respondents were asked how frequently they visit the library and access the programs, resources, and services. Additionally, questions about the value of existing programs, resources, services along with any suggestions for new programs, resources, and services, and input on improvements and/or changes were included. Approximately 150 surveys were received.

Because library services are dynamic, particularly in the technology field, an annual review of the strategic plan offers the opportunity to evaluate the implementation of the objectives established for the previous year, identify objectives to be met in the coming year, and consider any needed updates in order to effectively meet the needs of the community in a timely manner.

A vibrant and modern library is an essential element of any progressive community. With meaningful support, the 2026-2030 Strategic Plan will further accomplish the library's mission and vision for the citizens of Marshall and Harrison County.

City of Marshall Vision Statement

The City of Marshall is a safe, well-maintained, responsive, innovative, and financially sound community that celebrates families, businesses, and an exceptional quality of life.

City of Marshall Mission Statement

The City of Marshall is dedicated to providing equitable and excellent services preserving Marshall as a historic and thriving place in which to live, work, and play.

Marshall Public Library Vision Statement

The Marshall Public Library educates, empowers, and enriches our community through exemplary programs, resources, and services.

Marshall Public Library Mission Statement

The Marshall Public Library aspires to be a vibrant resource that ignites imagination, fosters community, and inspires life-long learning.

Marshall Public Library
300 S. Alamo Blvd.
Marshall, TX 75670

(903) 935-4465

www.marshallpubliclibrary.org

COLLECTION

The Marshall Public Library provides a large, balanced, and stimulating collection of materials in a variety of formats to meet the needs of the community served, without exclusion. The Collection Development Policy guides the selection of materials, acceptance of donations, and de-selection of items.

GOAL: Deliver current, high-demand materials in both physical and digital format to meet patrons' informational, educational, and recreational needs.

OBJECTIVES:

1. Refresh and update e-book fiction and non-fiction in adult, youth, and children's collections to meet demand.
2. Refresh and update audio-visual materials in a variety of formats.
3. Continue to build and maintain Spanish-language resources for all ages according to demand and demographics.
4. Continue to develop resources through collaboration with educators that support and enhance school curriculum.
5. Continue to ensure maximum accessibility to library resources.
6. Increase collection size to the Texas Public Library Standards' Enhanced Level of 3.0 items per capita.
7. Increase circulation to the Texas Public Library Standards' average circulation for libraries of Marshall's size.
8. Identify and expand the "Library of Things" (i.e. tools, cooking utensils, games, musical instruments, etc.)
9. Identify potential funding sources for expanding collections.
10. Analyze overall collection usage to determine best collections to provide.
11. Expand media subscriptions for patron use (i.e. Hoopla).

FACILITY

Following groundbreaking in December 1972, the Marshall Public Library building was completed in October 1973 concluding a community effort among citizens, businesses, and civic organizations to build a municipally-operated library open to all. The building was donated debt-free by the Friends of a Public Library to the City of Marshall. Besides the public spaces, the 14,700 square foot library has a meeting room that accommodates up to 49 individuals, a board room, and a staff workroom. The library underwent renovation from October 2016-May 2017 to modernize the space.

GOAL: Provide a safe, welcoming and secure environment for patrons and staff that is accessible, comfortable, well-maintained and which meets service needs.

OBJECTIVES:

1. Create a plan for physical expansion and/or construction of library building.
    a. Prepare a plan for the expansion or construction of the library facility.
2. Review and update physical accessibility to the facility.
    a. Engage a professional consultant to do a space study for the library.
    b. Provide a family bathroom.
    c. Identify areas that can be modified for additional private and small group use space.
    d. Provide space and opportunities for area agencies to meet and offer services and information to the community.
    e. Plan improvements for paving and lighting to the parking lot.
    f. Identify and remedy security needs (including cameras).
3. Create an inventory of maintenance needs and create a maintenance plan.
4. Study providing “Little-Free” libraries for outlying areas.
5. Begin regular “huddles” for city-wide inter-departmental sharing and planning.
6. Begin and conduct annual safety plan reviews/training/on-boarding.

MARKETING/PUBLIC RELATIONS/ ADVOCACY ___________________________

The Marshall Public Library aims to inform the community and other stakeholders of library news as well as community and regional events.

GOAL: Utilize appropriate forms of public communications to promote the library's availability of programs, resources, and services; to communicate a positive image of the library; to relay legislative action affecting the library; and to disseminate city, community and regional information.

OBJECTIVES:

1. Continue to use public relations and marketing tools to communicate and raise awareness of the library's programs, resources, and services (including email blasts).
2. Identify, develop, and nurture community stakeholders and educate with the goal of being advocates (including homeschooling, ISDs, colleges and universities).
3. Expand the distribution of annual updates to progress on Marshall Public Library Strategic Plan 2026-2030.
4. Continue to be and provide information resources for city, community, and regional agencies to publicize information.
5. Establish a professional development program for staff to train on marketing and public relations techniques.
6. Prepare a formal marketing strategy/plan.
    a. Continue to find opportunities for distributing information and materials to local agencies (Chamber of Commerce and schools).
    b. Inform community members and library supporters about legislation that affects libraries.
    c. Identify and conduct targeted marketing to increase library usage.
    d. Establish regular email blasts of library information (i.e. programming, collection, etc).
    e. Establish an intern program to assist with marketing and information distribution.
    f. Establish a program to brief the city council and county commissioners on at least an annual basis.
    g. Form partnerships with service clubs to deliver information.
    h. Establish a "Library Ambassadors" group to promote the library.
7. Identify and distribute a directory of community resources.

SERVICE

The Marshall Public Library seeks to initiate and provide services and programming which supports the library's mission and meets community needs. Programs reflecting the community's interests as well as providing adequate access for public and staff to the library holdings, internet, and other digital resources are guidelines stipulated by the Texas Library Association's *Texas Public Library Standards.*

GOAL: Initiate and maintain services and programming that supports the library's mission and meets community needs.

OBJECTIVES:

1. Review needs for additional service hours to meet the needs of the public.
2. Continue to partner with area agencies and schools to promote reading for pleasure and provide information to school-age children about available library resources.
3. Continue to present educational, cultural, and recreational programs that reflect diverse community needs and interests.
4. Continue to collaborate with other community organizations and educational institutions to promote library services and resources.
5. Continue to seek opportunities to provide library outreach services to the under-served and un-served.
6. Facilitate opportunities to teach, learn about, and utilize new technological advances (i.e. AI literacy).
7. Conduct a usage study on existing services to determine effectiveness.
8. Conduct a multi-lingual programming needs assessment.

a. Identify volunteer opportunities for Spanish language programs.

b. Identify opportunity for utilization of technology for translation of documents and data.

9. Establish a volunteer/intern recruitment program to augment services and staff.
10. Identify potential partnerships with other agencies.

TECHNOLOGY

The Marshall Public Library aims to provide easy accessibility to both in-house and remote users of the library's computer and other electronic resources.

GOAL: Provide the community with reliable, convenient access to information and services at any time from any locale.

OBJECTIVES:

1. Continue to expand technology access (hotspots/online payment/self-check-out).
2. Continue installation of in-house presentation console/services for meeting spaces.
3. Create a technology acquisition, replacement and expansion plan.
   a. Develop a technology plan for improvements and replacements with budget.
   b. Create and institute hardware and software replacement schedule for computers.
   c. Increase number of computers to Texas Public Library Standard’s Enhance Level of one computer for every 2,000 service population.
   d. Budget for AV tech improvements in meeting rooms.
   e. Seek more technology grants.
4. Prepare an internal policy on emerging technologies (AI).
5. Upgrade the library’s website to provide more online services for patrons.
6. Identify corporate/patron sponsors for technology improvements.
7. Conduct professional development in technological improvements for staff.

2026-2030

STRATEGIC PLAN ADDENDUM

HISTORY OF THE MARSHALL PUBLIC LIBRARY

Marshall Public Library has its roots in a private lending library serving members of five women's clubs dating back to the end of the 19th century. The lending library serving these women's groups was organized into the "Marshall Library" in 1902. In 1904, as the Marshall Library Association, it obtained a SO-year state charter governing its operation. That private library served the white community for 69 years. During this period, the African American community was served by the Carnegie Library at Wiley College.

Marshall, in 1969, was the largest city in Texas without a public library. Recognizing the need for modern facilities, a group of concerned citizens through the Culture and Education Committee of the Marshall Chamber of Commerce initiated efforts to provide them. By August, the Friends of a Public Library was formed as the first step toward that goal.

The next step was taken by the City of Marshall. Encouraged by the Friends, the City Commission in December 1969 created, by ordinance, the Marshall Public Library as the newest department of city government. Ten thousand dollars was budgeted for operational expenses and a library Board of Trustees was appointed to aid in establishing and administering a public library.

On September 1, 1970, office space at 112 E. Austin became the library's first temporary accommodation, with Mrs. Frank Morrison, Jr., its appointed director. As more people sought out the services offered there, the Harrison County Commissioner's Court felt a responsibility to help support the library and budgeted funds toward its expenses. Donations of books, equipment and volunteered service came from citizens and businesses.

In the spring of 1971, directors of the Andrew Norman Foundation heard of the efforts being made to offer the area complete library service. After careful investigation, they offered to help the Friends secure a new home on a matching funds basis. The first advance of $40,000 went to purchase the lot at 300 S. Alamo as part of the total $150,000 to be matched within two years by local monies and pledges.

The challenge was met under the leadership of the Friends and the Board of Trustees, and on February 1, 1972, the Library Fund Drive began. Citizens, businesses and civic organizations responded enthusiastically with contributions and three-year pledges of donations. Additional grants came from the Hoblitzelle, Moody and Alcoa Foundations, as well as a bequest from the estate of Mrs. Emma Louise Walker. The Marshall Library Association donated its Women's Building, books, and property on W. Austin to the City of Marshall to be merged with the Marshall Public Library. The library moved into its second home there with increased patronage, resources, and staff.

As the drive progressed, the Building Committee conducted an investigation of libraries in other cities. After careful planning and designing, a $500,000 facility was proposed. It qualified under the Library Services and Construction Act to receive a grant of $75,000 toward construction costs. Later it was named as "Library Project of the Year" by the Texas State Library Association.

Within a year, the two-year challenge had been met and surpassed. On December 6, 1972, groundbreaking ceremonies were held and construction began. In less than five years from its inception, the Marshall Public Library opened its doors to the citizens of Marshall and Harrison County.

ACCREDITATION REQUIREMENTS FOR THE MARSHALL PUBLIC LIBRARY

The Marshall Public Library has successfully maintained its accreditation since 1971. Membership is applied for from the Texas State Library and Archives Commission (TSLAC) at the time the library sends its Annual Report to TSLAC in April. Membership is granted on the basis of criteria met in the Annual Report and becomes effective in the next state fiscal year beginning on September 1. TSLAC sends official notification letters in October of each year which remain on file at the library.

To be an accredited library, Marshall Public Library must:

- Provide services on a free and equitable basis to the public in its tax-supported area.
- Be legally established as a department of the city or county government by charter, resolution, or ordinance; chartered as a non-profit organization; or, a contract may be drawn up under the intergovernmental cooperation act.
- Maintain local effort annually by maintaining or increasing local operating expenditures or per capita local operating expenditures.
- Have a non-discrimination statement on file with TSLAC.
- File an Annual Report with TSLAC.
- Have at least half of the annual local operating expenditures required to meet the minimum level of per capita support for accreditation from local tax sources.
- Have a telephone with a listed number.
- Have available a photocopier and computer with Internet access for use by the library staff and the general public.
- Offer to borrow and lend materials via the interlibrary loan resource sharing service.
- Have a library director who obtains a minimum of ten hours of continuing education credits annually.
- Have a catalog of its holdings available to the public that is searchable, either manually or electronically, at a minimum by author, title, and subject.
- Have a long-range plan that is approved by its governing board. This plan must be reviewed and updated at least every five years and include a collection development element.

Based on Marshall Public Library's service population as established by TSLAC, the library must also meet all of the following minimum standards for accreditation requirements:

- Have local expenditures amounting to at least $8.48 per capita (FY2022-2024)
- Have at least 1 item per capita or expend 15% of local expenditures on library materials
- Be open for service not less than 48 hours per week
- Employ a library director for at least 40 hours per week
- Employ at least 2 full-time professional librarians who have master's degrees in library or information science from a program accredited by the American Library Association

COMMUNITY DEMOGRAPHICS

The City of Marshall was founded in 1841 as the county seat of Harrison County in the northeastern corner of Texas. Marshall has a rich cultural and historic heritage tracing back to the Civil War. According to 2020 data, Harrison County's population is 68,839 while Marshall's is 23,392. Harrison County's population is composed of 61.1% white, 19.5% African American, and 14.3% Hispanic citizens. The City of Marshall contains 41.9% white, 36.1% African American, and 21.3% Hispanic citizens.

In Harrison County, 90% of individuals have graduated high school and 23.2% have earned a bachelor's degree. 35.7% speak a language other than English at home, and there are 13.4% of people living in poverty. In Marshall, 88.8% of individuals have graduated high school and 19.9% have earned a bachelor's degree. 15.8% speak a language other than English at home, and there are 25.7% of people living in poverty. There are 55.4% of individuals 16 years and older who are in the labor force in Harrison County. In Marshall, there are 55.2%.

Source: *www.census.gov/quickfacts*

COMMUNITY SURVEY OF LIBRARY SERVICE

In early spring 2025, input via online and in-house surveys was encouraged in order to determine how the library is and could be of benefit through its programs, resources, and services. Survey respondents identified how often they visited the library and why; library programs and services that were valuable; and library programs and services they would like to see implemented in the upcoming years. Approximately 150 surveys were received.

Aggregation of survey participants feedback follows on the next page. Ongoing community needs and service opportunities on previous surveys are shown as well.

Survey needs are organized into the following categories: Collection, Facility, Marketing/Public Relations/Advocacy, Service, and Technology. These mirror the Texas Library Association's *Texas Public Library Standards* which provide libraries a qualitative and quantitative means to measure growth.

SUMMARY OF SURVEY OF COMMUNITY NEEDS

KEY:
prior years surveys ☺ 2026-2030 Survey

COLLECTION

more eBooks
more Christian, African-American, manga, and local history
more Spanish language materials
more movies
☺ add to digital collections
☺ homeschool resources
☺ check out laptops & video games
☺ check out games & puzzles
☺ adult graphic novels

SERVICE

writing workshops
evening programming
book club discussion groups
☺ extended hours/more days
☺ computer instruction
☺ more programs on additional days & times
☺ online streaming services

MARKETING/PR/ADVOCACY

increase social media presence
☺ increase information on website
☺ work with other public services
☺ send calendars out by email

FACILITY

add study rooms
expand physical space
continue renovations
☺ add family bathroom
☺ ramps at both entrances
☺ more meeting rooms
☺ add white boards to meeting rooms

TECHNOLOGY

self check-out
laptops/kindles for checkout
☺ scanner to log in to computers
☺ 3D Printer
☺ makerspaces
☺ online signup for classes & meeting spaces

TO: City Council
DATE: October 23, 2025
ITEM #: 13.E
SUBJECT: Consider the Establishment of City Charter Committee and Appointment of Members. (City Manager)

Recommendation for Action: Approve the establishment of the City Charter Committee and Appoint Members.

Executive Summary: This item is on the agenda to provide the opportunity for the City Council to formally establish a City Charter Committee and to determine Committee members and appoint such members.

We will need to move very quickly with establishing a meeting schedule as the timeline to finalize and proposed changes to the Charter must be approved at the first meeting in February 2026.

Focus Area(s): This item aligns with the following City Council focus areas: Improving Customer Service and Improving Communication.

Budget Cost: There will be costs associated with the work of the City Charter Committee, primarily legal in nature. Those costs won't be known as they're dependent on the research and number of questions.

Staff Contact: The City Secretary will be the primary Staff contact. The Committee will also be supported by the City Attorney and City Manager.

Attachments: None

City of MARSHALL TEXAS	TO:	City Council
	DATE:	October 23, 2025
	ITEM #:	13.F
	SUBJECT:	Consider Authorizing the Mayor to Execute Retroactive Approval of a Contract with Texas First for an Interim Public Works Director. (City Manager)

Recommendation for Action: Approve Authorizing the Mayor to Execute Retroactive Approval of a Contract with Texas First for Interim Public Works Director

Executive Summary: The City of Marshall received the resignation of Interim Public Works Director Deck Shaver on October 1, 2025, with an effective date of 10-15-25. Upon receipt, we immediately began to work with Texas First to identify a potential candidate to bring on board as the new Interim Public Works Director. The goal was to work to have someone on board quickly to provide some overlap between the two, to enhance the transition and introduction to our projects, organization and tour facilities.

On October 7th, we interviewed Douglas Box for the position. As you can see from the attached resume, he has extensive experience with utility operations, public works and general administration. We are at a critical juncture with a lot to accomplish in the next few months, despite the holidays. We also need to be actively preparing for a series of projects / issues / opportunities in FY26.

To achieve the goal of having some overlap between Deck and Doug, it was necessary to start Doug prior to the Council's
10-23-25 meeting and consideration of this contract, reviewed by the City Attorney. It is hoped Council will understand my decision to sign the agreement to get Doug started. Doug does understand that if the Council does not approve, his contract with us will be terminated, and we will start the process of waiting until November to bring a contract back to Council.

Focus Area(s): This item aligns with the following City Council adopted focus area(s): Improving Infrastructure, Investing in our Workforce, Improving Customer Service, and Improving Communication.

Budget Cost: The contract, copy attached, outlines the hourly rate paid for Mr. Box's services. We also provide housing and Mr. Box has leased a space at one of the RV areas for his 5th Wheel.

Staff Contact: Melissa Byrne Vossmer, City Manager / Christol Hall, Human Resources Director

Attachments:
1. Doug Box Resume 10-7-25
2. Marshall INTERIM PW DIRECTOR Agreement 10-

Douglas Howard Box **Cell: 469 734 8448**
14005 Red Wood Circle North
McKinney, Texas 75071

Objective

To utilize my extensive management, supervisory skills and experience to provide highly responsible and complex administrative direction and support as needed within the municipal environment.

Experience

10/2023-4/2024 **CITY OF LANCASTER** **LANCASTER, TEXAS**

Public Works Director (Interim)

I oversaw and directed the City's water and wastewater activities, purchasing treated water from the City of Dallas and wastewater services from the Trinity River Authority. Streets/drainage along with Engineering were a part of Public Works. I reported directly to the Deputy City Manager with highly responsible and complex information supporting daily activities and future projects. I communicated with the City of Dallas Wholesale Water Sales and the Trinity River Authority. I directed the critical repairs of several significant water issues that had caused a significant loss water. Approximately 70 staff.

3/2023-6/2023 **CITY OF PEARLAND** **PEARLAND, TEXAS**

Director of Utilities (Interim)

I oversaw the production of city water from 10 wells with 2 additional water wells projected, 68 lift stations, and 2 wastewater treatment plants. Environmental Services to include solid waste, pre-treatment and back-flow prevention were a division of Utilities. The city was bringing online a 10 MGD surface water plant for additional supply and wholesale water sales. I meet time to time with the City Manager at his direction. Approximately 100 staff.

2021-5/2022 **CITY OF TYLER** **TYLER, TEXAS**

Director of Utilities (Interim)

I oversaw the operation of two surface water treatment plants; Lake Tyler and Lake Palestine, two wastewater treatment plants, utility field services and participated in an EPA mandated order pertaining to the city's wastewater collection system. This order was valued at approximately $300million dollars over a 10 year life to complete. I reported directly to the City Manager providing highly complex and responsible support covering operations and administrative actions. This position required the ability to exercise judgment, decisiveness and credibility in situations involving the direction, control and planning of an entire program or programs. There were approximately 100 staff.

2018-3/2019 **CITY OF BIG LAKE** **BIG LAKE, TEXAS**

City Secretary - City Administrator (Interim)

As the City Secretary and City Administrator, I oversaw the daily operations of water, wastewater, streets, solid waste and city natural gas service. I also directed the daily administrative functions of city hall, finance, municipal court, permits and attended city EDC meetings. I reported directly to the Mayor, furnishing highly responsible and complex support to the Mayor, City Council, other departments and outside agencies. I supervised approximately 35 staff.

4/2015 – 7/2015 **CITY OF LAKE JACKSON** **LAKE JACKSON, TEXAS**

Director of Public Works (Interim)

As Director of Public Works, I planned, directed, managed and oversaw the operations and activities of the Public Works Department which included water, wastewater utilities, streets, traffic control, drainage, solid waste and fleet maintenance. I reported directly to City Manager and Assistant City Manager. I was required to provide highly responsible and complex administrative support to the City Manager, other city departments and outside agencies. Other duties as assigned. Approximately 80 staff with a budget of $11 million.

6/2014 – 11/2014 **CITY OF COMANCHE** **COMANCHE, TEXAS**

City Secretary/City Administrator (Interim)

Following the lead of the Mayor and City Council, I directed the day-to-day operations and activities of the City of Comanche. I was responsible for the operations of administration, finance, utilities, permits, public safety and coordination with outside agencies, providing highly responsible and complex administrative support to the Mayor, Council and Boards and Commissions. The position required the ability to exercise judgment, decisiveness and credibility in situations involving the direction, control and planning of an entire program or a set of programs. Approximately 20 staff.

8/2012 – 6/2013 **CITY OF BAY CITY** **BAY CITY, TEXAS**

Director of Public Works (Interim)

As Director of Public Works, I planned, directed, managed and oversaw the operations and activities of the Public Works Department, which included water, wastewater utilities, streets, traffic control, solid waste and fleet maintenance. I reported directly to the Mayor, the position also required that I coordinate assigned activities with other city departments and outside agencies and provide highly complex and responsible administrative support to the Mayor. Approximately 50 staff.

1/2008 – 5/2009 **CITY OF PORT ARANSAS** **PORT ARANSAS, TEXAS**

Director of Public Works (Interim)

As Director of Public Works, I planned, directed, managed and oversaw the operations and activities of the Public Works Department, which included streets, drainage, traffic control, solid waste transfer station, fleet maintenance and 9 miles of city beach. I reported directly to the City Manager, requiring highly complex and responsible support, working with other city department and outside agencies. Approximately 35 staff.

5/2003 – 12/2006 CITY OF MELISSA MELISSA, TEXAS

City Administrator

As City Administrator of Melissa, I oversaw the daily operations of all city departments, reporting directly to the Mayor. I was responsible for the activities of administration, finance, permits, public safety and coordinating interaction with outside agencies, providing highly complex and responsible support to the Mayor and City Council. The position required the ability to exercise judgment, decisiveness and credibility in situations involving the direction, control and planning of an entire program or set of programs. Approximately 29 staff.

1996 – 5/2003 CITY OF MCKINNEY MCKINNEY, TEXAS

Executive Director of Public Works/Utility Superintendent

As Executive Director of Public Works, I planned, directed, managed and oversaw the operations and activities of the Public Works Department which included, water, wastewater utilities, streets, traffic control, solid waste, fleet maintenance and building maintenance. I reported directly to the City Manager. The position required that I coordinate assigned activities with other city departments and outside agencies, providing highly complex support to the City Manager. As Water Superintendent, I planned the direction and operations of the city's water, wastewater collections and water quality operations. I reported directly to the Assistant City Manager. Fiscal year 2002 Public Works Budget was $19 million and 77 staff.

Education

1972 Tarleton State University, Stephenville, Texas, B.S., Business Administration (Accounting)

Other Qualification

Certified Public Works Professional

Military Service

24 years service in Regular Army and Texas Army National Guard, held every enlisted leadership from Squad Leader to Command Sergeant Major at Brigade level.

Personal Data

Married 50 years to Lennetta, retired school teacher with three married sons, four grandsons and two granddaughters.

<u>AGREEMENT FOR INTERIM PUBLIC WORKS DIRECTOR</u>

State of Texas

County of Harrison

For good and valuable consideration, the receipt and sufficiency of which is hereby conclusively acknowledged, this Agreement is made by and between the City of Marshall, Texas, a Texas Municipal Corporation (hereinafter referred to as the "City") and Texas First Group LLC, (hereinafter referred to as "Texas First Group").

Texas First Group shall provide personnel appropriate to handle the responsibilities of Interim Public Works Director of the City. As an incident to such responsibilities, the person or persons assigned by Texas First Group shall have all powers and duties as set forth in the City Charter, City Ordinances, City Policy, and State law and as further delegated by the Mayor and City Council. The parties anticipate that Douglas Box shall initially handle the Interim Public Works Director responsibilities during the term of this Agreement. The parties agree and acknowledge that Texas First Group, Douglas Box and any other individual assigned by Texas First Group to provide services under this Agreement may continue professional consultation work for other clients during the term of this Agreement and further agree and acknowledge that time spent on such consultation will not be billed to the City. Should Texas First Group determine that it is necessary to assign someone other than Dougals Box to handle the Interim Public Works Director responsibilities during the term of the Agreement; the City Manager shall have the right to approve the replacement.

Texas First Group acknowledges that its provision of services is at the discretion of the City Manager and that the City Manager may terminate this Agreement at her discretion at any time, with or without cause. The hours of the work week for the Interim Public Works Director shall be determined by the City Manager, and any hours billed to the City will be as agreed upon between the two parties.

In consideration of its Agreement, the City shall 1) Pay to Texas First Group the sum of $83.00 per hour for its services, with a minimum billing increment of thirty (30) minutes; 2) Reimburse Texas First Group for any direct expenses incurred by the Interim Public Works Director in connection with providing services performed for the City at City's request; 3) Provide housing for Douglas Box during the term of this Agreement, and 4) Pay automobile mileage (at the current IRS rate) for two roundtrips per month to his home in McKinney, Texas as well as for the use of his car for city business. If an individual other than Douglas Box is assigned to act as Interim Public Works Director as provided above, any similar reimbursement will be as agreed by the parties.

Texas First Group will provide a billing statement to the City on a bi-weekly basis and such billing statement will be due and payable upon receipt thereof by the City.

In the event that the City permanently hires the person placed by Texas First Group to perform the services pursuant to this Agreement for the position described in this Agreement or within sixty (60) days of the termination of the agreement, the City agrees to pay a one time additional consulting fee to Texas First Group in an amount equal to ten percent (10%) of the annualized salary of the full time position being filled by the person performing interim services pursuant to this Agreement.

The parties agree that the person named above to handle the Interim Public Works Director duties for the City, or any other individual serving in that capacity with the City through Texas First Group, will be serving in the capacity of a public official for the City. To the extent permitted by law, the City hereby agrees to indemnify and hold harmless Douglas Box and /or Texas First Group and its owners, Karen and Joe Dickson, and/or any other individual serving as the Interim Public Works Director under this Agreement from and against any and all claims, causes of action, damages, losses, and/or costs, including reasonable attorneys' fees and expenses, resulting from or arising out of the services provided to the City pursuant to this Agreement to the extent such liability or costs are covered under any existing insurance policy or coverage under an interlocal agreement providing liability coverage to the City officials and employees while acting within the scope of their employment with the City. City agrees to obtain an endorsement to its insurance policy or interlocal agreement to provide coverage for the Texas First Group, and its owners, Karen and Joe Dickson.

City will provide workers' compensation coverage for the Interim Public Works Director while in the scope of performing services under this Agreement.

Notices to the parties shall be directed as follows:

To the City: Melissa Byrne Vossmer, City Manager
City of Marshall, Texas
401 S. Alamo Blvd.
Marshall, Texas 75670

To Texas First Group: Joe Dickson, Manager
Texas First Group LLC
P.O. Box 170171
Austin, TX 78717

The parties specifically reserve the right to designate other addresses for notices in writing from time to time.

This Agreement constitutes the full and complete Agreement of the parties, and all other prior and/or contemporaneous Agreements between the parties have been merged herein. Any future amendment of this Agreement shall be in writing and shall require the written consent of both parties.

This Agreement is governed by and is to be construed and enforced in accordance with the laws of the State of Texas and of the United States. The parties agree and consent to the jurisdiction of and venue in the District Courts of Harrison County, Texas, and of the United States District Court for the Eastern District of Texas and acknowledge that such courts shall constitute proper and convenient forums for the resolution of any actions among the parties with respect to the subject matter hereof.

The parties further agree that such courts shall be the exclusive forums for the resolution of any actions among the parties with respect to the subject matter hereof.

EXECUTED in duplicate originals to be effective on the _____ day of _________, 2025

________________________	________________________
Melissa Byrne Vossmer, City Manager	Joe Dickson, Manager
City of Marshall, Texas	Texas First Group LLC

Attest: ____________________
City Secretary

City of MARSHALL TEXAS	TO:	City Council
	DATE:	October 23, 2025
	ITEM #:	13.G
	SUBJECT:	Consider Approval of the Appointment of an Engineering Firm for the Texas Water Development Board Lead Service Line Replacement (TWDB) Project. (Public Works)

Recommendation for Action: Motion to Approve ___________ as Engineering Consultant to the City for the Lead Service Line Replacement Project Relating to Funding from the Texas Water Development Board.

Executive Summary: With the changes to the Lead Service Line Replacement program now finalized, the City must also have in place an engineering group to design, manage and submit reports on the program. Having learned that the process the previous City Engineer went through to obtain these services was not sufficient, Staff initiated the process and on October 5, 2025, the City solicited responses to a RFQ notice for Engineering Consulting services associated with a Texas Water Development Board (TWDB) Lead Service Line Replacement (LSLR) submittal and funding award. Notices were posted in the local Marshall News Messenger as well as sent out via direct email. The challenge, however, is the process must be open a minimum of fourteen days, which means the closure was on October 14. Since the general direction was to only have one meeting on November 20th, the item needed to come forward for this meeting.

There were _______ engineering firms that responded: This memo will serve as notice that the City of Marshall will select ________________ to assist the City with engineering consulting services related to the Texas Water Development Board (TWDB), including the current LSLR funding in accordance with TWDB procedures and protocols.

Focus Area(s): This item aligns with the following council adopted focus area(s): Improving Infrastructure, Improving Customer Service and Improving Communication

Budget Cost: Costs are part of the overall funding/borrowing through the TWDB.

Staff Contact: Douglas Box, Interim Director of Public Works

Attachments: None